

***#deliveringProgress***

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Corporation for the financial year ended 31 December 2025.

### PRINCIPAL ACTIVITIES

The principal activities of the Corporation remained unchanged during the financial year, and consist of ship owning, ship operating and other activities related to shipping services and operating offshore floating terminals.

The principal activities of the subsidiaries, associates and joint arrangements are described in Notes 37, 38 and 39 to the financial statements respectively. The directors deem such information is included in the directors' report by such reference and shall form part of the Corporation's directors' report.

### HOLDING COMPANY

The immediate and ultimate holding company of the Corporation is Petroliam Nasional Berhad ("PETRONAS"), a company incorporated and domiciled in Malaysia.

### SUBSIDIARIES

The details of the Corporation's subsidiaries are disclosed in Note 37 to the financial statements.

### RESULTS

	Group RM'000	Corporation RM'000
Profit for the year	1,738,051	254,532
Attributable to:		
Equity holders of the Corporation	1,700,170	254,532
Non-controlling interests	37,881	-
	1,738,051	254,532

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

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

### DIVIDENDS

During the financial year, the amount of dividends paid by the Corporation were as follows:

In respect of the financial year ended 31 December 2024 as reported in the directors' report of that year:

	RM'000
A fourth tax exempt dividend of 12.0 sen per ordinary share, declared on 21 February 2025 and paid on 20 March 2025	535,649
In respect of the financial year ended 31 December 2025:	
A first tax exempt dividend of 8.0 sen per ordinary share, declared on 28 May 2025 and paid on 26 June 2025	357,100
A second tax exempt dividend of 8.0 sen per ordinary share, declared on 25 August 2025 and paid on 25 September 2025	357,100
A third tax exempt dividend of 8.0 sen per ordinary share, declared on 24 November 2025 and paid on 18 December 2025	357,100

A fourth tax exempt dividend in respect of the financial year ended 31 December 2025 of 14.0 sen per share amounting to a dividend payable of RM624,925,000 declared on a date subsequent to the reporting date and will be paid on 26 March 2026.

The fourth tax exempt dividend in respect of the financial year ended 31 December 2025 is not reflected in the current year's financial statements. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

## DIRECTORS' REPORT

## DIRECTORS' REPORT

### DIRECTORS

The names of the directors of the Corporation in office during the financial year until the date of this report are:

Datuk Abu Huraira bin Abu Yazid  
Liza binti Mustapha  
Datin Norazah binti Mohamed Razali  
Mohammad Suhaimi bin Mohd Yasin  
Chew Liong Kim  
Dato' Tengku Marina binti Tunku Annuar  
Wan Shamilah binti Wan Muhammad Saidi  
Zahid bin Osman  
Datuk Adif bin Zulkifli

The names of directors of subsidiaries are set out in their respective subsidiary's directors' report and the Board deems such information is included in the Corporation's directors' report by such reference and shall form part of the Corporation's directors' report.

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director of the Corporation has received nor become entitled to receive any benefit (other than the benefit shown below) or the fixed salary of a full time employee of the Corporation or of related corporations, by reason of a contract made by the Corporation or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2025 are as follows:

	Group RM'000	Corporation RM'000
Salaries, other emoluments and bonus	1,845	1,845
Defined contribution plans	595	595
Benefits-in-kind	97	97
Fees	1,994	1,252
	<b>4,531</b>	<b>3,789</b>

### DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	1 January 2025	Bought	Sold	31 December 2025
<b>Fellow subsidiary</b>				
- <b>PETRONAS Chemicals Group Berhad</b>				
<b>Direct</b>				
Mohammad Suhaimi bin Mohd Yasin	6,000	-	-	6,000
Wan Shamilah binti Wan Muhammad Saidi	6,000	-	-	6,000

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

### INDEMNITY AND INSURANCE COSTS

During the financial year, PETRONAS and its subsidiaries (hereinafter referred to as "PETRONAS Group"), including the Corporation, 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 was RM1,290 million per occurrence and in the aggregate. The insurance premium for the Corporation was RM16,267.

## DIRECTORS' REPORT

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Corporation were made out, the directors took reasonable steps:
- (i) to ascertain that necessary actions had been taken in relation to the writing off of bad debts and the provisioning of doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision made for doubtful debts; and
  - (ii) 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:
- (i) the amount written off for bad debts, or the amount of the provision for doubtful debts in the financial statements of the Group and of the Corporation inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Corporation 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 Corporation 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 Corporation which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Corporation which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Corporation which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no material contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Corporation to meet their obligations when they fall due; and
  - (ii) 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 Corporation for the financial year in which this report is made.

The Corporation has been granted a relief order pursuant to Section 255(1) of the Companies Act 2016 relieving the Corporation's Directors from full compliance to the requirements under Section 253(2) of the Companies Act 2016.

### SIGNIFICANT EVENTS

The significant events are disclosed in Note 40 to the financial statements.

### AUDITORS

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

The auditors' remuneration for the financial year ended 31 December 2025 is as follows:

	Group RM'000	Corporation RM'000
Audit fees	7,585	1,306
Other services	1,064	413
	8,649	1,719

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 February 2026.

**Datuk Abu Huraira bin Abu Yazid**

**Zahid bin Osman**

## STATEMENT BY DIRECTORS

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

We, Datuk Abu Huraira bin Abu Yazid and Zahid bin Osman, being two of the directors of MISC Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 9 to 185 are drawn up in accordance with MFRS Accounting Standards as issued by Malaysian Accounting Standards Board, IFRS<sup>®</sup> 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 Corporation as at 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 February 2026.

Datuk Abu Huraira bin Abu Yazid

Zahid bin Osman

## STATUTORY DECLARATION

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

I, Afendy bin Mohamed Ali, being the officer primarily responsible for the financial management of MISC Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 9 to 185 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 Afendy bin Mohamed Ali, at Kuala Lumpur in Wilayah Persekutuan on 23 February 2026.

Before me,

Afendy bin Mohamed Ali

## INCOME STATEMENTS

For the year ended 31 December 2025

	Note	Group		Corporation	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	3	11,146,137	13,237,477	770,960	1,022,583
Cost of sales		(7,406,858)	(9,543,997)	(572,236)	(720,120)
Gross profit		3,739,279	3,693,480	198,724	302,463
Other operating income	4	910,645	259,380	1,232,633	1,372,716
Impairment provisions	5(a)	(770,842)	(1,041,716)	(741,589)	(626,564)
Gain on disposal of ships		132,654	101,038	-	-
Net gain on acquisition of subsidiaries	17	55,830	-	-	-
Finance income	8(a)	249,311	411,556	157,381	275,456
General and administrative expenses		(1,904,390)	(1,518,523)	(472,597)	(332,041)
Finance costs	8(b)	(579,569)	(718,798)	(88,110)	(93,781)
Share of profit of joint ventures		34,944	94,787	-	-
Share of (loss)/profit of associates		(5,900)	2,315	-	-
<b>Profit before taxation</b>	5	<b>1,861,962</b>	1,283,519	<b>286,442</b>	898,249
Taxation	9	(123,911)	(50,270)	(31,910)	(9,187)
<b>Profit after taxation</b>		<b>1,738,051</b>	1,233,249	<b>254,532</b>	889,062
Attributable to:					
Equity holders of the Corporation		1,700,170	1,193,519	254,532	889,062
Non-controlling interests		37,881	39,730	-	-
		<b>1,738,051</b>	1,233,249	<b>254,532</b>	889,062
Earnings per share attributable to equity holders of the Corporation (sen)					
Basic	10	38.1	26.7		
Diluted	10	38.1	26.7		

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

## STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit after taxation	1,738,051	1,233,249	254,532	889,062
<b>Other comprehensive (loss)/income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Loss on currency translation	(3,318,291)	(1,178,581)	(2,505,637)	(895,857)
Cash flow hedges:				
Fair value (loss)/gain				
Group	(382,476)	(110,275)	-	-
Joint ventures	(21,646)	15,536	-	-
<b>Total other comprehensive loss for the year</b>	<b>(3,722,413)</b>	<b>(1,273,320)</b>	<b>(2,505,637)</b>	<b>(895,857)</b>
<b>Total comprehensive loss for the year</b>	<b>(1,984,362)</b>	<b>(40,071)</b>	<b>(2,251,105)</b>	<b>(6,795)</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Equity holders of the Corporation	(1,989,930)	(74,773)	(2,251,105)	(6,795)
Non-controlling interests	5,568	34,702	-	-
	<b>(1,984,362)</b>	<b>(40,071)</b>	<b>(2,251,105)</b>	<b>(6,795)</b>

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	
		2025 RM'000	2024 RM'000
<b>Non-current assets</b>			
Ships	12	18,649,157	21,597,459
Offshore floating assets	12	37,559	19,329
Other property, plant and equipment	12	2,214,328	1,863,764
Prepaid lease payments on land and buildings	13	176,902	184,673
Intangible assets	14	842,309	920,628
Investments in associates	16	663,128	519,222
Investments in joint ventures	17	605,505	1,140,799
Other non-current assets	18(a)	319,720	586,456
Finance lease receivables	18(d)	17,190,209	20,046,980
Deferred tax assets	27	104,029	102,877
Derivative assets	18(b)	194,558	594,152
		<b>40,997,404</b>	<b>47,576,339</b>
<b>Current assets</b>			
Inventories	19	122,130	105,908
Trade and other receivables, and contract assets	20	5,663,601	6,076,294
Cash, deposits and bank balances	22	6,096,363	6,676,565
		<b>11,882,094</b>	<b>12,858,767</b>
Non-current assets classified as held for sale	23	134,875	-
		<b>12,016,969</b>	<b>12,858,767</b>
<b>Current liabilities</b>			
Trade and other payables	24	4,585,281	5,706,224
Derivative liabilities	18(b)	1,239	1,278
Interest-bearing loans and borrowings	18(c)	1,921,446	3,332,944
Provision for taxation		54,684	35,016
		<b>6,562,650</b>	<b>9,075,462</b>
<b>Net current assets</b>		<b>5,454,319</b>	<b>3,783,305</b>
		<b>46,451,723</b>	<b>51,359,644</b>

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	
		2025 RM'000	2024 RM'000
<b>Equity</b>			
<b>Equity attributable to equity holders of the Corporation</b>			
Share capital	25	8,923,262	8,923,262
Treasury shares	25	(271)	(271)
Other reserves	26	4,722,364	9,598,101
Retained profits		20,362,020	19,082,951
		<b>34,007,375</b>	37,604,043
<b>Non-controlling interests</b>		<b>697,110</b>	709,375
		<b>34,704,485</b>	38,313,418
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	18(c)	10,958,912	12,161,348
Derivative liabilities	18(b)	22,474	147
Deferred tax liabilities	27	2,140	7,460
Deferred income	28	709,001	877,271
Other non-current liabilities	24(c)	54,711	-
		<b>11,747,238</b>	13,046,226
		<b>46,451,723</b>	51,359,644

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	Corporation	
		2025 RM'000	2024 RM'000
<b>Non-current assets</b>			
Ships	12	1,935,401	2,792,874
Other property and equipment	12	401,985	195,732
Prepaid lease payments on land and buildings	13	3,055	3,468
Investments in subsidiaries	15	20,869,976	11,838,248
Investments in associates	16	1,306	1,437
Investments in joint ventures	17	155,889	277,162
Other non-current assets	18(a)	1,779,549	1,487,421
		<b>25,147,161</b>	16,596,342
<b>Current assets</b>			
Inventories	19	813	633
Trade and other receivables, and contract assets	20	1,324,879	13,534,530
Cash, deposits and bank balances	22	346,797	741,414
		<b>1,672,489</b>	14,276,577
<b>Current liabilities</b>			
Trade and other payables	24	956,507	724,747
Interest-bearing loans and borrowings	18(c)	559,715	1,952,513
		<b>1,516,222</b>	2,677,260
<b>Net current assets</b>		<b>156,267</b>	11,599,317
		<b>25,303,428</b>	28,195,659
<b>Equity</b>			
<b>Equity attributable to equity holders of the Corporation</b>			
Share capital	25	8,923,262	8,923,262
Treasury shares	25	(271)	(271)
Other reserves		3,429,023	5,934,660
Retained profits		11,984,307	13,336,724
		<b>24,336,321</b>	28,194,375
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	18(c)	967,107	1,284
		<b>967,107</b>	1,284
		<b>25,303,428</b>	28,195,659

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

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2025

Group	Note	Attributable to equity holders of the Corporation										
		Total equity RM'000	Equity attributable to equity holders of the Corporation RM'000	Non-Distributable		Distributable	Non-Distributable					Non-controlling interests RM'000
				Share capital* RM'000	Treasury shares RM'000	Retained profits RM'000	Other reserves, total RM'000	Other capital reserve RM'000	Capital reserve RM'000	Hedging reserve RM'000	Currency translation reserve RM'000	
<b>2025</b>												
At 1 January 2025		38,313,418	37,604,043	8,923,262	(271)	19,082,951	9,598,101	59,977	435,199	601,768	8,501,157	709,375
Total comprehensive (loss)/income		(1,984,362)	(1,989,930)	-	-	1,700,170	(3,690,100)	-	-	(395,677)	(3,294,423)	5,568
<b>Transactions with equity holders</b>												
Liquidation of subsidiaries		211	211	-	-	1,185,848	(1,185,637)	211	-	-	(1,185,848)	-
Dividends to the shareholders of the Corporation	11	(1,606,949)	(1,606,949)	-	-	(1,606,949)	-	-	-	-	-	-
Dividends to the non-controlling interest		(17,833)	-	-	-	-	-	-	-	-	-	(17,833)
<b>Total transactions with equity holders</b>		<b>(1,624,571)</b>	<b>(1,606,738)</b>	<b>-</b>	<b>-</b>	<b>(421,101)</b>	<b>(1,185,637)</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>(1,185,848)</b>	<b>(17,833)</b>
<b>At 31 December 2025</b>		<b>34,704,485</b>	<b>34,007,375</b>	<b>8,923,262</b>	<b>(271)</b>	<b>20,362,020</b>	<b>4,722,364</b>	<b>60,188</b>	<b>435,199</b>	<b>206,091</b>	<b>4,020,886</b>	<b>697,110</b>
<b>2024</b>												
At 1 January 2024		39,965,770	39,285,806	8,923,262	(271)	19,496,381	10,866,434	60,018	435,199	701,437	9,669,780	679,964
Total comprehensive (loss)/income		(40,071)	(74,773)	-	-	1,193,519	(1,268,292)	-	-	(99,669)	(1,168,623)	34,702
<b>Transactions with equity holders</b>												
Liquidation of subsidiary		(41)	(41)	-	-	-	(41)	(41)	-	-	-	-
Acquisition of non-controlling interests		(5,291)	-	-	-	-	-	-	-	-	-	(5,291)
Dividends to the shareholders of the Corporation	11	(1,606,949)	(1,606,949)	-	-	(1,606,949)	-	-	-	-	-	-
<b>Total transactions with equity holders</b>		<b>(1,612,281)</b>	<b>(1,606,990)</b>	<b>-</b>	<b>-</b>	<b>(1,606,949)</b>	<b>(41)</b>	<b>(41)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,291)</b>
<b>At 31 December 2024</b>		<b>38,313,418</b>	<b>37,604,043</b>	<b>8,923,262</b>	<b>(271)</b>	<b>19,082,951</b>	<b>9,598,101</b>	<b>59,977</b>	<b>435,199</b>	<b>601,768</b>	<b>8,501,157</b>	<b>709,375</b>

\* Included in share capital is one special preference share of RM1.

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

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2025

Corporation	Note	Non-Distributable		Distributable	Non-Distributable		Currency translation reserve RM'000
		Total equity RM'000	Share capital* RM'000	Treasury shares RM'000	Retained profits RM'000	Other reserves, total RM'000	
<b>2025</b>							
At 1 January 2025		28,194,375	8,923,262	(271)	13,336,724	5,934,660	5,934,660
Total comprehensive (loss)/income		(2,251,105)	-	-	254,532	(2,505,637)	(2,505,637)
<b>Transactions with equity holders</b>							
Dividends to the shareholders of the Corporation	11	(1,606,949)	-	-	(1,606,949)	-	-
<b>At 31 December 2025</b>		<b>24,336,321</b>	<b>8,923,262</b>	<b>(271)</b>	<b>11,984,307</b>	<b>3,429,023</b>	<b>3,429,023</b>
<b>2024</b>							
At 1 January 2024		29,808,119	8,923,262	(271)	14,054,611	6,830,517	6,830,517
Total comprehensive (loss)/income		(6,795)	-	-	889,062	(895,857)	(895,857)
<b>Transactions with equity holders</b>							
Dividends to the shareholders of the Corporation	11	(1,606,949)	-	-	(1,606,949)	-	-
<b>At 31 December 2024</b>		<b>28,194,375</b>	<b>8,923,262</b>	<b>(271)</b>	<b>13,336,724</b>	<b>5,934,660</b>	<b>5,934,660</b>

\* Included in share capital is one special preference share of RM1.

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

## STATEMENTS OF CASH FLOWS

For the year ended 31 December 2025

	Group	
	2025 RM'000	2024 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,861,962	1,283,519
Adjustments for:		
Writeback of impairment loss on:		
- Trade and other receivables	(313)	(2,934)
- Finance lease receivables	-	(2,759)
Impairment loss on:		
- Trade and other receivables	198,496	79,951
- Finance lease receivables	20,121	-
- Other non-current assets	-	177,940
Bad debts written off	-	95
Ships, offshore floating assets, other property, plant and equipment and right-of-use assets:		
- Depreciation	2,032,218	2,158,408
- Written off	69,102	29,836
- Impairment loss	552,538	789,518
Amortisation of prepaid lease payments on land and buildings	7,461	6,811
Amortisation of upfront fees for borrowings	27,492	34,448
Amortisation of intangible assets	1,772	1,902
Gain on disposal of ships	(132,654)	(101,038)
Net unrealised foreign exchange gain	(12,286)	(15,401)
Changes in fair value of hedging derivatives	6,412	(32,780)
Dividend income from equity investments	(5,468)	(5,455)
Loss on derecognition of finance lease receivable	185,640	-
Gain on recognition of finance lease receivable	(249,226)	-
Net gain on acquisition of subsidiaries	(55,830)	-
Net fair value movement in other investments	41,159	(35,242)
Finance income	(249,311)	(411,556)
Interest expense	552,077	684,350
Share of profit of joint ventures	(34,944)	(94,787)
Share of loss/(profit) of associates	5,900	(2,315)
Amortisation of deferred income	(93,610)	(100,745)
Net provisions/(reversal of provisions)	57,545	(217,982)
Operating profit before working capital changes	4,786,253	4,223,784
Inventories	(27,034)	(16,141)
Trade and other receivables, and contract assets	1,721,399	505,160
Trade and other payables	(721,644)	(333,632)
Cash generated from operations	5,758,974	4,379,171

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

## STATEMENTS OF CASH FLOWS

For the year ended 31 December 2025

	Note	Group	
		2025 RM'000	2024 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D.)</b>			
Cash generated from operations		5,758,974	4,379,171
Net tax paid		(102,882)	(102,329)
Net cash generated from operating activities		5,656,092	4,276,842
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash used in investing activities	29	(1,491,108)	(1,191,576)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash used in financing activities	30	(4,204,676)	(4,165,599)
<b>Net decrease in cash and cash equivalents</b>		<b>(39,692)</b>	<b>(1,080,333)</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>5,310,040</b>	<b>6,545,245</b>
Currency translation differences		(436,659)	(154,872)
<b>Cash and cash equivalents at end of financial year</b>		<b>4,833,689</b>	<b>5,310,040</b>
<b>Cash and cash equivalents comprise:</b>			
Cash, deposits and bank balances	22	6,096,363	6,676,565
Less: Cash pledged with bank (restricted)		(1,121,164)	(1,253,433)
Deposits with maturity more than 90 days		(141,510)	(113,092)
<b>Cash and cash equivalents</b>		<b>4,833,689</b>	<b>5,310,040</b>
<b>Total cash outflows for leases</b>			
- Lease liabilities		163,545	122,307
- Short term leases and leases of low value assets		284,847	217,396
		448,392	339,703

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

## STATEMENTS OF CASH FLOWS

For the year ended 31 December 2025

	Corporation	
	2025 RM'000	2024 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	286,442	898,249
Adjustments for:		
Ships, other property and equipment and right-of-use assets:		
- Depreciation	374,375	397,394
- Written off	49,299	-
- Impairment loss	517,928	325,053
Amortisation of prepaid lease payments on land and buildings	102	109
Writeback of impairment loss on:		
- Trade and other receivables	(15,605)	(72,952)
Impairment loss on trade and other receivables	212,335	94,458
Impairment loss on other non-current assets	-	177,940
Bad debts written off	-	95
Impairment loss on investment in subsidiaries	26,931	102,065
Net unrealised foreign exchange gain	(24,218)	(12,664)
Dividend income from:		
- Subsidiaries	(1,022,886)	(1,097,630)
- Joint ventures and an associate	(107,809)	(155,676)
- Equity investments	(5,468)	(5,455)
Fair value movement in other investments	41,159	(35,242)
Finance income	(157,381)	(275,456)
Finance costs	88,110	93,781
Operating profit before working capital changes	263,314	434,069
Inventories	(251)	291
Trade and other receivables, and contract assets	(530,558)	(923,647)
Trade and other payables	(128,949)	586,521
Cash (used in)/generated from operations	(396,444)	97,234
Net tax paid	(24,319)	(9,187)
Net cash (used in)/generated from operating activities	(420,763)	88,047

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

## STATEMENTS OF CASH FLOWS

For the year ended 31 December 2025

	Note	Corporation	
		2025 RM'000	2024 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash generated from/(used in) investing activities	29	2,231,468	(516,527)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash used in financing activities	30	(2,156,020)	(778,906)
<b>Net decrease in cash and cash equivalents</b>		<b>(345,315)</b>	<b>(1,207,386)</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>741,414</b>	<b>1,975,099</b>
Currency translation differences		(49,302)	(26,299)
<b>Cash and cash equivalents at end of financial year</b>		<b>346,797</b>	<b>741,414</b>
<b>Cash and cash equivalents comprise:</b>			
Cash, deposits and bank balances	22	346,797	741,414

	2025 RM'000	2024 RM'000
<b>Total cash outflows for leases</b>		
- Lease liabilities	17,308	17,498
- Short term leases and leases of low-value assets	3,661	8,255
	<b>20,969</b>	<b>25,753</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE INFORMATION

The Corporation is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of the Corporation is located at Level 25, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

The immediate and ultimate holding company of the Corporation is Petroliam Nasional Berhad ("PETRONAS"), a company incorporated and domiciled in Malaysia.

The principal activities of the Corporation consist of ship owning, ship operating and other activities related to shipping services and operating offshore floating terminals.

The principal activities of the subsidiaries, associates and joint arrangements are described in Notes 37, 38 and 39 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 on 23 February 2026.

### 2. MATERIAL ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Group and of the Corporation comply with MFRS Accounting Standards as issued by Malaysian Accounting Standards Board ("MASB"), IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Corporation have been prepared on a historical cost basis unless otherwise indicated in the accounting policies below.

The functional currency of the Corporation is United States Dollar ("USD"). 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 Group's and the Corporation's financial statements are presented in Ringgit Malaysia ("RM").

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.2 Changes in accounting policies and effects arising from the adoption of new and revised MFRSs

During the financial year, the Group and the Corporation adopted the following pronouncements that have been issued by the MASB and is applicable as listed below:

##### 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-mentioned pronouncements did not have any material impact to the financial statements of the Group and the Corporation.

#### 2.3 Summary of material accounting policies

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

##### (a) Subsidiaries and basis of consolidation

###### (i) Subsidiaries

Investments in subsidiaries are measured in the Corporation's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Subsidiaries are entities including structured entities controlled by the Corporation. The Corporation 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.

In the Corporation's separate financial statements, investments in subsidiaries are measured at cost less impairment losses, unless the investment is classified as held for sale or distribution. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

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

###### (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Corporation. Subsidiaries are consolidated from the date of acquisition, being the date which the Corporation obtains control and continue to be consolidated until the date that such control ceases.

All inter-company transactions are eliminated on consolidation and revenue and profits relate to external transactions only. Unrealised losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered.

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 Corporation. 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. 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 Corporation 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 the income statement. Increase in the Group's and the Corporation's ownership interest in an existing subsidiary is accounted for as equity transactions, with differences between the fair value of consideration paid and the Group's and the Corporation's proportionate share of net assets acquired, recognised directly in equity.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 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 end of the reporting period, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Corporation, 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 shareholders of the Corporation.

Non-controlling interests in the results of the Group are presented in the consolidated income statement and comprehensive income as an allocation of the income statement and other comprehensive income for the year between the non-controlling interests and shareholders of the Corporation.

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 share of net assets before and after the change, and any 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 Corporation 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 the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group and the Corporation 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 assets depending on the level of influence retained.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (b) Associates

Associates are entities in which the Group and the Corporation have significant influence including representation on the Board of Directors, but not control or joint control, over the financial and operating policies of the investee company.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. Under the equity method, the investment in associate 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 associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statements. Where there has been a change recognised directly in the equity of the associate, the Group recognises its shares of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After the 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 associate. The associate is equity accounted for from the date the Group and the Corporation obtain significant influence until the date the Group and the Corporation cease to have significant influence over the associate.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (b) Associates (cont'd.)

When the Group and the Corporation cease to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in the income statement. Any retained interest in the former associate at the date when significant influence is lost is remeasured at fair value, and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's and the Corporation's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in the income statement. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the income statement.

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

##### (c) Joint arrangements

Joint arrangements are arrangements in which the Group and the Corporation 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 joint operation when the Group or the Corporation has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Corporation account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation. A joint arrangement is classified as joint venture when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

##### (d) Intangible assets

###### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is instead reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (d) Intangible assets (cont'd.)

###### (ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The economic useful lives of the intangible assets ranges from 4.4% to 5.7%.

Intangible assets with indefinite useful lives are not amortised but tested for impairment, annually or more frequently, if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating-unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Included in other intangible assets are allowances and certificates which consist of purchased carbon credit. These carbon credit will be utilised in settlement of environmental carbon emission incurred by the Group in the normal course of doing business.

Allowances and certificates with indefinite useful lives are carried at cost less accumulated impairment losses. These allowances and certificates are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Utilisation of allowances and certificates will be charged to the profit or loss, within cost of revenue, which reflects the cost of allowances required to offset carbon emission during the same period. Any unutilised allowances and certificates will remain as intangible assets to be utilised against future carbon emission.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (e) Ships, offshore floating asset, other property, plant and equipment and depreciation

All ships, offshore floating assets and other 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 Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Freehold land has an unlimited useful life and therefore is not depreciated. Ships and offshore floating assets under construction and projects in progress are also not depreciated as these assets are not available for use.

Depreciation of ships and offshore floating assets commences from the date of delivery of such assets. Depreciation of ships and offshore floating assets in operation and other property, plant and equipment is provided for on a straight-line basis to depreciate the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Ships	3.3% - 5.0%
Offshore floating assets	Fully depreciated
Buildings	1.0% - 7.0%
Drydocks and waste plant	2.0% - 10.0%
Motor vehicles	10.0% - 20.0%
Furniture, fittings and equipment	5.0% - 20.0%
Computer software and hardware	20.0% - 33.3%
Plant and machineries	2.0% - 20.0%

Drydocking expenditure is capitalised and depreciated over a period of 30 months or the period until the next drydocking date, whichever is shorter.

The residual values, useful lives and depreciation method are reviewed at each financial period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the ships, offshore floating assets, and other property, plant and equipment.

Ships, offshore floating assets, and other property, plant and equipment are derecognised upon disposal, or when no future economic benefits are expected from their use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (f) Impairment of non-financial assets

The carrying amounts of non-financial assets, other than deferred tax assets, inventories and non-current assets classified as held for sale, 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, if any.

For goodwill, the recoverable amount is estimated at each reporting date, or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is usually determined on an individual asset basis. If an 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. Goodwill acquired in a business combination is allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units from the acquisition date.

An asset's recoverable amount is the higher of the asset or CGU's fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are firstly allocated to reduce the carrying amount of any associated goodwill to those units or groups of units. Any excess losses thereof, will result in a reduction to the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset, other than goodwill, 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, other than goodwill, is increased to its revised recoverable amount, provided that this amount does not exceed the asset's carrying amount had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset, other than goodwill, is recognised in the income statement.

##### (g) Inventories

Inventories which comprise bunkers, lubricants and raw materials are held for own consumption and are stated at lower of cost and net realisable value. Cost is arrived at on the weighted average basis and comprises the purchase price and other direct charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to complete the sale.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (h) Financial assets

###### Initial recognition and measurement

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

A financial instrument is recognised in the statement of financial position when, and only when, the Group and the Corporation becomes a party to the contractual provisions of the instrument.

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

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

###### Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### 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 (equity instruments), and the Group and the Corporation did not irrevocably elect to present subsequent changes in the investment's FVOCI. This election is made on an investment-by-investment basis.

###### 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 as per Note 2.3(j) and Note 2.3(n)). On initial recognition, the Group and the Corporation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (h) Financial assets (cont'd.)

###### Subsequent measurement

###### Amortised cost

Subsequent to initial recognition, financial assets at amortised costs are measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in income statement when the asset is derecognised, modified or impaired. Interest income and foreign exchange gains or losses are recognised in income statement.

The Group's and the Corporation's financial assets at amortised cost include cash and bank balances, trade and other receivables, contract assets, finance lease receivables and other non-current assets.

###### Fair value through other comprehensive income

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 income statement. For equity instruments, the gains or losses accumulated in other comprehensive income are never reclassified to income statement.

The Group's financial assets at FVOCI include derivative assets.

###### Fair value through profit or loss

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the income statement. The methods used to measure fair value are as stated in Note 2.3(z).

The Group's and the Corporation's financial assets at FVTPL include quoted and unquoted equity investments.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment as disclosed in Note 2.3(m).

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (h) Financial assets (cont'd.)

###### Derecognition

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 Corporation 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 Corporation have transferred substantially all the risks and rewards of the asset; or

(b) the Group and the Corporation have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

##### (i) Financial liabilities

###### Initial recognition and measurement

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.

On initial recognition, the Group or the Corporation may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (i) Financial liabilities (cont'd.)

###### Initial recognition and measurement (cont'd.)

On initial recognition, the Group or the Corporation may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss: (cont'd.)

(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

###### Subsequent measurement

###### Fair value through profit or loss

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the income statement.

The Group's financial liabilities at FVTPL includes derivative liabilities (ineffective portion).

###### 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 statement when the liabilities are derecognised as well as through the EIR amortisation process.

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 Corporation's financial liabilities at amortised cost include trade and other payables and interest-bearing loans and borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (i) Financial liabilities (cont'd.)

###### Derecognition

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

##### (j) 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 guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 Revenue from Contracts with Customers.

##### (k) Effective interest rate method

Amortised cost was computed using the EIR method. This method used 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.

##### (l) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (m) Impairment of financial assets

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

The Group and the Corporation measure loss allowances on debt securities at an amount equal to lifetime ECL, 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 Corporation consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Corporation's historical experience, informed credit assessment and forward-looking information.

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

The Group and the Corporation consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Corporation in full, without recourse by the Group and the Corporation to take 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 Corporation's historical experience.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (m) Impairment of financial assets (cont'd.)

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.

Information about the exposure to credit risk and ECLs for financial assets as at 31 December 2025 is disclosed in Note 18(a), Note 18(d), Note 20 and Note 35(d).

##### (n) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as interest rate swaps ("IRS") and currency hedge to hedge its interest rate risk and foreign currency risk. 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.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or a liability or a highly probable forecast transaction and could affect the income statement; or
- hedges of a net investment in a foreign operation.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

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

###### Cash flow hedges

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 income statement. 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.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into income statement in the same period or periods during which the hedged forecast cash flows affect the income statement. If the hedge 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 income statement.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (o) Leases

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 Corporation 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 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 designed 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 Corporation allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

##### Group and Corporation as a lessee

##### Initial recognition and measurement

The Group and the Corporation 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 payments made at or before the commencement date, plus any initial direct costs 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 incentives 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (o) Leases (cont'd.)

##### Group and Corporation as a lessee (cont'd.)

##### Initial recognition and measurement (cont'd.)

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 Corporation are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Corporation are reasonably certain not to early terminate the contract.

The Group and the Corporation exclude variable lease payments that 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 Corporation assess at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

The Group and the Corporation 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 Corporation recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Corporation present right-of-use assets that do not meet the definition of ships, offshore floating assets, other property, plant and equipment as disclosed in Note 12 and lease liabilities in interest-bearing loans and borrowings as disclosed in Note 18(c).

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (o) Leases (cont'd.)

###### Group and Corporation as a lessee (cont'd.)

###### Subsequent measurement

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. The estimated useful lives of right-of-use assets are determined on the same basis as those of ships, offshore floating assets and other property, plant and equipment. 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 estimated useful lives of the right-of-use assets are as follows:

Buildings	1.9% - 26.9%
Motor vehicles	1.8% - 4.5%
Ships in operation	5.0%

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 and the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Corporation change their assessment of whether they will exercise a purchase, extension or termination option. The Group and the Corporation will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within their 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 lease modification due to increase in the scope of lease by adding the right-to-use one or more underlying assets, the Group and the Corporation assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Corporation 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (o) Leases (cont'd.)

###### Group and Corporation as a lessee (cont'd.)

###### Subsequent measurement (cont'd.)

When there is lease modification due to decrease in scope, the Group and the Corporation 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 income statement. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use asset.

###### Group and Corporation as a lessor

###### Initial recognition and measurement

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

When the Group or the Corporation 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 or the Corporation apply the exemption described above, then it classifies the sub-lease as an operating lease.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (o) Leases (cont'd.)

###### Group and Corporation as a lessor (cont'd.)

###### Subsequent measurement (cont'd.)

The Group and the Corporation recognise lease payments received under operating leases as income on a straight-line basis over the lease term. This implies the recognition of deferred income when the contractual day rates are not constant during the term of the lease contract.

In the case of a finance lease, the Group and the Corporation recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's and the Corporation's net investment in the lease. The Group and the Corporation aim to allocate finance income over the lease term on a systematic and rational basis. The Group and the Corporation apply 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 as per Note 2.3(m).

###### Prepaid lease payments

Leasehold land which in substance is an operating lease are classified as prepaid lease payments. The payment made on entering into a lease arrangement or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

Leasehold land is classified into long term lease and short term lease. Long term lease is defined as a lease with an unexpired lease period of fifty years or more. Short term lease is defined as a lease with an unexpired lease period of less than fifty years.

##### (p) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (ρ) Borrowing costs (cont'd.)

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.

##### (q) Taxation

Income tax on the income statement for the year comprises current and deferred tax.

###### Current tax

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

###### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases and the carrying amounts for financial reporting purposes of assets and liabilities 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 loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (q) Taxation (cont'd.)

###### Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that is probable that taxable profit will be available and can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition 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 loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit 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 profit 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 the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in relation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (q) Taxation (cont'd.)

###### Global minimum top up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules upon its release on 2 June 2023. The amendments introduce a mandatory temporary exception 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 application by the respective entity is subject to when the law is being enacted or substantively enacted in the respective country jurisdiction.

Upon its application, the Group will apply a mandatory temporary exception from deferred tax accounting for its impacts of the top-up tax and accounts for it as a current tax when it is incurred. The mandatory temporary exception applies retrospectively. The retrospectively application has no impact to the Group's consolidated financial statements.

##### (r) Provisions

Provisions are recognised when all of the following conditions have been satisfied:

- the Group and the Corporation have a present obligation (legal or constructive) as a result of a past event;
- 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. When discounting is used, the accretion in the provision due to the passage of time is recognised as a 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 Corporation, are not recognised in the financial statements but are disclosed as contingent liabilities, unless the possibility of an outflow of economic resources is considered remote.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (s) 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 Corporation 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 period and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory and/or voluntary pension schemes.

###### (iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Corporation recognise termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after reporting date are discounted to present value.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (t) 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 of the Corporation is USD. The Group's and the Corporation's financial statements are presented in RM.

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

Exchange differences arising on the settlement of monetary items, or on translating monetary items at the reporting date are included in the income statement, except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the foreign operation.

###### (ii) Foreign currency transactions

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the income statement for the year. Exchange differences arising on monetary items that form part of the Corporation's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the income statement of the Corporation's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (t) Foreign currencies (cont'd.)

##### (iii) Foreign operations

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each income statement are translated at the exchange rate at the date of the transactions or an average rate that approximates those rates; and
- All resulting exchange differences are taken to the currency translation reserve within other comprehensive income.

##### (u) Revenue and other income recognition

##### (i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group and the Corporation recognise 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.

An entity 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 entity's performance as the entity performs;
- (ii) The entity'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 entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (u) Revenue and other income recognition (cont'd.)

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

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

##### (a) Construction contract, marine repair and ship conversion

The Group recognises revenue from construction contract and marine repair with customers mainly from its Marine & Heavy Engineering segment.

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

The Group considers whether there are other promises in the contract with customers that are 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.

The Group also enters into time charter contracts with customers for offshore floating assets, where the Group has determined that the arrangements are finance leases. In order to fulfill the contracts, the Group is required to undertake the design, construction (or conversion), assembly, transport and installation (collectively, the "ship conversion") of an existing ship into offshore floating asset to be delivered to the customer. The Group has determined that it is a dealer lessor in these arrangements. Under a dealer lessor arrangement, the fair value of leased asset is recorded as a turnkey 'sale' during the construction (or conversion) phase. The accounting treatment results in the acceleration of recognition of construction (or conversion) profits into the construction phase of the asset, while the asset starts to generate cash only after the construction and commissioning activities have been completed, as that is when the Group is entitled to the lease payments.

Accordingly, the Group recognises revenue on the ship conversions which is regarded as a separate performance obligation, being the present value of the lease payments accruing to the Group, discounted using a market rate of interest.

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 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (u) Revenue and other income recognition (cont'd.)

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

##### (a) Construction contract, marine repair and ship conversion (cont'd.)

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 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.

Revenue from construction contract (including turnkey contract) is recognised progressively based on percentage of completion method determined based on either input or output method. Output method is measured by reference to the proportion of physical completion based on technical milestones defined under the contracts and taking into account the nature of activities and its associated risks. Input method is measured based on the ratio of costs incurred to date to total estimated costs.

In determining the appropriate method for measuring progress, the Group shall consider the method that best depicts the Group's performance in transferring control of goods or services promised to a customer.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (u) Revenue and other income recognition (cont'd.)

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

##### (a) Construction contract, marine repair and ship conversion (cont'd.)

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.

##### (b) Voyage and lightering income

The Group's contracts for voyage charters consist of a single performance obligation to provide the charterer with an integrated transportation service within a specified time period. The consideration in the contract (or "freight") is determined either on a variable rate related to the cargo (e.g. cargo weight) or on a lump-sum basis. In addition, a voyage charter agreement usually includes a "laytime and demurrage" clause. If the laytime is exceeded, the charterer is responsible to pay the carrier specified damages, which may include liquidated damages called demurrage.

Voyage and lightering income is recognised on percentage of completion basis, calculated on a voyage loading-to-discharge basis. The revenue is recognised evenly over the period from a ship's departure from its cargo loading point to its next discharge point, at time when the revenue is determinable for the specified load and discharge point and collectability is reasonably assured.

##### (c) Other shipping related income and non-shipping income

Income from services rendered is recognised net of service taxes and discounts as and when the services are performed.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (u) Revenue and other income recognition (cont'd.)

###### (ii) Charter income

Time charter and bareboat charter hire income as well as that of other services rendered are accounted for as a lease income on a straight-line basis over the firm period of the contract, as service is performed. Included in deferred income are contract liabilities arising from time charter income paid in advance by customers.

Non-lease component of the time charter income is not separately disclosed as the pattern of revenue recognition for lease and non-lease components are the same and the lease and non-lease components are treated as a combined unit of account, classified as an operating lease.

Revenue and voyage expenses of ships operating in pool arrangements are pooled and the resulting net pool revenues, calculated on a time charter equivalent basis, are allocated to the pool participants according to the number of days a ship operates in the pool with weighting adjustments made to reflect differing capacity and performance capabilities. The net pool revenues generated are recorded as charter hire income on an accrual basis.

###### (iii) Revenue from operation and maintenance services

Revenue from operation and maintenance services is recognised net of discounts when services are rendered over time.

###### (iv) Reimbursable revenue

Reimbursable revenue are recognised as and when services are performed.

###### (v) Finance income on lease receivables

Finance income on lease receivables is recognised according to the effective interest rate method so as to provide constant periodic rate of return on the net investment.

###### (vi) Interest income

Interest income is recognised on an accrual basis using the EIR method.

###### (vii) Dividend income

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (u) Revenue and other income recognition (cont'd.)

As a practical expedient, the Group need not disclose the information for remaining unsatisfied performance obligation as the Group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. The Group recognises revenue at the amount to which the Group has the right to invoice for services performed.

##### (v) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRS. Then, on initial classification as held for sale, non-current assets are measured in accordance with MFRS 5: Non-Current Assets Held for Sale and Discontinued Operations that is, at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

##### (w) Repairs and maintenance

Repairs and maintenance costs are recognised in the income statement in the period they are incurred.

##### (x) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, being within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's and the Corporation's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

##### (y) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

###### *Ordinary shares*

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (y) Equity instruments (cont'd.)

###### *Ordinary shares (cont'd.)*

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Corporation that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in income statement on the sale, reissuance or cancellation of treasury shares. Consideration paid or received is recognised directly in equity.

###### *Preference shares*

Preference shares are classified as equity when they are redeemable but only at the Corporation's option, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity.

Preference shares are classified financial liabilities if they are redeemable on a specific date or at the option of the equity holders, or if dividend payment is not discretionary. Dividend thereon are recognised as interest expense in profit or loss as accrued. Further details of preference shares are disclosed in Note 25.

##### (z) 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 at the end of 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; and
- discounted cash flow analysis or other valuation models.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of material accounting policies (cont'd.)

##### (z) Fair value measurements (cont'd.)

##### (ii) Non-financial assets

For a non-financial asset, 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 Corporation 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.

#### 2.4 Pronouncements not yet in effect

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and the Corporation:

##### 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)
- 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 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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Pronouncements not yet in effect (cont'd.)

##### 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 Corporation are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements is not expected to have any material impact to the financial statements of the Group and of the Corporation, except as mentioned 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.

##### **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 Corporation 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 Corporation are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.5 Significant accounting estimates and judgements

##### (a) Critical judgements made in applying accounting policies

##### (i) Lease classification as lessor

When the Group and the Corporation enter into a new lease arrangement, the terms and conditions of the contract are analysed in order to assess whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. To identify whether risks and rewards are transferred, the Group and the Corporation systematically consider, among others, all the examples and indicators listed in MFRS 16: Leases on a contract-by-contract basis. By performing such analysis, the Group and the Corporation make significant judgement to determine whether the arrangement results in a finance lease or an operating lease. This judgement can have a significant effect on the amounts recognised in the financial statements and its recognition of profits in the future. The most important judgement areas assessed by the Group and the Corporation are:

- (i) determination of the asset's fair value;
- (ii) determination of the economic life of the asset;
- (iii) the probability of the lessee exercising the purchase option (if relevant) at a price that is significantly lower than the fair value at the inception date; and
- (iv) determination of whether the asset is of such a specialised nature that only the lessee can use it without major modifications.

##### (b) Key sources of estimation uncertainty

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

##### (i) Construction contracts

The Group recognises revenue and expenses from construction contracts in the income statement by using the stage of completion method. The stage of completion is measured by reference to the completion of physical proportion of the contract work (output method) or cost incurred for work performed up to the reporting period relative to the total expected cost to the satisfaction of those order (input method).

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.5 Significant accounting estimates and judgements (cont'd.)

##### (b) Key sources of estimation uncertainty (cont'd.)

###### (i) Construction contracts (cont'd.)

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction costs. In making this judgement, the Group evaluates based on past experience and by relying on the work of internal specialists as well as Group's best estimate of the probable future benefits and obligations associated with the contract.

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 contract provision based on policy as described in Note 2.3(r). 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.

###### (ii) Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised, carrying amount, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are provided in Note 14.

###### (iii) Provisions

Provisions are recognised in accordance with the accounting policy in Note 2.3(r). 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, the Group and the Corporation take into consideration factors such as existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

Further details of provisions balances recognised is disclosed in Note 24(c).

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.5 Significant accounting estimates and judgements (cont'd.)

##### (b) Key sources of estimation uncertainty (cont'd.)

###### (iv) Impairment of ships, offshore floating assets, other property, plant and equipment and right-of-use assets

The Group and the Corporation have performed a review of the recoverable amount of their ships, offshore floating assets, other property, plant and equipment and right-of-use assets during the financial year. The review led to the recognition of impairment losses as disclosed in Note 5(a).

The Group and the Corporation carried out the impairment test based on a variety of estimations, including the value-in-use of the CGU to which ships, offshore floating assets, other property, plant and equipment and right-of-use are allocated. Estimating the value-in-use requires the Group and the Corporation to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate to calculate the present value of those cash flows.

Further details of the impairment losses recognised are disclosed in Note 12(b).

###### (v) Impairment of trade and other receivables, contract assets and other non-current assets

The Group and the Corporation assess at each reporting date whether there is any objective evidence that their trade and other receivables, contract assets and other non-current assets are impaired. To determine whether there is objective evidence of impairment, factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are considered.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group and the Corporation have performed a review of the recoverable amount of their receivable during the financial year. The review led to the recognition of impairment losses as disclosed in Note 5(a) and Note 20.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

#### 2.5 Significant accounting estimates and judgements (cont'd.)

##### (b) Key sources of estimation uncertainty (cont'd.)

###### (vi) 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 27.

###### (vii) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow method. Where possible, the inputs to these valuation models are taken from observable markets. However, when this is considered unfeasible, a degree of estimation is made in establishing fair values. The estimations made include having considered a host of factors including liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Further disclosure of fair value of financial instruments is provided in Note 34.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. REVENUE

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Revenue from contracts with customers</b>				
Voyage, lightering and other shipping related income	2,978,135	2,088,186	-	-
Construction contract, marine repair and ship conversion (Note 21)	1,947,673	4,492,485	62,166	26,262
Non-shipping income	237,957	328,494	7,650	17
	<b>5,163,765</b>	6,909,165	<b>69,816</b>	26,279
<b>Revenue from charter</b>				
Charter income	4,506,124	5,283,896	701,144	996,304
Finance income on lease receivables	1,476,248	1,044,416	-	-
	<b>5,982,372</b>	6,328,312	<b>701,144</b>	996,304
<b>Total revenue</b>	<b>11,146,137</b>	13,237,477	<b>770,960</b>	1,022,583

Non-shipping income mainly represents revenue generated from management of operation of ports, marine terminals and marine vessels, provision of marine support services and consulting services.

#### Timing of recognition for revenue from contracts with customers

The following table provides the disaggregation of revenue from contracts with customers based on timing of recognition:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Goods and services transferred at a point in time	477,431	408,334	-	-
Services transferred over time	4,686,334	6,500,831	69,816	26,279
<b>Total</b>	<b>5,163,765</b>	6,909,165	<b>69,816</b>	26,279

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE (CONT'D.)

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Group		
	31 December		1 January
	2025	2024	2024
	RM'000	RM'000	RM'000
Receivables	418,715	425,555	390,518
Contract assets (Note 21)	507,147	1,127,849	9,859,156
Contract liabilities (Note 21)	(108,580)	(156,409)	(170,671)

	Corporation		
	31 December		1 January
	2025	2024	2024
	RM'000	RM'000	RM'000
Contract assets (Note 21)	17,863	-	-
Contract liabilities (Note 21)	-	(34,933)	-

The above contract assets primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when rights become unconditional.

The above 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.

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 (or partially satisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	Under 1 year	1-5 years	Total
	RM'000	RM'000	RM'000
<b>Group</b>			
Construction contract, marine repair and ship conversion	1,865,587	2,193,282	4,058,869

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER OPERATING INCOME

	Group		Corporation	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Rental income	11,942	7,125	-	-
Exchange gain:				
Realised	12,287	6,082	12,492	14,622
Unrealised	26,604	27,752	25,838	16,324
Management services:				
Subsidiaries	-	-	1,576	1,811
Joint ventures and an associate	6,643	6,520	6,643	6,520
Dividend income from equity investment:				
Subsidiaries	-	-	1,022,886	1,097,630
Joint ventures and an associate	-	-	107,809	155,676
Quoted equity investments	1,609	2,023	1,609	2,023
Unquoted equity investments	3,859	3,432	3,859	3,432
Changes in fair value of other investments	-	35,242	-	35,242
Changes in fair value of hedging derivatives	-	32,780	-	-
Gain on recognition of finance lease receivables (i)	249,226	-	-	-
Insurance compensation	328,856	-	-	-
Gain on termination of interest rate swaps	141,468	-	-	-
Gain on termination of charter hire contracts	42,560	-	-	-
Miscellaneous income from:				
Subsidiaries	-	-	32,946	14,393
Fellow subsidiaries	2,696	20,686	764	484
Third parties*	82,895	117,738	16,211	24,559
	910,645	259,380	1,232,633	1,372,716

\* Included in miscellaneous income from third parties are cadet fees and income from sale of scrap materials.

(i) During the financial year, the Group has signed a charter hire agreement to lease and operate an offshore floating asset which was assessed as a finance lease. As a result, a gain on recognition of finance lease of RM249,226,000 was recognised.

NOTES TO THE FINANCIAL STATEMENTS

5. PROFIT BEFORE TAXATION

The following amounts have been included in arriving at profit before taxation:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Amortisation of intangible assets (Note 14)	1,772	1,902	-	-
Amortisation of prepaid lease payments on land and buildings (Note 13)	7,461	6,811	102	109
Amortisation of upfront fees for borrowings (Note 18(c))	27,492	34,448	-	-
Auditors' remuneration:				
Auditors of the Corporation:				
- Audit fees	7,585	7,010	1,306	1,001
- Other services	1,064	814	413	356
Inventories used (Note 19)	812,063	717,895	73,100	112,029
Exchange loss:				
- Realised	11,909	21,598	1,853	15,949
- Unrealised	14,318	12,351	1,620	3,660
Bad debts written off	-	95	-	95
Operating lease rental:*				
- Ships	259,791	172,159	-	-
- Equipment	15,657	26,066	714	4,541
- Land and buildings	9,399	19,171	2,947	3,714
Ships, offshore floating assets, other property, plant and equipment and right-of-use assets: (Note 12)				
- Depreciation	2,032,218	2,158,408	374,375	397,394
- Written off	69,102	29,836	49,299	-
Impairment provisions (Note 5(a))	770,842	1,041,716	741,589	626,564
Staff costs (Note 6)	2,307,079	2,256,252	481,662	497,272
Non-executive directors' remuneration (Note 7)	2,055	1,791	1,313	1,200
Fair value loss in other investments	41,159	-	41,159	-
Changes in fair value of hedging derivatives	6,412	-	-	-
Loss on derecognition of finance lease receivable (i)	185,640	-	-	-

\* The Group leases ships, equipment, land and buildings. 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.

NOTES TO THE FINANCIAL STATEMENTS

5. PROFIT BEFORE TAXATION (CONT'D.)

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

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net change in provisions: (Note 24 (c))				
- Provisions for onerous contracts	32,238	(7,600)	-	-
- Provision for warranties	(6,741)	28,807	-	-
- Cost provisions for construction of an FPSO	-	(295,102)	-	-
- Others	32,048	55,913	-	-

(i) During the financial year, the Group has terminated a charter hire agreement in relation to the leasing and operations of an offshore floating asset with a customer. As a result, a loss on termination of finance lease contract amounting to RM185,640,000 was recognised.

(a) Impairment provisions

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Ships (Note 12)	552,538	656,702	517,928	325,053
Right-of-use assets (Note 12)	-	132,816	-	-
Investments in subsidiaries (Note 15)	-	-	26,931	102,065
Impairment loss for:				
- Trade and other receivables (Note 20)	198,496	79,951	212,335	94,458
- Finance lease receivables (Note 18(d))	20,121	-	-	-
- Other non-current assets	-	177,940	-	177,940
Writeback of impairment loss on:				
- Trade and other receivables (Note 20)	(313)	(2,934)	(15,605)	(72,952)
- Finance lease receivables	-	(2,759)	-	-
	770,842	1,041,716	741,589	626,564

NOTES TO THE FINANCIAL STATEMENTS

6. STAFF COSTS

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Wages, salaries and bonuses	1,815,748	1,850,763	370,117	382,176
Contributions to defined contribution plans	106,986	113,707	36,847	40,718
Social security costs	9,686	8,915	1,491	1,352
Other staff related expenses	374,659	282,867	73,207	73,026
	<b>2,307,079</b>	<b>2,256,252</b>	<b>481,662</b>	<b>497,272</b>

Included in staff costs of the Group and of the Corporation are executive directors' remuneration (excluding benefits-in-kind) amounting to RM2,440,000 (2024: RM10,261,000) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Corporation during the financial year are as follows:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Executive:				
Salaries and other emoluments	1,672	7,655	1,672	7,655
Bonus	173	935	173	935
Defined contribution plans	595	1,671	595	1,671
Total executive directors' remuneration (excluding benefits-in-kind)	2,440	10,261	2,440	10,261
Estimated money value of benefits-in-kind	36	41	36	41
Total executive directors' remuneration (including benefits-in-kind)	2,476	10,302	2,476	10,302
Non-executive directors' remuneration:				
Fees	1,252	1,138	1,252	1,138
Fees from subsidiaries	742	591	-	-
Estimated money value of benefits-in-kind	61	62	61	62
Total non-executive directors' remuneration (Note 5)	2,055	1,791	1,313	1,200
Total directors' remuneration including benefits-in-kind (Note 31(g))	4,531	12,093	3,789	11,502

NOTES TO THE FINANCIAL STATEMENTS

7. DIRECTORS' REMUNERATION (CONT'D.)

The number of directors of the Corporation whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2025	2024
Executive directors:		
RM1,000,001 - RM1,500,000	-	1
RM1,500,001 - RM2,500,000	1	-
RM9,000,000 - RM9,500,000	-	1
	<b>1</b>	<b>2</b>
Non-executive directors*:		
RM1 - RM50,000	-	2
RM200,000 - RM250,000	3	3
RM500,000 - RM550,000	-	1
RM550,001 - RM600,000	1	-
RM600,001 - RM650,000	-	1
RM750,000 - RM800,000	1	-
	<b>5</b>	<b>7</b>

\* Excludes the directors of the Corporation whose fees are paid directly to the immediate holding company of the Corporation, PETRONAS.

NOTES TO THE FINANCIAL STATEMENTS

8. (a) FINANCE INCOME

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest income:				
Subsidiaries	-	-	136,787	133,562
Joint ventures	311	7,843	-	-
Third party	194	34,042	194	34,042
Deposits	248,806	347,195	20,400	85,376
Unwinding of discount on trade receivables (Note 20)	-	22,476	-	22,476
<b>Total finance income</b>	<b>249,311</b>	<b>411,556</b>	<b>157,381</b>	<b>275,456</b>

(b) FINANCE COSTS

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest expense on loans and borrowings from:				
Subsidiaries	-	-	51,691	72,021
Banks and financial institutions	535,342	670,727	35,986	20,561
Interest on lease liabilities (Note 18(c))	16,735	13,623	433	1,199
<b>Total interest expense</b>	<b>552,077</b>	<b>684,350</b>	<b>88,110</b>	<b>93,781</b>
Amortisation of upfront fees for borrowings (Note 18(c))	27,492	34,448	-	-
<b>Total finance costs</b>	<b>579,569</b>	<b>718,798</b>	<b>88,110</b>	<b>93,781</b>

9. TAXATION

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current income tax:				
Malaysian income tax	50,523	49,400	9,082	12,051
Foreign tax	66,126	53,670	-	-
Under/(over) provision in prior year:				
Malaysian income tax	5,468	(5,789)	17,254	(2,864)
Foreign tax	(5,141)	(47,471)	-	-
Global minimum top-up tax				
Foreign tax	5,574	-	5,574	-
	<b>122,550</b>	<b>49,810</b>	<b>31,910</b>	<b>9,187</b>
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	2,236	460	-	-
Over provision in prior year	(875)	-	-	-
	<b>1,361</b>	<b>460</b>	<b>-</b>	<b>-</b>
<b>Taxation for the year</b>	<b>123,911</b>	<b>50,270</b>	<b>31,910</b>	<b>9,187</b>

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

NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

### 9. TAXATION (CONT'D.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Corporation is as follows:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation	1,861,962	1,283,519	286,442	898,249
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	446,871	308,045	68,746	215,580
Effects of different tax rates in other countries/ jurisdictions	(169,518)	(80,871)	-	-
Income not subject to tax:				
Tax exempt shipping income	(614,427)	(817,019)	(44,674)	(111,813)
Others	(118,037)	(69,033)	(309,323)	(352,830)
Expenses not deductible for tax purposes	643,864	821,286	318,536	261,789
Effect of share of results of associates and joint ventures	(6,971)	(23,305)	-	-
Utilisation of previously unrecognised deferred tax	(62,897)	(35,832)	(24,203)	(675)
Deferred tax assets not recognised during the year	-	259	-	-
Global minimum top-up tax	5,574	-	5,574	-
Deferred tax over provided in prior year	(875)	-	-	-
Income tax under/(over) provided in prior year	327	(53,260)	17,254	(2,864)
<b>Taxation for the year</b>	<b>123,911</b>	<b>50,270</b>	<b>31,910</b>	<b>9,187</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 9. TAXATION (CONT'D.)

Section 54A of the Malaysian Income Tax Act, 1967 was amended effective from Year of Assessment ("YA") 2012, in which the tax exemption on shipping profits was reduced from 100% to 70%. The implementation of the amended Section 54A, however, has previously been deferred up to YA2023 via several gazette order issued by the Ministry of Finance ("MOF").

On 5 July 2024, MOF issued another Gazette Order (i.e. Income Tax (Exemption for Malaysian Ship) Order 2024 (P.U. (A) 184) granting a further extension of the 100% shipping tax exemption from YA2024 to YA2026. The exemption is granted subject to the Malaysian shipping companies comply with the minimum substance requirements in terms of annual operating expenditure and minimum number of full-time Malaysian employees for each Malaysian ship for both shore employees and ship personnel.

Based on the Gazette Order, the Group would be able to continue to enjoy the 100% shipping tax exemption up to YA2026 on the basis that the substance requirements as per Gazette Order are duly met.

The taxation charge is attributable to tax in respect of another jurisdiction and other activities of the Group.

#### *Global minimum top up tax*

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, all subsidiaries within the Group also operate within jurisdictions that has been enacted or substantively enacted as at 31 December 2025.

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 PETRONAS 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, PETRONAS Group has identified potential exposure to Pillar Two income taxes on several jurisdictions where effective tax rate ("ETR") is likely to be lower than 15%. The potential exposure is expected to come from the constituent entities in these jurisdictions. The exposure may also exist in other jurisdictions where the assessment is in progress.

The Group, however, does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Corporation by the weighted average number of ordinary shares outstanding during the financial year. The Group does not have any financial instrument which may dilute its basic earnings per share.

	Group	
	2025	2024
Profit after taxation attributable to equity holders of the Corporation (RM'000)	1,700,170	1,193,519
<b>Weighted average number of ordinary shares ('000) (Note 25)</b>		
Issued ordinary shares at 1 January	4,463,794	4,463,794
Less: Treasury shares held at 1 January	(47)	(47)
<b>Weighted average number of ordinary shares as at 31 December ('000)</b>	<b>4,463,747</b>	<b>4,463,747</b>
Basic earnings per share (sen)	38.1	26.7
Diluted earnings per share (sen)	38.1	26.7

## NOTES TO THE FINANCIAL STATEMENTS

### 11. DIVIDENDS

	Group/Corporation	
	2025 RM'000	2024 RM'000
<b>Dividends recognised during the year:</b>		
<b>In respect of the financial year ended 31 December 2023:</b>		
Fourth tax exempt dividend of 12.0 sen per share	-	535,649
<b>In respect of the financial year ended 31 December 2024:</b>		
First tax exempt dividend of 8.0 sen per share	-	357,100
Second tax exempt dividend of 8.0 sen per share	-	357,100
Third tax exempt dividend of 8.0 sen per share	-	357,100
Fourth tax exempt dividend of 12.0 sen per share	535,649	-
<b>In respect of the financial year ended 31 December 2025:</b>		
First tax exempt dividend of 8.0 sen per share	357,100	-
Second tax exempt dividend of 8.0 sen per share	357,100	-
Third tax exempt dividend of 8.0 sen per share	357,100	-
	<b>1,606,949</b>	<b>1,606,949</b>

A fourth tax exempt dividend in respect of the financial year ended 31 December 2025 of 14.0 sen per share amounting to a dividend payable of RM624,925,000 declared on a date subsequent to the reporting date and will be paid on 26 March 2026.

The fourth tax exempt dividend in respect of the financial year ended 31 December 2025 is not reflected in the current year's financial statements. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT

	Cost									At 31.12.2025 RM'000
	At 1.1.2025 RM'000	Additions RM'000	Disposals RM'000	Write-offs** RM'000	Transfers RM'000	Reclassification out of ships, and property plant and equipment*** RM'000	Reclassified to held for sale RM'000	Currency translation differences RM'000		
<b>Group - 31 December 2025</b>										
<b>Ships</b>										
Ships in operation*	40,611,557	423,919	(904,203)	(113,233)	-	-	(2,279,371)	(2,259,874)	35,478,795	
Right-of-use										
- ships in operation*	167,205	273,250	-	(19,756)	-	-	-	(7,566)	413,133	
Ships under construction	1,158,647	1,178,725	-	(18,559)	-	-	-	(176,922)	2,141,891	
	41,937,409	1,875,894	(904,203)	(151,548)	-	-	(2,279,371)	(2,444,362)	38,033,819	
<b>Offshore floating assets</b>										
Subject to operating lease as a lessor										
- offshore floating assets in operation	917,141	-	-	(344,096)	-	(451,792)	-	(83,694)	37,559	
<b>Other property, plant and equipment</b>										
Freehold land	13,599	-	-	-	-	-	-	(814)	12,785	
Freehold buildings, drydocks and waste plant	2,171,116	-	(1,020)	(15,359)	-	-	-	(4,181)	2,150,556	
Leasehold buildings	77,643	-	-	-	-	-	-	(774)	76,869	
Motor vehicles	17,320	-	-	(493)	27,567	-	-	(153)	44,241	
Furniture, fittings and equipment	101,618	19,289	(593)	(668)	6,439	-	-	(2,517)	123,568	
Computer software and hardware	380,508	3,040	(672)	(5)	126,110	-	-	(51,587)	457,394	
Projects in progress****	322,960	279,398	(808)	(49,299)	(201,063)	-	-	(8,579)	342,609	
Plant and machineries	809,277	5,873	(1,987)	(9,088)	40,947	-	-	(11,297)	833,725	
	3,894,041	307,600	(5,080)	(74,912)	-	-	-	(79,902)	4,041,747	
<b>Right-of-use assets</b>										
- office premise, warehouse and wharf	260,647	277,647	-	(139,141)	-	-	-	(15,957)	383,196	
- computer software and hardware	207	-	-	(207)	-	-	-	-	-	
- motor vehicles	379	-	-	(379)	-	-	-	-	-	
	261,233	277,647	-	(139,727)	-	-	-	(15,957)	383,196	
	4,155,274	585,247	(5,080)	(214,639)	-	-	-	(95,859)	4,424,943	
<b>Grand total</b>	47,009,824	2,461,141	(909,283)	(710,283)	-	(451,792)	(2,279,371)	(2,623,915)	42,496,321	

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	At 1.1.2025 RM'000	Depreciation charge for the year RM'000	Impairment losses RM'000	Accumulated depreciation/impairment			Reclassified to held for sale RM'000	Currency translation differences RM'000	At 31.12.2025 RM'000	Net book value At 31.12.2025 RM'000
				Disposals RM'000	Write-offs** RM'000	Reclassification out of ships, and property plant and equipment*** RM'000				
<b>Group - 31 December 2025</b>										
<b>Ships</b>										
Ships in operation*	20,211,448	1,790,408	552,538	(563,395)	(111,980)	-	(2,144,496)	(536,777)	19,197,746	16,281,049
Right-of-use										
- ships in operation*	128,502	90,273	-	-	(19,756)	-	-	(12,103)	186,916	226,217
Ships under construction	-	-	-	-	-	-	-	-	-	2,141,891
	<b>20,339,950</b>	<b>1,880,681</b>	<b>552,538</b>	<b>(563,395)</b>	<b>(131,736)</b>	<b>-</b>	<b>(2,144,496)</b>	<b>(548,880)</b>	<b>19,384,662</b>	<b>18,649,157</b>
<b>Offshore floating assets</b>										
Subject to operating lease as a lessor										
- offshore floating assets in operation	897,812	-	-	-	(344,096)	(451,792)	-	(101,924)	-	37,559
<b>Other property, plant and equipment</b>										
Freehold land	-	-	-	-	-	-	-	-	-	12,785
Freehold buildings, drydocks and waste plant	1,029,615	37,959	-	(952)	(15,359)	-	-	(8,998)	1,042,265	1,108,291
Leasehold buildings	74,145	-	-	-	(69)	-	-	(85)	73,991	2,878
Motor vehicles	15,102	5,018	-	-	(493)	-	-	(161)	19,466	24,775
Furniture, fittings and equipment	83,880	13,974	-	(45)	(608)	-	-	(9,868)	87,333	36,235
Computer software and hardware	361,551	30,052	-	-	(5)	-	-	(16,601)	374,997	82,397
Projects in progress****	-	-	-	-	-	-	-	-	-	342,609
Plant and machineries	546,599	33,133	-	(355)	(9,088)	-	-	(4,891)	565,398	268,327
	<b>2,110,892</b>	<b>120,136</b>	<b>-</b>	<b>(1,352)</b>	<b>(25,622)</b>	<b>-</b>	<b>-</b>	<b>(40,604)</b>	<b>2,163,450</b>	<b>1,878,297</b>
<b>Right-of-use assets</b>										
- office premise, warehouse and wharf	180,089	31,344	-	-	(139,141)	-	-	(25,127)	47,165	336,031
- computer software and hardware	150	57	-	-	(207)	-	-	-	-	-
- motor vehicles	379	-	-	-	(379)	-	-	-	-	-
	<b>180,618</b>	<b>31,401</b>	<b>-</b>	<b>-</b>	<b>(139,727)</b>	<b>-</b>	<b>-</b>	<b>(25,127)</b>	<b>47,165</b>	<b>336,031</b>
	<b>2,291,510</b>	<b>151,537</b>	<b>-</b>	<b>(1,352)</b>	<b>(165,349)</b>	<b>-</b>	<b>-</b>	<b>(65,731)</b>	<b>2,210,615</b>	<b>2,214,328</b>
<b>Grand total</b>	<b>23,529,272</b>	<b>2,032,218</b>	<b>552,538</b>	<b>(564,747)</b>	<b>(641,181)</b>	<b>(451,792)</b>	<b>(2,144,496)</b>	<b>(716,535)</b>	<b>21,595,277</b>	<b>20,901,044</b>

\* Included in ships in operation are ships subject to operating lease as a lessor with a carrying amount of RM13,020,856,000 based on the ships contractual arrangement as at 31 December 2025. Certain ships in operation are used interchangeably between time charter and spot charter during the financial year.

\*\* Amount mainly relates to derecognition of previous dry docking/major spares upon capitalisation of replacement costs and the derecognition of right-of-use assets which have expired or terminated.

\*\*\* Reclassification out of ship, and property, plant and equipment's includes reclassification of an offshore floating asset to finance lease receivables based on the offshore floating asset's contractual arrangement as at 31 December 2025.

\*\*\*\* Included in projects in progress are ongoing projects for other property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Cost									
	At 1.1.2024 RM'000	Additions RM'000	Disposals RM'000	Write-offs** RM'000	Transfers RM'000	Reclassification out of property, plant and equipment*** RM'000	Reclassified to held for sale RM'000	Currency translation differences RM'000	At 31.12.2024 RM'000	
<b>Group - 31 December 2024</b>										
<b>Ships</b>										
Ships in operation*	49,364,871	601,433	(27,381)	(126,351)	197,120	(751,527)	(104,609)	(8,541,999)	40,611,557	
Right-of-use										
- ships in operation*	474,213	34,152	-	-	-	-	-	(341,160)	167,205	
Ships under construction	633,040	1,054,425	-	(10,354)	(197,120)	-	-	(321,344)	1,158,647	
	50,472,124	1,690,010	(27,381)	(136,705)	-	(751,527)	(104,609)	(9,204,503)	41,937,409	
<b>Offshore floating assets</b>										
Subject to operating lease as a lessor										
- offshore floating assets in operation	933,984	-	-	-	-	-	-	(16,843)	917,141	
<b>Other property, plant and equipment</b>										
Freehold land	14,268	-	-	-	-	-	-	(669)	13,599	
Freehold buildings, drydocks and waste plant	2,177,766	866	-	(1,567)	4,884	-	-	(10,833)	2,171,116	
Leasehold buildings	74,036	11,178	-	-	-	-	-	(7,571)	77,643	
Motor vehicles	19,830	186	-	-	741	-	-	(3,437)	17,320	
Furniture, fittings and equipment	210,493	1,238	(454)	(568)	2,088	-	-	(111,179)	101,618	
Computer software and hardware	363,745	13,916	-	(27)	15,275	-	-	(12,401)	380,508	
Projects in progress****	261,493	137,249	-	(14,287)	(38,673)	-	-	(22,822)	322,960	
Plant and machineries	790,236	21,114	-	(6,010)	15,685	-	-	(11,748)	809,277	
	3,911,867	185,747	(454)	(22,459)	-	-	-	(180,660)	3,894,041	
<b>Right-of-use assets</b>										
- office premise, warehouse and wharf	253,896	43,147	-	-	-	-	-	(36,396)	260,647	
- computer software and hardware	207	-	-	-	-	-	-	-	207	
- motor vehicles	375	4	-	-	-	-	-	-	379	
	254,478	43,151	-	-	-	-	-	(36,396)	261,233	
	4,166,345	228,898	(454)	(22,459)	-	-	-	(217,056)	4,155,274	
<b>Grand total</b>	<b>55,572,453</b>	<b>1,918,908</b>	<b>(27,835)</b>	<b>(159,164)</b>	<b>-</b>	<b>(751,527)</b>	<b>(104,609)</b>	<b>(9,438,402)</b>	<b>47,009,824</b>	

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	At 1.1.2024 RM'000	Depreciation charge for the year RM'000	Impairment losses RM'000	Accumulated depreciation/impairment			Reclassification out of property, plant and equipment*** RM'000	Reclassified to held for sale RM'000	Currency translation differences RM'000	At 31.12.2024 RM'000	Net book value At 31.12.2024 RM'000
				Disposals RM'000	Write-offs** RM'000						
<b>Group - 31 December 2024</b>											
<b>Ships</b>											
Ships in operation*	26,624,681	1,951,652	656,702	-	(121,605)	(634,087)	(19,719)	(8,246,176)	20,211,448	20,400,109	
Right-of-use											
- ships in operation*	253,419	74,064	132,816	-	-	-	-	(331,797)	128,502	38,703	
Ships under construction	-	-	-	-	-	-	-	-	-	1,158,647	
	26,878,100	2,025,716	789,518	-	(121,605)	(634,087)	(19,719)	(8,577,973)	20,339,950	21,597,459	
<b>Offshore floating assets</b>											
Subject to operating lease as a lessor											
- offshore floating assets in operation	914,051	-	-	-	-	-	-	(16,239)	897,812	19,329	
<b>Other property, plant and equipment</b>											
Freehold land	-	-	-	-	-	-	-	-	-	13,599	
Freehold buildings, drydocks and waste plant	1,039,066	27,750	-	-	(1,567)	-	-	(35,634)	1,029,615	1,141,501	
Leasehold buildings	74,036	109	-	-	-	-	-	-	74,145	3,498	
Motor vehicles	18,360	4	-	-	-	-	-	(3,262)	15,102	2,218	
Furniture, fittings and equipment	157,509	7,626	-	(454)	(143)	-	-	(80,658)	83,880	17,738	
Computer software and hardware	344,225	19,788	-	-	(3)	-	-	(2,459)	361,551	18,957	
Projects in progress****	-	-	-	-	-	-	-	-	-	322,960	
Plant and machineries	511,462	43,372	-	-	(6,010)	-	-	(2,225)	546,599	262,678	
	2,144,658	98,649	-	(454)	(7,723)	-	-	(124,238)	2,110,892	1,783,149	
<b>Right-of-use assets</b>											
- office premise, warehouse and wharf	192,051	33,839	-	-	-	-	-	(45,801)	180,089	80,558	
- computer software and hardware	80	70	-	-	-	-	-	-	150	57	
- motor vehicles	320	134	-	-	-	-	-	(75)	379	-	
	192,451	34,043	-	-	-	-	-	(45,876)	180,618	80,615	
	2,337,109	132,692	-	(454)	(7,723)	-	-	(170,114)	2,291,510	1,863,764	
<b>Grand total</b>	<b>30,129,260</b>	<b>2,158,408</b>	<b>789,518</b>	<b>(454)</b>	<b>(129,328)</b>	<b>(634,087)</b>	<b>(19,719)</b>	<b>(8,764,326)</b>	<b>23,529,272</b>	<b>23,480,552</b>	

\* Included in ships in operation are ships subject to operating lease as a lessor with a carrying amount of RM17,010,631,000 based on the ships contractual arrangement as at 31 December 2024. Certain ships in operation are used interchangeably between time charter and spot charter during the financial year.

\*\* Amount mainly relates to derecognition of previous dry docking/major spares upon capitalisation of replacement costs.

\*\*\* Reclassification out of ship, and property, plant and equipment's includes capital expenditure which are reimbursable and reclassified to other receivables and reclassification of a ship to construction cost for the purpose of conversion into a Floating Storage Unit.

\*\*\*\* Included in projects in progress are ongoing projects for other property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Cost					At 31.12.2025 RM'000
	At 1.1.2025 RM'000	Additions RM'000	Write-offs* RM'000	Transfers RM'000	Currency translation differences RM'000	
<b>Corporation - 31 December 2025</b>						
<b>Ships</b>						
Subject to operating lease as a lessor						
- ships in operation	10,687,398	72,575	-	-	(975,268)	9,784,705
Ships under construction	-	129,182	-	-	-	129,182
	10,687,398	201,757	-	-	(975,268)	9,913,887
<b>Other property and equipment</b>						
Freehold land	8,009	-	-	-	(731)	7,278
Freehold buildings	25,635	-	-	-	(2,287)	23,348
Motor vehicles	654	-	-	-	(47)	607
Furniture, fittings and equipment	59,734	40	-	207	(5,312)	54,669
Computer software and hardware	212,984	127	-	123,068	(37,266)	298,913
Projects in progress	133,301	85,954	(49,299)	(123,275)	(11,739)	34,942
	440,317	86,121	(49,299)	-	(57,382)	419,757
Right-of-use						
- office premise	129,204	244,905	(90,113)	-	(11,613)	272,383
- motor vehicle	375	-	(375)	-	-	-
	129,579	244,905	(90,488)	-	(11,613)	272,383
	569,896	331,026	(139,787)	-	(68,995)	692,140
<b>Grand total</b>	<b>11,257,294</b>	<b>403,601</b>	<b>(139,787)</b>	<b>-</b>	<b>(1,044,263)</b>	<b>10,606,027</b>

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Accumulated depreciation/impairment					At 31.12.2025 RM'000	Net book value At 31.12.2025 RM'000
	At 1.1.2025 RM'000	Depreciation RM'000	Impairment losses RM'000	Write-offs* RM'000	Currency translation differences RM'000		
<b>Corporation - 31 December 2025</b>							
<b>Ships</b>							
Subject to operating lease as a lessor							
- ships in operation	7,894,524	331,847	517,928	-	(765,813)	7,978,486	1,806,219
Ships under construction	-	-	-	-	-	-	129,182
	7,894,524	331,847	517,928	-	(765,813)	7,978,486	1,935,401
<b>Other property and equipment</b>							
Freehold land	-	-	-	-	-	-	7,278
Freehold buildings	4,540	486	-	-	(440)	4,586	18,762
Motor vehicles	426	29	-	-	(40)	415	192
Furniture, fittings and equipment	46,600	3,381	-	-	(4,100)	45,881	8,788
Computer software and hardware	206,717	24,643	-	-	(20,180)	211,180	87,733
Projects in progress	-	-	-	-	-	-	34,942
	258,283	28,539	-	-	(24,760)	262,062	157,695
Right-of-use							
- office premise	115,506	13,989	-	(90,113)	(11,289)	28,093	244,290
- motor vehicle	375	-	-	(375)	-	-	-
	115,881	13,989	-	(90,488)	(11,289)	28,093	244,290
	374,164	42,528	-	(90,488)	(36,049)	290,155	401,985
<b>Grand total</b>	<b>8,268,688</b>	<b>374,375</b>	<b>517,928</b>	<b>(90,488)</b>	<b>(801,862)</b>	<b>8,268,641</b>	<b>2,337,386</b>

\* Amount mainly relates to derecognition of previous dry docking/major spares upon capitalisation of replacement costs and the derecognition of right-of-use assets which have expired or terminated.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Cost					At 31.12.2024 RM'000
	At 1.1.2024 RM'000	Additions RM'000	Write-offs* RM'000	Transfers RM'000	Currency translation differences RM'000	
<b>Corporation - 31 December 2024</b>						
<b>Ships</b>						
Subject to operating lease as a lessor						
- ships in operation	10,833,979	117,051	(15,416)	-	(248,216)	10,687,398
<b>Other property and equipment</b>						
Freehold land	8,259	-	-	-	(250)	8,009
Freehold buildings	26,051	-	-	-	(416)	25,635
Motor vehicles	544	126	-	-	(16)	654
Furniture, fittings and equipment	60,586	274	-	532	(1,658)	59,734
Computer software and hardware	218,287	26	-	-	(5,329)	212,984
Projects in progress	112,785	25,095	-	(532)	(4,047)	133,301
	426,512	25,521	-	-	(11,716)	440,317
<b>Right-of-use</b>						
- office premise	131,908	2,009	-	-	(4,713)	129,204
- motor vehicle	375	-	-	-	-	375
	132,283	2,009	-	-	(4,713)	129,579
	558,795	27,530	-	-	(16,429)	569,896
<b>Grand total</b>	<b>11,392,774</b>	<b>144,581</b>	<b>(15,416)</b>	<b>-</b>	<b>(264,645)</b>	<b>11,257,294</b>

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Accumulated depreciation/impairment					At 31.12.2024 RM'000	Net book value At 31.12.2024 RM'000
	At 1.1.2024 RM'000	Depreciation RM'000	Impairment losses RM'000	Write-offs* RM'000	Currency translation differences RM'000		
<b>Corporation - 31 December 2024</b>							
<b>Ships</b>							
Subject to operating lease as a lessor							
- ships in operation	7,369,440	372,114	325,053	(15,416)	(156,667)	7,894,524	2,792,874
<b>Other property and equipment</b>							
Freehold land	-	-	-	-	-	-	8,009
Freehold buildings	4,473	278	-	-	(211)	4,540	21,095
Motor vehicles	423	16	-	-	(13)	426	228
Furniture, fittings and equipment	42,506	5,368	-	-	(1,274)	46,600	13,134
Computer software and hardware	207,877	4,759	-	-	(5,919)	206,717	6,267
Projects in progress	-	-	-	-	-	-	133,301
	255,279	10,421	-	-	(7,417)	258,283	182,034
<b>Right-of-use</b>							
- office premise	103,397	14,804	-	-	(2,695)	115,506	13,698
- motor vehicle	320	55	-	-	-	375	-
	103,717	14,859	-	-	(2,695)	115,881	13,698
	358,996	25,280	-	-	(10,112)	374,164	195,732
<b>Grand total</b>	<b>7,728,436</b>	<b>397,394</b>	<b>325,053</b>	<b>(15,416)</b>	<b>(166,779)</b>	<b>8,268,688</b>	<b>2,988,606</b>

\* Amount mainly relates to derecognition of previous dry docking/major spares upon capitalisation of replacement costs.

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) The net carrying amounts of ships pledged as security for borrowings (Note 18(c)) are as follows:

	Group	
	2025 RM'000	2024 RM'000
Ships in operation	9,573,166	11,696,814

(b) Ships with expired charter contracts or contracts that are approaching the expiry dates were identified as ships with indications of impairment.

The Group and the Corporation have performed a review of the recoverable amount of their ships, other property, plant and equipment and right-of-use assets during the financial year. The review led to the recognition of impairment losses of RM552,538,000 (2024: RM789,518,000) and RM517,928,000 (2024: RM325,053,000) for the Group and the Corporation respectively, as disclosed in Note 5(a).

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

Recoverable amount determined from value-in-use ("VIU")

The key assumptions used in the VIU calculations are as follows:

(i) Ships and right-of-use asset

The VIU for certain ships were calculated using cash flow projections for the remaining lease period and useful life.

The recoverable amount of certain ships amounting to RM491,708,000 (2024: RM1,082,647,000) as at the end of the financial year was determined from VIU calculations using cash flow projections discounted at 7.00% (2024: 7.22%) and was lower than its carrying value. Accordingly, an impairment loss of RM136,783,000 (2024: RM51,169,000) was recognised in the current financial year of the Group and of the Corporation.

In the previous financial year, the Group recognised an impairment loss of RM132,816,000 in relation to a right-of-use asset. The recoverable amount was determined based on discounted cash flow projections.

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

(i) Revenue

Charter rates are estimated based on contracted rates for the remaining period of the contract.

(ii) Discount rate

The discount rate reflects specific risks relating to the CGU. The pre-tax discount rate used is 7.00% (2024: 7.22%).

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(b) Recoverable amount determined from value-in-use ("VIU") (cont'd.)

The key assumptions used in the VIU calculations are as follows: (cont'd.)

(ii) Other property, plant and equipment

The Marine & Heavy Engineering segment recoverable amount for impaired 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 value in use ("VIU") calculation are disclosed below:

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 Marine & Heavy Engineering segment 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 rates

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

(iv) Growth rates

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

NOTES TO THE FINANCIAL STATEMENTS

12. SHIPS, OFFSHORE FLOATING ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Recoverable amount determined from fair value less costs of disposal

The fair value of certain ships amounting to RM1,193,460,000 and RM1,068,453,000 (2024: RM1,225,689,000 and RM811,504,000) for the Group and the Corporation respectively were determined based on valuation performed by independent valuers based on comparable ships.

Impairment of ships amounting to RM415,755,000 and RM381,145,000 (2024: RM605,533,000 and RM273,884,000) for the Group and the Corporation respectively were recognised using this basis.

- (c) Included in additions to the ships, offshore floating assets and other property, plant and equipment of the Group and the Corporation are finance costs capitalised during the year of RM74,479,000 and RM4,519,000 (2024: RM7,010,000 and RM Nil) respectively.

13. PREPAID LEASE PAYMENTS ON LAND AND BUILDINGS

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>At 1 January</b>	<b>184,673</b>	191,594	<b>3,468</b>	3,686
Amortisation for the year (Note 5)	<b>(7,461)</b>	(6,811)	<b>(102)</b>	(109)
Currency translation differences	<b>(310)</b>	(110)	<b>(311)</b>	(109)
<b>At 31 December</b>	<b>176,902</b>	184,673	<b>3,055</b>	3,468
Analysed as:				
Leasehold land	<b>173,847</b>	181,205	-	-
Leasehold buildings	<b>3,055</b>	3,468	<b>3,055</b>	3,468
	<b>176,902</b>	184,673	<b>3,055</b>	3,468

Included in leasehold land of the Group is the carrying value of a long term leasehold and foreshore land of a subsidiary of RM173,847,000 (2024: RM181,205,000) which cannot be disposed off, charged or subleased without the prior consent of the Johor State Government.

NOTES TO THE FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS

	Group		
	Goodwill RM'000	Other intangible assets RM'000	Total RM'000
<b>Cost</b>			
<b>At 1 January 2024</b>	1,091,757	555,889	1,647,646
Additions	-	4,083	4,083
Disposal of a subsidiary (i)	-	(132,607)	(132,607)
Currency translation differences	(30,548)	(116)	(30,664)
<b>At 31 December 2024/1 January 2025</b>	<b>1,061,209</b>	<b>427,249</b>	<b>1,488,458</b>
Additions (ii)	-	13,833	13,833
Currency translation differences	(90,380)	-	(90,380)
<b>At 31 December 2025</b>	<b>970,829</b>	<b>441,082</b>	<b>1,411,911</b>
<b>Accumulated amortisation and impairment</b>			
<b>At 1 January 2024</b>	162,501	536,034	698,535
Amortisation for the year (Note 5)	-	1,902	1,902
Disposal of a subsidiary (i)	-	(132,607)	(132,607)
<b>At 31 December 2024/1 January 2025</b>	<b>162,501</b>	<b>405,329</b>	<b>567,830</b>
Amortisation for the year (Note 5)	-	1,772	1,772
<b>At 31 December 2025</b>	<b>162,501</b>	<b>407,101</b>	<b>569,602</b>
<b>Net carrying amount</b>			
At 31 December 2025	<b>808,328</b>	<b>33,981</b>	<b>842,309</b>
At 31 December 2024	898,708	21,920	920,628

- (i) Disposal of a subsidiary

In the previous financial year, the Group had disposed off a subsidiary, SOL-X Pte. Ltd. to a third party. The disposal had no material impact to the Group.

- (ii) Additions

In the current year, additions in other intangible assets include the carbon credits purchased by AET Group. These carbon credits will be utilised in settlement of environmental carbon emission incurred in business operation.

## NOTES TO THE FINANCIAL STATEMENTS

### 14. INTANGIBLE ASSETS (CONT'D.)

#### Goodwill

##### (a) Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segment as follows:

	Group	
	2025 RM'000	2024 RM'000
Petroleum & Product Shipping Segment	808,328	898,708

##### (b) Impairment test for goodwill

The Group performed a review on the recoverable amount of goodwill during the financial year. Generally, the recoverable amounts are based on the higher of fair value less costs of disposal or VIU for the CGUs to which the goodwill is allocated.

The recoverable amount of a CGU is determined using the VIU method, based on cash flow projections derived from financial projections approved by the management covering a five-year period. The discount rate used is based on the pre-tax weighted average cost of capital determined by the management.

Goodwill for the Petroleum & Product Shipping segment represents goodwill arising from acquisition of American Eagle Tanker Inc. ("AET"). An impairment review of the carrying amount of the goodwill at the reporting date was undertaken by comparing to the recoverable amount of the CGU, which was derived based on VIU calculations. The VIU is most sensitive to the following key assumptions:

- (i) Risk adjusted pre-tax discount rate used is 7.17% (2024: 7.22%). The discount rate reflects the current market assessment of the risks specific to the Petroleum segment. This is the benchmark used by the management to assess operating performance and to evaluate future investments.

An increase of 99 basis points (2024: 101 basis points) in discount rate would result in recoverable amount that equates to the carrying amount of the CGU.

- (ii) Terminal value and growth rate - The terminal value is based on 5 years average expected cash flows from year 2026 to year 2030 (2024: year 2025 to year 2029) into perpetuity with terminal year growth rate of 2.00% (2024: 2.00%). Terminal year charter rates in deriving at the terminal value are referenced to historical market rates.

A decrease of 560 basis points (2024: 454 basis points) in the charter rates in deriving at the terminal value would result in recoverable amount that equates to the carrying amount of the CGU.

A decrease of 127 basis points (2024: 136 basis points) in the growth rate in deriving at the terminal value would result in recoverable amount equal to the carrying amount of the CGU.

- (iii) Spot and time charter rates are estimated based on forecasts by industry research publications.

## NOTES TO THE FINANCIAL STATEMENTS

### 14. INTANGIBLE ASSETS (CONT'D.)

#### Goodwill (cont'd.)

##### (c) Other intangible assets

Other intangible assets includes the fair value, at the date of acquisition, of long term customer contracts from acquisition of a subsidiary which is amortised over the remaining contract periods.

### 15. INVESTMENTS IN SUBSIDIARIES

	Corporation	
	2025 RM'000	2024 RM'000
<b>At 1 January</b>	<b>11,838,248</b>	22,699,813
Additional investments in subsidiaries (Note a)	11,336,106	1,063,475
Reclassified from investments in joint ventures (Note b)	101,397	-
Redemption of redeemable cumulative preference shares ("RCPS") (Note c)	(685,075)	(535,200)
Redemption of redeemable preference shares ("RPS") (Note d)	(42,817)	-
Disposal of shares (Note e)	-	(10,998,655)
Impairment of investment in unquoted subsidiaries (Note 5(a)) (Note f)	(26,931)	(102,065)
Currency translation differences	(1,650,952)	(289,120)
<b>At 31 December</b>	<b>20,869,976</b>	11,838,248
Quoted shares	262,043	288,357
Unquoted shares	20,607,933	11,549,891
	<b>20,869,976</b>	11,838,248

## NOTES TO THE FINANCIAL STATEMENTS

### 15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Included in unquoted shares are preference shares of RM20,319,000 (2024: RM11,324,000) which bears interest of 6.00% (2024: 5.00% to 6.00%) per annum.

(a) Additional investments in subsidiaries

In the current financial year, the Corporation increased its investment in:

- (i) Malaysian Maritime Academy Sdn. Bhd. by way of issuance of ordinary shares amounting to USD1,178,950 (RM5,048,000) in support of the subsidiary's debt capitalisation exercise.
- (ii) MISC Asset Holdings (L) Pte. Ltd. by way of issuance ordinary shares amounting to USD999,990 (RM4,282,000), RPS amounting to USD2,566,380,000 (RM10,988,521,000) and RCPS amounting to USD60,000,000 (RM256,903,000) as part of the Group's restructuring exercise to streamline its corporate structure. The issuance of shares was settled via capitalisation of subsidiary's debt.
- (iii) MISC Marine Services Holdings (L) Pte. Ltd. by way of issuance of ordinary shares amounting to USD999,990 (RM4,282,000) and RPS amounting to USD18,000,000 (RM77,071,000) in support of the subsidiary's debt capitalisation exercise.

In the previous financial year, the Corporation increased its investment in:

- (i) MISC Assets Holdings (L) Pte. Ltd. amounting to USD34,500,000 (RM157,667,000) by way of cash consideration.
- (ii) MISC Assets Holdings (L) Pte. Ltd. by way of issuance of RCPS amounting to USD58,205,300 (RM266,000,000) in support of the subsidiary's debt capitalisation exercise.
- (iii) MISC Capital (L) Limited amounting to USD140,000,000 (RM639,808,000) by way of cash consideration.

(b) Reclassified from investments in joint ventures

In the current financial year, the Corporation reclassified its investments in Malaysian Deepwater Floating Terminal (Kikeh) Limited ("MDFT") and Malaysian Deepwater Production Contractors Sdn. Bhd. ("MDPC") from investments in joint ventures to subsidiaries following the completion of the acquisition of equity interests in these entities, as disclosed in Note 17.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Redemption of RCPS

In the current financial year, MISC Tanker Holdings Sdn. Bhd. has partially redeemed its RCPS held by the Corporation amounting to USD160,000,000 (RM685,075,000).

In the previous financial year, MISC Tanker Holdings Sdn. Bhd. has partially redeemed its RCPS held by the Corporation amounting to USD120,000,000 (RM535,200,000).

(d) Redemption of RPS

In the current financial year, the following subsidiaries have partially redeemed their RPS held by the Corporation:

- (i) MISC Asset Holdings (L) Pte. Ltd. amounting to USD9,000,000 (RM38,535,000), and
- (ii) MISC Marine Services Holdings (L) Pte. Ltd. amounting to USD1,000,000 (RM4,282,000).

(e) Disposal of shares

In the previous financial year, as part of the Group's restructuring exercise to streamline its corporate structure, the Corporation had transferred shareholdings within the Group. Several subsidiaries previously held directly under MISC Berhad had moved under an intermediate holding company within the Group. This restructuring did not result in any gain or loss to the Group and did not impact the control or consolidation of these subsidiaries.

(f) Impairment of investment in unquoted subsidiaries

During the financial year, the Corporation conducted a review of the recoverable amount of its investment in subsidiaries. The review led to the recognition of a full impairment on the remaining net book value in its investment in Malaysian Maritime Academy Sdn. Bhd. and a partial impairment on the remaining net book value in its investment in Puteri Nilam Satu (L) Pte. Ltd. amounting to RM5,048,000 and RM21,883,000 respectively. The recoverable amounts were determined based on the net assets of these subsidiaries.

In the previous financial year, the Corporation had fully impaired the remaining net book value in its investment in MISC Offshore Holdings (Brazil) Sdn. Bhd. ("MOHB"). MOHB was the investment holding entity of four jointly-owned entities namely Brazilian Deepwater Production B.V. ("BDPBV"), Brazilian Deepwater Production Contractors Limited ("BDPC"), Brazilian Deepwater Production Limited ("BDPL") and Brazilian Deepwater Floating Terminals Limited ("BDFT").

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are Malaysia Marine and Heavy Engineering Holdings Berhad ("MHB"), Asia LNG Transport Sdn. Bhd. ("ALT") and Asia LNG Transport Dua Sdn. Bhd. ("ALT 2") as shown below:

	MHB RM'000	ALT RM'000	ALT 2 RM'000	Others* RM'000	Total RM'000
<b>2025</b>					
<b>NCI percentage of ownership interest and voting interest</b>	<b>33.5%</b>	<b>49.0%</b>	<b>49.0%</b>		
Carrying amount of NCI as at 31 December	465,021	89,597	84,064	58,428	697,110
Profit/(loss) allocated to NCI for the year ended 31 December	33,731	(11,462)	14,405	1,207	37,881
<b>2024</b>					
<b>NCI percentage of ownership interest and voting interest</b>	<b>33.5%</b>	<b>49.0%</b>	<b>49.0%</b>		
Carrying amount of NCI as at 31 December	429,129	110,466	105,796	63,984	709,375
Profit/(loss) allocated to NCI for the year ended 31 December	38,972	(12,648)	9,235	4,171	39,730

\* Other individually immaterial subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Non-controlling interests in subsidiaries (cont'd.)

Summarised financial information before intra-group elimination

	MHB RM'000	ALT RM'000	ALT 2 RM'000
<b>As at 31 December 2025</b>			
Non-current assets	1,901,290	40,427	156,720
Current assets	1,231,657	199,494	30,789
Non-current liabilities	(187,225)	-	-
Current liabilities	(1,456,126)	(29,384)	(40,533)
<b>Net assets</b>	<b>1,489,596</b>	<b>210,537</b>	<b>146,976</b>
<b>Year ended 31 December 2025</b>			
Revenue	1,976,263	42,550	-
Profit/(loss) after taxation	102,789	(6,454)	40,743
Total comprehensive income/(loss)	109,240	(43,286)	(26,261)
Cash inflows/(outflows) from operating activities	172,651	4,467	(4,038)
Cash (outflows)/inflows from investing activities	(151,276)	6,622	13,619
Cash outflows from financing activities	(21,205)	-	(36,395)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>170</b>	<b>11,089</b>	<b>(26,814)</b>
<b>As at 31 December 2024</b>			
Non-current assets	1,816,572	67,277	172,457
Current assets	1,713,940	201,979	57,611
Non-current liabilities	(228,428)	-	-
Current liabilities	(1,921,728)	(30,854)	(44,603)
<b>Net assets</b>	<b>1,380,356</b>	<b>238,402</b>	<b>185,465</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

#### Non-controlling interests in subsidiaries (cont'd.)

#### Summarised financial information before intra-group elimination (cont'd.)

	MHB RM'000	ALT RM'000	ALT 2 RM'000
<b>Year ended 31 December 2024</b>			
Revenue	3,608,561	39,223	-
Profit/(loss) after taxation	121,026	(11,262)	39,411
Total comprehensive income/(loss)	113,016	(16,337)	13,729
Cash inflows/(outflows) from operating activities	124,127	18,789	(1,868)
Cash (outflows)/inflows from investing activities	(99,880)	(23,250)	22,672
Cash outflows from financing activities	(124,227)	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(99,980)</b>	<b>(4,461)</b>	<b>20,804</b>

### 16. INVESTMENTS IN ASSOCIATES

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unquoted shares in Malaysia, at cost	17,001	17,133	1,306	1,437
Unquoted shares outside Malaysia, at cost	647,804	496,003	-	-
	<b>664,805</b>	<b>513,136</b>	<b>1,306</b>	<b>1,437</b>
Share of post-acquisition (loss)/profit	(1,254)	6,484	-	-
Share of other post-acquisition reserves	(423)	(398)	-	-
Carrying amount of the investment	<b>663,128</b>	<b>519,222</b>	<b>1,306</b>	<b>1,437</b>

In the current financial year, the Corporation through its wholly-owned subsidiary, Portovenere and Leric (Labuan) Private Limited ("PLL") has increased its investments in Oasis LNG Companies as defined in Note 38 amounting to USD48,623,000 (RM197,068,000) via cash consideration. The remaining shareholders have also increased their shareholdings in proportion of their equity interests of these companies.

## NOTES TO THE FINANCIAL STATEMENTS

### 16. INVESTMENTS IN ASSOCIATES (CONT'D.)

In the previous financial year, the Corporation through its wholly-owned subsidiary, PLL has increased its investments in Oasis LNG Companies as defined in Note 38 amounting to USD37,461,000 (RM171,941,000) via cash consideration. The remaining shareholders had also increased their shareholdings in proportion of their equity interests of these companies.

During the financial year, Oasis LNG No. 1 Pte. Ltd., Oasis LNG No. 2 Pte. Ltd., Oasis LNG No. 7 Pte. Ltd., Oasis LNG No. 8 Pte. Ltd., Oasis LNG No. 9 Pte. Ltd., Oasis LNG No. 11 Pte. Ltd., and Oasis LNG No. 12 Pte. Ltd. progressively commenced operations following the delivery of their respective ships. Summarised financial information have not been included as the associates are not individually material to the Group.

Details of the associates are disclosed in Note 38.

### 17. INVESTMENTS IN JOINT VENTURES

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unquoted shares in Malaysia, at cost	136,967	255,795	131,547	250,375
Unquoted shares outside Malaysia, at cost	187,464	206,950	24,342	26,787
	<b>324,431</b>	<b>462,745</b>	<b>155,889</b>	<b>277,162</b>
Share of post-acquisition profits	216,375	389,374	-	-
Share of other post-acquisition reserves	70,656	295,236	-	-
	<b>611,462</b>	<b>1,147,355</b>	<b>155,889</b>	<b>277,162</b>
Less: Accumulated impairment loss	(5,957)	(6,556)	-	-
Carrying amount of the investment	<b>605,505</b>	<b>1,140,799</b>	<b>155,889</b>	<b>277,162</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INVESTMENTS IN JOINT VENTURES (CONT'D.)

- (a) On 31 January 2025, the Group through its wholly-owned indirect subsidiary of the Corporation, MISC OBU One (L) Pte. Ltd., has fulfilled all the conditions of its Share Sale and Purchase Agreement entered with SBM Holding Inc. S.A. ("SBM") to acquire the remaining 49% equity interest in MDFT and MDPC. Prior to this acquisition, the Group held a 51% equity interest in each entity which was accounted for as a joint venture under the equity method. Following the acquisition, MDFT and MDPC became wholly-owned subsidiaries of the Group.

The net profit contributed by MDFT and MDPC from the date of acquisition to the year ended 31 December 2025 is not material in relation to the consolidated net profit of the Group for the year.

The effect of acquisitions on the cash flows and fair values of assets and liabilities acquired are as follows:

	MDFT RM'000	MDPC RM'000	Total RM'000
Finance lease receivable	462,603	-	462,603
Trade and other receivables	40,121	123,146	163,267
Cash and cash equivalents	138,837	28,379	167,216
Trade and other payables	(80)	(118,540)	(118,620)
Tax payables	(579)	(419)	(998)
Fair value of identifiable net assets	640,902	32,566	673,468
Fair value of previously held equity interests	326,860	16,609	343,469
Less: Carrying amount of investments in joint ventures	(332,400)	(18,206)	(350,606)
Remeasurement loss to fair value of previously held equity interests	(5,540)	(1,597)	(7,137)
Fair value of identifiable net assets	640,902	32,566	673,468
Less: Purchase consideration	(250,356)	(16,676)	(267,032)
Less: Fair value of previously held equity interests	(326,860)	(16,609)	(343,469)
	63,686	(719)	62,967
Add: Remeasurement loss to fair value of previously held equity interests	(5,540)	(1,597)	(7,137)
Gain/(loss) on acquisition of subsidiaries	58,146	(2,316)	55,830
Analysis of cash flows on acquisition:			
Purchase consideration paid	250,356	16,676	267,032
Less: Cash and cash equivalents of acquired subsidiaries	(138,837)	(28,379)	(167,216)
Cash flow on acquisition, net of cash (Note 29)	111,519	(11,703)	99,816

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INVESTMENTS IN JOINT VENTURES (CONT'D.)

- (b) On 31 January 2025, following the completion of Share Sale and Purchase Agreements between the Group and SBM, Brazilian Deepwater Production B.V. ("BDPBV"), Brazilian Deepwater Production Contractors Ltd. ("BDPC"), Brazilian Deepwater Production Ltd. ("BDPL"), and Brazilian Deepwater Floating Terminals Ltd. ("BDFT") ceased to be joint ventures companies of the Group.
- (c) In the current financial year, Jules Nautica Sdn. Bhd. ("JNSB") was incorporated under the Malaysia Companies Act 2016, pursuant to a Joint Venture Agreement dated 13 May 2025 entered into between the Corporation, Mitsui O.S.K. Lines, Ltd., and PETRONAS CCS Ventures Sdn. Bhd. JNSB is 40%-owned by the Corporation with investment amounting to RM4 by way of issuance of ordinary shares. The principal activity of JNSB is owning and chartering of liquefied carbon dioxide (LCO<sub>2</sub>) carriers.
- (d) The Group has discontinued recognising its share of losses in a joint venture as the share of losses exceeds the Group's interest in this joint venture. As such, the Group did not recognise its share of losses of this joint venture in the current year and the Group's cumulative share of unrecognised losses in this joint venture amounting to RM1,542,000 (2024: RM1,548,000).

Details of the joint ventures are disclosed in Note 39.

The material joint venture is MVOT (2024: MDFT and MVOT). Starting from 31 January 2025, MDFT is no longer a joint venture as the Group has completed the acquisition of remaining 49% equity interests of MDFT via MISC OBU One (L) Pte. Ltd., a wholly-owned subsidiary of the Group.

The following tables summarise the financial information of the Group's material joint ventures, as adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENTS IN JOINT VENTURES (CONT'D.)

The summarised financial information of the material joint ventures are as follows:

	MVOT RM'000	
<b>As at 31 December 2025</b>		
Non-current assets	163,908	
Current assets	169,653	
Cash and cash equivalents	290,251	
Non-current liabilities	(870)	
Current liabilities	(47,707)	
Net assets	575,235	
<b>Year ended 31 December 2025</b>		
Profit after taxation/total comprehensive income	20,881	
<i>Included in the total comprehensive income is:</i>		
Revenue	130,407	
Depreciation and amortisation	(3,494)	
Interest income	9,856	
Interest expenses	(4,916)	
Income tax expense	(6,917)	
	MDFT RM'000	MVOT RM'000
<b>As at 31 December 2024</b>		
Non-current assets	351,462	312,068
Current assets	135,605	173,394
Cash and cash equivalents	166,652	292,936
Non-current liabilities	-	(1,489)
Current liabilities	(1,827)	(54,159)
Net assets	651,892	722,750
<b>Year ended 31 December 2024</b>		
Profit after taxation/total comprehensive income	14,155	50,607
<i>Included in the total comprehensive income is:</i>		
Revenue	19,938	160,926
Depreciation and amortisation	-	(3,727)
Interest income	7	9,837
Interest expenses	(19)	(87)
Income tax expense	(558)	(6,084)

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENTS IN JOINT VENTURES (CONT'D.)

Group	2025		
	MVOT RM'000	Others* RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount</b>			
<b>As at 31 December</b>			
Group's share of net assets	293,370	308,661	602,031
Elimination of unrealised profits	3,474	-	3,474
Carrying amount in the statement of financial position	296,844	308,661	605,505
<b>Group's share of results</b>			
<b>Year ended 31 December</b>			
Group's share of profit after taxation	10,649	24,295	34,944
Group's share of other comprehensive losses	-	(21,646)	(21,646)
Group's share of total comprehensive income	10,649	2,649	13,298

Group	2024			
	MDFT RM'000	MVOT RM'000	Others* RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount</b>				
<b>As at 31 December</b>				
Group's share of net assets	332,464	368,602	436,259	1,137,325
Elimination of unrealised profits	-	3,474	-	3,474
Carrying amount in the statement of financial position	332,464	372,076	436,259	1,140,799
<b>Group's share of results</b>				
<b>Year ended 31 December</b>				
Group's share of profit after taxation	7,219	25,809	61,759	94,787
Group's share of other comprehensive profit	-	-	15,536	15,536
Group's share of total comprehensive income	7,219	25,809	77,295	110,323

\* Other individually immaterial joint ventures

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS, CONTRACT ASSETS AND FINANCIAL LIABILITIES

(a) Other non-current assets

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unquoted equity investments (Note 34)	50,528	92,185	45,277	86,274
Quoted equity investments (Note 34)	57,343	63,714	57,343	63,714
<b>Total equity instruments</b>	<b>107,871</b>	<b>155,899</b>	<b>102,620</b>	<b>149,988</b>
Long term receivables (Note 34)	525,607	587,245	461,464	507,804
Other non-financial assets	107,176	96,128	-	-
Contract assets (Note 21)	-	254,988	-	-
	<b>632,783</b>	<b>938,361</b>	<b>461,464</b>	<b>507,804</b>
Less : Impairment loss on: Long term receivables	(461,464)	(507,804)	(461,464)	(507,804)
<b>Net long term receivables and contract assets</b>	<b>171,319</b>	<b>430,557</b>	<b>-</b>	<b>-</b>
Loans and advances:				
Subsidiary (Note 35)	-	-	1,676,929	1,337,433
Associates (Note 35)	40,530	-	-	-
<b>Total loans and advances (Note 20)</b>	<b>40,530</b>	<b>-</b>	<b>1,676,929</b>	<b>1,337,433</b>
Total long term receivables, contract assets, loans and advances	211,849	430,557	1,676,929	1,337,433
Total equity instruments	107,871	155,899	102,620	149,988
<b>Total other non-current assets</b>	<b>319,720</b>	<b>586,456</b>	<b>1,779,549</b>	<b>1,487,421</b>
Less: Contract assets	-	(254,988)	-	-
<b>Total other non-current financial assets</b>	<b>319,720</b>	<b>331,468</b>	<b>1,779,549</b>	<b>1,487,421</b>

The long term receivables and contract assets are unbilled amounts that will be due from customers after a period of more than 12 months. Included in other non-financial assets are drydocking expenses incurred for finance lease contracts which are amortised over time.

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS, CONTRACT ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(a) Other non-current assets (cont'd.)

The loans and advances to subsidiaries are unsecured and bear interest of ranging from 4.57% to 5.27% (2024: 4.70% to 5.27%) per annum.

The loans and advances to associates are unsecured and bears interest ranging from 4.96% to 5.11% (2024: Nil) per annum.

(b) Derivative assets/liabilities

	Group	
	2025 RM'000	2024 RM'000
<b>Derivative assets</b>		
<b>Non-current:</b>		
IRS - effective hedges (i)	194,558	594,152
<b>Derivative liabilities</b>		
<b>Current:</b>		
Forward currency contracts (ii)	1,239	1,278
<b>Non-current:</b>		
IRS - effective hedges (i)	22,474	147

(i) The Group entered into IRS arrangements to hedge certain USD term loan facilities. Under these arrangements, the Group pays fixed interest rate ranging from 0.70% - 4.05% (2024: 0.62% - 3.45%) per annum and receives cash flows at floating rates. The IRS arrangements entered by the Group mature between year 2027 and year 2037 (2024: year 2026 and year 2037). The notional amount of the IRS arrangement as at 31 December 2025 was RM13.0 billion (2024: RM13.9 billion).

(ii) As at 31 December 2025, the Group held forward currency contracts designated as hedges of future payments denominated in 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 forward currency contracts entered by the Group are short term in nature. The notional amount of the forward currency contracts as at 31 December 2025 was RM0.2 billion (2024: RM0.4 billion).

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: gain of RM32,780,000) in profit or loss for the effective and ineffective portion respectively.

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS, CONTRACT ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(c) Interest-bearing loans and borrowings

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Long term borrowings</b>				
<b>Secured:</b>				
Term loans				
Fixed rate (Note 34)	7,675,050	8,230,604	-	-
Floating rate	377,128	1,083,653	-	-
	<b>8,052,178</b>	<b>9,314,257</b>	<b>-</b>	<b>-</b>
<b>Unsecured:</b>				
Term loans:				
Fixed rate (Note 34)	2,429,344	2,671,135	-	-
Loans from subsidiaries:				
Fixed rate (Note 35)	-	-	729,540	-
Lease liabilities	477,390	175,956	237,567	1,284
	<b>2,906,734</b>	<b>2,847,091</b>	<b>967,107</b>	<b>1,284</b>
	<b>10,958,912</b>	<b>12,161,348</b>	<b>967,107</b>	<b>1,284</b>
<b>Short term borrowings</b>				
<b>Secured:</b>				
Term loans:				
Fixed rate	1,283,316	1,271,782	-	-
Floating rate	135,100	180,156	-	-
	<b>1,418,416</b>	<b>1,451,938</b>	<b>-</b>	<b>-</b>
<b>Unsecured:</b>				
Term loans:				
Fixed rate (Note 34)	-	1,783,712	-	-
Revolving credits	313,711	-	283,710	-
Loans from subsidiaries:				
Fixed rate (Note 35)	-	-	267,497	1,935,640
Lease liabilities	189,319	97,294	8,508	16,873
	<b>503,030</b>	<b>1,881,006</b>	<b>559,715</b>	<b>1,952,513</b>
	<b>1,921,446</b>	<b>3,332,944</b>	<b>559,715</b>	<b>1,952,513</b>

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS, CONTRACT ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(c) Interest-bearing loans and borrowings (cont'd.)

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Total borrowings</b>				
Term loans	11,899,938	15,221,042	-	-
Revolving credits	313,711	-	283,710	-
Loans from subsidiaries	-	-	997,037	1,935,640
Lease liabilities	666,709	273,250	246,075	18,157
	<b>12,880,358</b>	<b>15,494,292</b>	<b>1,526,822</b>	<b>1,953,797</b>

The secured term loans are secured by mortgages over certain ships, together with charter agreements and insurance of the relevant assets as well as retention accounts. The carrying values of the ships pledged and retention accounts restricted for use are stated in Note 12(a) and Note 22 respectively.

The range of interest rates as at the reporting date of the above interest-bearing loans and borrowings are as follows:

	Group		Corporation	
	2025 %	2024 %	2025 %	2024 %
<b>Fixed rate</b>				
Term loans	2.35-6.28	1.85-5.17	-	-
Loans from subsidiaries	-	-	4.00-5.36	3.88-5.36
Lease liabilities	3.80-9.25	2.55-9.25	3.80-5.03	3.49-5.03
<b>Floating rate</b>				
Term loans	4.94-6.26	5.29-7.15	-	-
Revolving credits	3.50-4.22	-	4.20-4.22	-

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS, CONTRACT ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(c) Interest-bearing loans and borrowings (cont'd.)

Changes in liabilities arising from financing activities:

	Group			Total RM'000
	Term Loans RM'000	Revolving Credits RM'000	Lease Liabilities RM'000	
<b>At 1 January 2025</b>	15,221,042	-	273,250	15,494,292
Drawdown/additions	5,524,766	3,296,402	549,268	9,370,436
Repayment	(7,582,564)	(2,966,681)	(163,545)	(10,712,790)
Amortisation of upfront fees (Note 8(b))	27,492	-	-	27,492
Accretion of interest (Note 8(b))	-	-	16,735	16,735
Currency translation differences	(1,290,798)	(16,010)	(8,999)	(1,315,807)
<b>At 31 December 2025</b>	<b>11,899,938</b>	<b>313,711</b>	<b>666,709</b>	<b>12,880,358</b>

	Corporation			Total RM'000
	Loans from subsidiaries RM'000	Revolving Credits RM'000	Lease Liabilities RM'000	
<b>At 1 January 2025</b>	1,935,640	-	18,157	1,953,797
Drawdown/additions	1,511,447	2,115,170	244,905	3,871,522
Repayment	(2,290,720)	(1,815,449)	(17,308)	(4,123,477)
Settlement via declaration of dividends	(25,690)	-	-	(25,690)
Accretion of interest (Note 8(b))	-	-	433	433
Currency translation differences	(133,640)	(16,011)	(112)	(149,763)
<b>At 31 December 2025</b>	<b>997,037</b>	<b>283,710</b>	<b>246,075</b>	<b>1,526,822</b>

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS, CONTRACT ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(c) Interest-bearing loans and borrowings (cont'd.)

Changes in liabilities arising from financing activities: (cont'd.)

	Group			Total RM'000
	Term Loans RM'000	Revolving Credits RM'000	Lease Liabilities RM'000	
<b>At 1 January 2024</b>	17,157,823	68,000	319,158	17,544,981
Drawdown/additions	522,358	1,402,375	78,203	2,002,936
Repayment	(1,993,487)	(1,470,375)	(122,307)	(3,586,169)
Amortisation of upfront fees (Note 8(b))	34,448	-	-	34,448
Accretion of interest (Note 8(b))	-	-	13,623	13,623
Currency translation differences	(500,100)	-	(15,427)	(515,527)
<b>At 31 December 2024</b>	<b>15,221,042</b>	<b>-</b>	<b>273,250</b>	<b>15,494,292</b>

	Corporation			Total RM'000
	Loans from subsidiaries RM'000	Revolving Credits RM'000	Lease Liabilities RM'000	
<b>At 1 January 2024</b>	1,099,711	-	32,549	1,132,260
Drawdown/additions	1,426,316	1,133,375	2,084	2,561,775
Repayment	(535,582)	(1,133,375)	(17,498)	(1,686,455)
Accretion of interest (Note 8(b))	-	-	1,199	1,199
Currency translation differences	(54,805)	-	(177)	(54,982)
<b>At 31 December 2024</b>	<b>1,935,640</b>	<b>-</b>	<b>18,157</b>	<b>1,953,797</b>

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS, CONTRACT ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(c) Interest-bearing loans and borrowings (cont'd.)

The following tables set out the carrying amounts of liabilities as at the reporting date and the remaining maturities of the Group's and the Corporation's financial instruments:

	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 3 years RM'000	More than 3 years and within 4 years RM'000	More than 4 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>At 31 December 2025</b>							
<b>Group</b>							
<b>Fixed rate</b>							
Term loans	1,283,316	3,693,270	1,254,529	1,251,274	1,549,630	2,355,691	11,387,710
Lease liabilities	189,319	148,245	46,419	51,779	19,303	211,644	666,709
	1,472,635	3,841,515	1,300,948	1,303,053	1,568,933	2,567,335	12,054,419
<b>Floating rate</b>							
Term loans	135,100	104,096	54,593	54,593	54,593	109,253	512,228
Revolving credit	313,711	-	-	-	-	-	313,711
	448,811	104,096	54,593	54,593	54,593	109,253	825,939
<b>Total borrowings</b>	<b>1,921,446</b>	<b>3,945,611</b>	<b>1,355,541</b>	<b>1,357,646</b>	<b>1,623,526</b>	<b>2,676,588</b>	<b>12,880,358</b>
<b>Corporation</b>							
<b>Fixed rate</b>							
Loans from subsidiaries	267,497	729,540	-	-	-	-	997,037
Lease liabilities	8,508	8,835	10,770	14,767	15,226	187,969	246,075
	276,005	738,375	10,770	14,767	15,226	187,969	1,243,112
<b>Floating rate</b>							
Revolving credit	283,710	-	-	-	-	-	283,710
	283,710	-	-	-	-	-	283,710
<b>Total borrowings</b>	<b>559,715</b>	<b>738,375</b>	<b>10,770</b>	<b>14,767</b>	<b>15,226</b>	<b>187,969</b>	<b>1,526,822</b>

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS, CONTRACT ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(c) Interest-bearing loans and borrowings (cont'd.)

The following tables set out the carrying amounts of liabilities as at the reporting date and the remaining maturities of the Group's and the Corporation's financial instruments: (cont'd.)

	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 3 years RM'000	More than 3 years and within 4 years RM'000	More than 4 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>At 31 December 2024</b>							
<b>Group</b>							
<b>Fixed rate</b>							
Term loans	3,055,494	1,489,659	5,813,570	817,356	793,759	1,987,395	13,957,233
Lease liabilities	97,294	51,850	52,303	36,756	1,887	33,160	273,250
	3,152,788	1,541,509	5,865,873	854,112	795,646	2,020,555	14,230,483
<b>Floating rate</b>							
Term loans	180,156	180,395	155,797	100,021	115,452	531,988	1,263,809
	180,156	180,395	155,797	100,021	115,452	531,988	1,263,809
<b>Total borrowings</b>	<b>3,332,944</b>	<b>1,721,904</b>	<b>6,021,670</b>	<b>954,133</b>	<b>911,098</b>	<b>2,552,543</b>	<b>15,494,292</b>
<b>Corporation</b>							
<b>Fixed rate</b>							
Loans from subsidiaries	1,935,640	-	-	-	-	-	1,935,640
Lease liabilities	16,873	377	397	417	93	-	18,157
<b>Total borrowings</b>	<b>1,952,513</b>	<b>377</b>	<b>397</b>	<b>417</b>	<b>93</b>	<b>-</b>	<b>1,953,797</b>

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS, CONTRACT ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(d) Finance lease receivables

Finance lease receivables represent lease rental and interest receivable due from customers in relation to the lease of ships, offshore floating assets and floating production storage unit by the Group.

The following table sets out maturity analysis of lease receivables, showing undiscounted lease payments to be received after the reporting date.

	Group	
	2025 RM'000	2024 RM'000
Less than 1 year	2,982,058	3,147,970
1 to 2 years	2,893,965	3,111,613
2 to 3 years	2,750,185	3,010,378
3 to 4 years	2,253,279	2,938,444
4 to 5 years	2,070,601	2,422,879
More than 5 years	17,860,578	21,409,679
Total undiscounted lease payments	30,810,666	36,040,963
Unearned interest income	(11,894,014)	(14,311,581)
Net investment in lease	18,916,652	21,729,382

The following table sets out maturity analysis of the present value of lease receivables, showing the discounted lease payments to be received after the reporting date:

	Group	
	2025 RM'000	2024 RM'000
Less than 1 year	1,688,668	1,641,201
1 to 2 years	1,690,666	1,704,795
2 to 3 years	1,645,747	1,723,034
3 to 4 years	1,267,536	1,764,475
4 to 5 years	1,167,636	1,691,327
More than 5 years	11,456,399	13,204,550
	18,916,652	21,729,382
Less: Impairment	(60,791)	(41,201)
	18,855,861	21,688,181

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER FINANCIAL ASSETS, CONTRACT ASSETS AND FINANCIAL LIABILITIES (CONT'D.)

(d) Finance lease receivables (cont'd.)

The following table sets out maturity analysis of the present value of lease receivables, showing the discounted lease payments to be received after the reporting date: (cont'd.)

	Group	
	2025 RM'000	2024 RM'000
<b>Analysed as:</b>		
Due within 12 months (Note 20)	1,665,652	1,641,201
Due after 12 months (Note 20)	17,190,209	20,046,980
	18,855,861	21,688,181

The effective interest rate of the Group's finance lease receivables is between 2.20% to 9.04% (2024: 2.20% to 9.04%). Included in minimum lease receivables are the estimated unguaranteed residual values of the leased assets of RM818,377,000 (2024: RM810,099,000).

The movement in the allowance for impairment loss of finance lease receivables during the year are as follows:

	Group	
	2025 RM'000	2024 RM'000
<b>At 1 January</b>	41,201	44,125
Allowance for/(writeback of) impairment loss	20,121	(2,759)
Currency translation differences	(531)	(165)
<b>At 31 December</b>	60,791	41,201

## NOTES TO THE FINANCIAL STATEMENTS

### 19. INVENTORIES

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>At cost</b>	<b>122,130</b>	105,908	<b>813</b>	633

Inventories consist of bunkers, lubricants, consumable stores and raw materials. The cost of inventories recognised as cost of sales during the financial year of the Group and the Corporation were RM812,063,000 (2024: RM717,895,000) and RM73,100,000 (2024: RM112,029,000).

### 20. TRADE AND OTHER RECEIVABLES, AND CONTRACT ASSETS

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Trade receivables and contract assets</b>				
Third parties	3,445,739	3,517,139	69,309	110,891
Fellow subsidiaries	61,561	146,127	11,404	4,711
Associates	633	317	163	133
Joint ventures	29,084	39,730	28,930	39,553
	<b>3,537,017</b>	3,703,313	<b>109,806</b>	155,288
Finance lease receivables (Note 18(d))	1,665,652	1,641,201	-	-
Contract assets (Note 21)	507,147	872,861	17,863	-
	<b>5,709,816</b>	6,217,375	<b>127,669</b>	155,288
Less: Impairment loss on trade receivables:				
Third parties	(583,057)	(430,945)	(58,934)	(65,764)
Subsidiaries	-	-	(721)	-
Joint ventures	(21,903)	(24,102)	(21,903)	(24,102)
Less: Written off	-	(95)	-	(95)
	<b>(604,960)</b>	(455,142)	<b>(81,558)</b>	(89,961)
<b>Trade receivables, net</b>	<b>5,104,856</b>	5,762,233	<b>46,111</b>	65,327

## NOTES TO THE FINANCIAL STATEMENTS

### 20. TRADE AND OTHER RECEIVABLES, AND CONTRACT ASSETS (CONT'D.)

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Other receivables</b>				
Amount due from related parties:				
Subsidiaries	-	-	773,523	11,951,761
Fellow subsidiaries	27,128	6,496	-	90
Associates	3,212	-	3,212	-
Joint ventures	16,045	1,706	779	1,134
	<b>46,385</b>	8,202	<b>777,514</b>	11,952,985
Loans and advances:				
Subsidiaries	-	-	568,714	1,512,051
Deposits	25,848	28,720	1,544	1,614
Prepayments	234,595	122,143	57,034	35,767
Others	252,831	156,410	81,680	38,496
	<b>559,659</b>	315,475	<b>1,486,486</b>	13,540,913
Less: Impairment loss on other receivables:				
Third parties	(914)	(1,414)	(10)	(13)
Subsidiaries	-	-	(207,708)	(71,697)
	<b>(914)</b>	(1,414)	<b>(207,718)</b>	(71,710)
<b>Other receivables, net</b>	<b>558,745</b>	314,061	<b>1,278,768</b>	13,469,203
<b>Total trade and other receivables, and contract assets</b>	<b>5,663,601</b>	6,076,294	<b>1,324,879</b>	13,534,530
Add: Cash, deposits and bank balances (Note 22)	6,096,363	6,676,565	346,797	741,414
Add: Loans and advances (Note 18(a))	40,530	-	1,676,929	1,337,433
Add: Net long term receivables (Note 18(a))	64,143	79,441	-	-
Add: Long term finance lease receivables (Note 18(d))	17,190,209	20,046,980	-	-
Less: Contract assets (Note 21)	(507,147)	(872,861)	(17,863)	-
Less: Prepayments	(234,595)	(122,143)	(57,034)	(35,767)
<b>Total financial assets carried at amortised cost</b>	<b>28,313,104</b>	31,884,276	<b>3,273,708</b>	15,577,610

During the financial year, the Corporation increased its investments in subsidiaries by way of capitalisation of amount due from subsidiaries amounting to USD2,647,560,000 (RM11,336,106,000) as disclosed in Note 15(a).

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES, AND CONTRACT ASSETS (CONT'D.)

(a) Trade receivables

The Group and the Corporation's normal trade credit terms with its customers range from 7 to 90 days (2024: 7 to 90 days). Other credit terms are assessed and approved on a case-by-case basis and each customer is assigned a maximum credit limit.

(b) Other receivables and amounts due from related parties

The non-trade balances due from fellow subsidiaries, subsidiaries, joint ventures and associates arose in the normal course of business. Certain loans and advances to subsidiaries bear interest ranging from 4.40% to 5.27% (2024: 5.36% to 5.75%) per annum.

The ageing of trade receivables (excluding contract assets and finance lease receivables) as at the end of the reporting period is analysed below:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current	867,412	898,219	19,146	35,317
Past due 1-30 days	141,975	110,222	5,444	8,298
Past due 31-60 days	51,831	32,597	831	3,969
Past due 61-90 days	23,546	24,807	479	-
Past due more than 90 days	2,452,253	2,637,468	83,906	107,704
	<b>3,537,017</b>	<b>3,703,313</b>	<b>109,806</b>	<b>155,288</b>
Less: Impairment	(604,960)	(455,142)	(81,558)	(89,961)
	<b>2,932,057</b>	<b>3,248,171</b>	<b>28,248</b>	<b>65,327</b>

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES, AND CONTRACT ASSETS (CONT'D.)

The movement in the allowance for impairment loss of trade and other receivables, contract assets and other non-current assets during the year are as follows:

	Group		Corporation	
	Trade and other receivables, and contract assets RM'000	Other non-current assets (Note 18(a)) RM'000	Trade and other receivables, and contract assets RM'000	Other non-current assets (Note 18(a)) RM'000
<b>At 1 January 2025</b>	<b>457,833</b>	<b>507,804</b>	<b>161,671</b>	<b>507,804</b>
Impairment loss (Note 5(a))	198,496	-	212,335	-
Write back of impairment loss (Note 5(a))	(313)	-	(15,605)	-
Impairment written off	(43,825)	-	(45,159)	-
Currency translation differences	(5,475)	(46,340)	(23,966)	(46,340)
<b>At 31 December 2025</b>	<b>606,716</b>	<b>461,464</b>	<b>289,276</b>	<b>461,464</b>

	Group		Corporation	
	Trade and other receivables, and contract assets RM'000	Other non-current assets (Note 18(a)) RM'000	Trade and other receivables, and contract assets RM'000	Other non-current assets (Note 18(a)) RM'000
<b>At 1 January 2024</b>	<b>412,589</b>	<b>387,291</b>	<b>189,182</b>	<b>344,601</b>
Impairment loss (Note 5(a))	79,951	177,940	94,458	177,940
Write back of impairment loss (Note 5(a))	(2,934)	-	(72,952)	-
Written off	(95)	-	(95)	-
Transfer to non-current assets classified as held for sale	-	(38,049)	-	-
Unwinding of discount on trade receivables (Note 8(a))	(22,476)	-	(22,476)	-
Currency translation differences	(9,202)	(19,378)	(26,446)	(14,737)
<b>At 31 December 2024</b>	<b>457,833</b>	<b>507,804</b>	<b>161,671</b>	<b>507,804</b>

NOTES TO THE FINANCIAL STATEMENTS

21. CONTRACT ASSETS/(LIABILITIES)

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Contract assets:				
Non-current (Note 18(a))	-	254,988	-	-
Current	507,989	874,138	17,863	-
Less: Impairment loss	(842)	(1,277)	-	-
Current contract assets, net (Note 20)	507,147	872,861	17,863	-
Total contract assets	507,147	1,127,849	17,863	-
Contract liabilities (Note 24)	(108,580)	(156,409)	-	(34,933)
	398,567	971,440	17,863	(34,933)

The movement of contract assets/(liabilities) is as follows:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At the beginning of the year	971,440	9,688,485	(34,933)	-
Revenue recognised during the year (Note 3)	1,947,673	4,492,485	62,166	26,262
Billings during the year	(2,129,873)	(3,694,127)	(10,767)	(58,860)
Transfer to finance lease receivables	(380,480)	(9,459,123)	-	-
Currency translation differences	(10,193)	(56,280)	1,397	(2,335)
<b>At the end of the year</b>	<b>398,567</b>	<b>971,440</b>	<b>17,863</b>	<b>(34,933)</b>

	Group	
	2025 RM'000	2024 RM'000
Revenue recognised which was included in amount due to customers 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

22. CASH, DEPOSITS AND BANK BALANCES

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash with PETRONAS Integrated Financial Shared Services Centre	1,320,463	1,963,897	345,498	740,665
Cash and bank balances	1,627,951	2,563,916	118	61
Deposits with licensed banks	3,147,949	2,148,752	1,181	688
	6,096,363	6,676,565	346,797	741,414

To allow more efficient cash management for the Group and the Corporation, the Group's and the Corporation's cash and bank balances have, since 1 July 2013, been 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 Corporation and earn interest rates ranging from 1.33% to 4.00% (2024: 1.81% to 6.25%) per annum. The maturity periods of the Group and the Corporation's deposits with licensed banks as at the reporting date ranged between 2 days to 135 days (2024: 1 day to 135 days).

Included in cash and bank balances and deposits with licensed banks of the Group is the retention account of RM1,121,164,000 (2024: RM1,253,433,000) which is restricted for use because of the requirement of loan covenants.

Included in cash with IFSSC and cash and bank balances of the Group and the Corporation are interest-bearing balances amounting to RM2,948,414,000 (2024: RM4,527,813,000) and RM345,616,000 (2024: RM740,726,000) respectively.

Other information on financial risks of cash and cash equivalents are disclosed in Note 35.

## NOTES TO THE FINANCIAL STATEMENTS

### 23. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Ships	134,875	-	-	-

The movement during the year relating to non-current assets held for sale are as follows:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>At 1 January</b>	-	86,116	-	17,844
Transfer from ships	134,875	84,890	-	-
Disposal of ships	-	(170,454)	-	-
Disposal of investment in a subsidiary	-	-	-	(17,729)
Currency translation differences	-	(552)	-	(115)
<b>At 31 December</b>	<b>134,875</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above amount represents carrying values of assets owned by the Group and the Corporation with the intention of disposal in the immediate future.

## NOTES TO THE FINANCIAL STATEMENTS

### 24. TRADE AND OTHER PAYABLES

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Trade payables</b>				
Third parties	310,361	231,392	24,895	7,720
Subsidiaries	-	-	2,902	1,604
Holding company	-	115	-	5
Fellow subsidiaries	476	2,915	408	30
Associates	27,885	18,434	-	-
Accruals	1,437,613	2,523,159	111,552	79,187
Deferred income (Note 28)	204,044	280,708	-	4,084
Contract liabilities (Note 21)	108,580	156,409	-	34,933
	<b>2,088,959</b>	<b>3,213,132</b>	<b>139,757</b>	<b>127,563</b>
<b>Other payables</b>				
Amount due to related parties:				
Subsidiaries	-	-	490,620	296,524
Holding company	1,438	1,481	1,438	1,480
Fellow subsidiaries	-	4,921	-	-
Associates	-	-	5,261	5,738
Joint ventures	8,335	-	-	-
Accruals	945,327	721,837	205,692	193,804
Provisions (Note 24(c))	1,370,603	1,560,384	22,986	25,295
Others	170,619	204,469	90,753	74,343
	<b>2,496,322</b>	<b>2,493,092</b>	<b>816,750</b>	<b>597,184</b>
<b>Total trade and other payables</b>	<b>4,585,281</b>	<b>5,706,224</b>	<b>956,507</b>	<b>724,747</b>
Add: Total borrowings (Note 18(c))	12,880,358	15,494,292	1,526,822	1,953,797
Less: Contract liabilities (Note 21)	(108,580)	(156,409)	-	(34,933)
Less: Provisions (Note 24(c))	(1,370,603)	(1,560,384)	(22,986)	(25,295)
Less: Deferred income (Note 28)	(204,044)	(280,708)	-	(4,084)
<b>Total financial liabilities carried at amortised cost</b>	<b>15,782,412</b>	<b>19,203,015</b>	<b>2,460,343</b>	<b>2,614,232</b>

NOTES TO THE FINANCIAL STATEMENTS

24. TRADE AND OTHER PAYABLES (CONT'D.)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Corporation ranges from 14 to 90 days (2024: 14 to 90 days).

(b) Other payables and amounts due to related parties

The non-trade balances due to holding company, subsidiaries, fellow subsidiaries, associates and joint ventures arose in the normal course of business.

(c) Other non-current liabilities and provisions

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Provision for onerous contracts (i)	30,990	4,621	-	-
Provision for litigation claims (ii)	1,192,214	1,312,374	12,769	14,490
Provision for warranties (iii)	134,338	141,079	-	-
Others	67,772	102,310	10,217	10,805
	<b>1,425,314</b>	<b>1,560,384</b>	<b>22,986</b>	<b>25,295</b>
<b>Analysed as:</b>				
Due within 12 months	1,370,603	1,560,384	22,986	25,295
Due after 12 months	54,711	-	-	-
	<b>1,425,314</b>	<b>1,560,384</b>	<b>22,986</b>	<b>25,295</b>

NOTES TO THE FINANCIAL STATEMENTS

24. TRADE AND OTHER PAYABLES (CONT'D.)

(c) Other non-current liabilities and provisions (cont'd.)

(i) 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
<b>At 1 January</b>	4,621	85,362
Arose during the year	32,238	-
Utilised during the year	(4,147)	(73,141)
Reversal of provision	-	(7,600)
Currency translation differences	(1,722)	-
<b>At 31 December</b>	<b>30,990</b>	<b>4,621</b>

(ii) Provision for litigation claims

The movement of provisions for litigation claims during the financial year are as follows:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>At 1 January</b>	1,312,374	1,352,389	14,490	13,909
Currency translation differences	(120,160)	(40,015)	(1,721)	581
<b>At 31 December</b>	<b>1,192,214</b>	<b>1,312,374</b>	<b>12,769</b>	<b>14,490</b>

(iii) Provision for warranties

The movement of provisions for warranties during the financial year are as follows:

	Group	
	2025 RM'000	2024 RM'000
<b>At 1 January</b>	141,079	112,272
Arose during the year	19,980	49,742
Reversal of provision	(26,721)	(20,935)
<b>At 31 December</b>	<b>134,338</b>	<b>141,079</b>

NOTES TO THE FINANCIAL STATEMENTS

25. SHARE CAPITAL AND TREASURY SHARES

	Group and Corporation			
	Number of shares		Amount	
	Share Capital	Treasury Shares	Share Capital	Treasury Shares
	'000	'000	RM'000	RM'000
				(i)
<b>Issued and fully paid shares with no par value classified as equity instruments:</b>				
<b>At 1 January/31 December 2025</b>	<b>4,463,794</b>	<b>(47)</b>	<b>8,923,262</b>	<b>(271)</b>
<b>At 1 January/31 December 2024</b>	<b>4,463,794</b>	<b>(47)</b>	<b>8,923,262</b>	<b>(271)</b>

(i) The Group has one issued special preference share of RM1.

The special preference share, which may only be held by the Ministry of Finance (Incorporated) ("MoF") or its successors or any Minister, representative, or any person acting on behalf of the Government of Malaysia, carries rights as provided in the Corporation's Constitution. Certain matters, in particular the alterations of specified Rules in the Constitution, require the prior approval of the holder of the special preference share.

The holder of the special preference share is not entitled to any dividend nor to participate in the capital distribution upon dissolution of the Corporation but shall rank for repayment in priority to all other shares. The share does not carry any right to vote at General Meetings but the holder is entitled to attend and speak at such meetings.

NOTES TO THE FINANCIAL STATEMENTS

26. OTHER RESERVES

Group	Capital Reserve	Other Capital Reserve	Hedging Reserve	Currency Translation Reserve	Total
	26(a)	26(b)	26(c)	26(d)	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2025</b>	<b>435,199</b>	<b>59,977</b>	<b>601,768</b>	<b>8,501,157</b>	<b>9,598,101</b>
Currency translation differences	-	-	-	(3,294,423)	(3,294,423)
Fair value loss on cash flow hedges:					
Group	-	-	(384,637)	-	(384,637)
Joint ventures	-	-	(11,040)	-	(11,040)
Liquidation of subsidiary	-	211	-	(1,185,848)	(1,185,637)
<b>At 31 December 2025</b>	<b>435,199</b>	<b>60,188</b>	<b>206,091</b>	<b>4,020,886</b>	<b>4,722,364</b>

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

26. OTHER RESERVES (CONT'D.)

Group	Capital Reserve	Other Capital Reserve	Hedging Reserve	Currency Translation Reserve	Total
	26(a) RM'000	26(b) RM'000	26(c) RM'000	26(d) RM'000	
<b>At 1 January 2024</b>	435,199	60,018	701,437	9,669,780	10,866,434
Currency translation differences	-	-	-	(1,168,623)	(1,168,623)
Fair value loss on cash flow hedges:					
Group	-	-	(107,592)	-	(107,592)
Joint ventures	-	-	7,923	-	7,923
Liquidation of subsidiary	-	(41)	-	-	(41)
<b>At 31 December 2024</b>	435,199	59,977	601,768	8,501,157	9,598,101

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

(a) Capital reserve

Capital reserve represents reserve arising from bonus issue by subsidiaries.

(b) Other capital reserve

Other capital reserve represents the Group's share of its subsidiaries' reserve.

(c) Hedging reserve

Hedging reserve represents the effective portion of the gain or loss on hedging instruments in the Group's cash flow hedges and includes the Group's share of hedging reserve of joint ventures.

(d) Currency translation reserve

Currency translation reserve comprises all foreign exchange differences arising from translation of the financial statements of the Corporation and foreign operations with different functional currencies from that of the Group's presentation currency.

27. DEFERRED TAX

	Group	
	2025 RM'000	2024 RM'000
<b>At 1 January</b>	(95,417)	(102,512)
Recognised in income statement (Note 9):		
In Malaysia	247	(694)
Outside Malaysia	1,114	1,154
	1,361	460
Recognised in other comprehensive income	(6,799)	6,503
Currency translation differences	(1,034)	132
<b>At 31 December</b>	<b>(101,889)</b>	<b>(95,417)</b>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(104,029)	(102,877)
Deferred tax liabilities	2,140	7,460
	<b>(101,889)</b>	<b>(95,417)</b>

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	Others	Total
	RM'000	RM'000	RM'000
<b>At 1 January 2025</b>	90,434	7,929	98,363
Recognised in income statement:			
In Malaysia	15,097	1,327	16,424
Outside Malaysia	-	424	424
Recognised in other comprehensive income	-	(6,799)	(6,799)
Currency translation differences	-	(271)	(271)
<b>At 31 December 2025</b>	<b>105,531</b>	<b>2,610</b>	<b>108,141</b>
<b>At 1 January 2024</b>	74,644	1,885	76,529
Recognised in income statement:			
In Malaysia	15,790	226	16,016
Outside Malaysia	-	(512)	(512)
Recognised in other comprehensive income	-	6,503	6,503
Currency translation differences	-	(173)	(173)
<b>At 31 December 2024</b>	<b>90,434</b>	<b>7,929</b>	<b>98,363</b>

NOTES TO THE FINANCIAL STATEMENTS

27. DEFERRED TAX (CONT'D.)

Deferred tax assets of the Group:

	Other payables RM'000	Tax losses, investment tax allowances and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
<b>At 1 January 2025</b>	(18,207)	(156,443)	(19,130)	(193,780)
Recognised in income statement:				
In Malaysia	(1,808)	(16,007)	1,638	(16,177)
Outside Malaysia	-	-	690	690
Currency translation differences	-	-	(763)	(763)
<b>At 31 December 2025</b>	<b>(20,015)</b>	<b>(172,450)</b>	<b>(17,565)</b>	<b>(210,030)</b>
<b>At 1 January 2024</b>	(18,130)	(138,579)	(22,332)	(179,041)
Recognised in income statement:				
In Malaysia	(278)	(17,864)	1,432	(16,710)
Outside Malaysia	-	-	1,666	1,666
Currency translation differences	201	-	104	305
<b>At 31 December 2024</b>	<b>(18,207)</b>	<b>(156,443)</b>	<b>(19,130)</b>	<b>(193,780)</b>

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

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unused tax losses	5,725,050	5,783,550	5,291,907	5,349,955
Unabsorbed capital allowances	520,656	563,178	502,089	544,887
Unabsorbed investment tax allowances	802,103	962,576	-	-
Unabsorbed reinvestment allowances	25,312	25,312	-	-
Other deductible temporary differences	5,570	6,145	-	-
	<b>7,078,691</b>	<b>7,340,761</b>	<b>5,793,996</b>	<b>5,894,842</b>

NOTES TO THE FINANCIAL STATEMENTS

27. DEFERRED TAX (CONT'D.)

In Malaysia, the unused tax losses can be carried forward and available for use for 10 years starting from the year of assessment 2019. The unused tax losses of the Corporation relate to the loss making non-resident ships and can be utilised to offset against future taxable profits.

The unabsorbed capital allowances, unabsorbed investment tax allowances and unabsorbed reinvestment allowances are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to tax law and tax guidance issued by the tax authority enacted at the reporting date.

Deferred tax assets have not been recognised for certain subsidiaries with recent history of losses. Year of expiry of unutilised tax losses is analysed as follows:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Expires by 2028	5,320,322	5,378,822	5,291,907	5,349,955
Expires by 2029	5,531	5,531	-	-
Expires by 2030	16,998	16,998	-	-
Expires by 2031	98,031	98,031	-	-
Expires by 2032	1,341	1,341	-	-
Expires by 2033	282,827	282,827	-	-
	<b>5,725,050</b>	<b>5,783,550</b>	<b>5,291,907</b>	<b>5,349,955</b>

28. DEFERRED INCOME

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>At 1 January</b>	1,157,979	1,257,348	4,084	32,367
Recognised during the year in income statement	(147,597)	(62,916)	(3,919)	(27,976)
Currency translation differences	(97,337)	(36,453)	(165)	(307)
<b>At 31 December</b>	<b>913,045</b>	<b>1,157,979</b>	<b>-</b>	<b>4,084</b>
Current (Note 24)	204,044	280,708	-	4,084
Non-current	709,001	877,271	-	-
	<b>913,045</b>	<b>1,157,979</b>	<b>-</b>	<b>4,084</b>

Deferred income mainly relates to time charter income paid in advance by customers.

NOTES TO THE FINANCIAL STATEMENTS

29. CASH FLOWS FROM INVESTING ACTIVITIES

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Purchase of ships, other property, plant and equipment and intangible assets	(1,949,535)	(1,812,884)	(91,161)	(108,716)
Acquisition of subsidiaries, net of cash acquired	(99,816)	-	-	-
Loan and advances to subsidiaries	-	-	(959,577)	(1,223,674)
Loan to associates	(42,817)	-	-	-
Redemption of shares in subsidiaries	-	-	727,892	535,200
Dividend received from:				
Quoted and unquoted equity investment	5,468	5,455	5,468	5,455
Subsidiaries	-	-	997,196	1,097,630
Associates and joint ventures	133,010	188,856	107,809	155,676
Repayment of loans due from subsidiaries	-	-	1,286,460	-
Proceeds from disposal of ships	473,462	43,941	-	-
Proceeds from disposal of non-current assets held for sale	-	254,932	-	-
Investment in:				
Subsidiaries	-	-	-	(1,063,475)
Associates	(197,068)	(171,941)	-	-
Interest income received	227,112	337,615	157,381	85,377
Net fixed deposit placement	(40,924)	(37,550)	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,491,108)</b>	<b>(1,191,576)</b>	<b>2,231,468</b>	<b>(516,527)</b>

NOTES TO THE FINANCIAL STATEMENTS

30. CASH FLOWS FROM FINANCING ACTIVITIES

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Drawdown of term loans	5,524,766	522,358	-	-
Drawdown of revolving credits	3,296,402	1,402,375	2,115,170	1,133,375
Drawdown of loans from subsidiaries	-	-	1,511,447	1,426,316
Repayment of term loans	(7,582,564)	(1,993,487)	-	-
Repayment of revolving credits	(2,966,681)	(1,470,375)	(1,815,449)	(1,133,375)
Repayment of loan due to subsidiaries	-	-	(2,290,720)	(535,582)
Dividends (Note 11)	(1,606,949)	(1,606,949)	(1,606,949)	(1,606,949)
Dividends to the non-controlling interests	(17,833)	-	-	-
Interest paid	(723,903)	(726,860)	(52,644)	(46,392)
Payment of lease liabilities	(146,810)	(108,684)	(16,875)	(16,299)
Withdrawal/(placement) of cash pledged with bank (restricted)	18,896	(183,977)	-	-
<b>Net cash used in financing activities</b>	<b>(4,204,676)</b>	<b>(4,165,599)</b>	<b>(2,156,020)</b>	<b>(778,906)</b>

NOTES TO THE FINANCIAL STATEMENTS

31. 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 holding company is wholly owned by the MoF, the Group is deemed to be related to entities that are controlled, jointly controlled or significantly influenced by the Government of Malaysia.

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>(a) Income from fellow subsidiaries</b>				
Charter income	1,202,467	1,749,008	691,478	828,114
Fabrication, repair and drydocking services	753,183	3,086,452	-	-
Finance lease income	240,040	262,589	-	-
Offshore, maintenance and manpower services	17,355	22,869	29,216	42,391
Marine and consultancy services	29,449	31,170	33,172	26,279
Sungai Udang Port management	30,140	24,140	-	-
<b>(b) Purchase from fellow subsidiaries</b>				
Purchase of bunkers, lubricants, spare parts and other materials	(123,797)	(209,892)	(10,518)	(72,391)
Purchase of service for rental of premises	(21,869)	(23,946)	(20,688)	(22,586)
Fees for representation in the Board of Directors*	(577)	(403)	(577)	(403)
<b>(c) Management fee from subsidiaries</b>				
Fees for representation in the Board of Directors**	-	-	400	519

\* Fees paid directly to PETRONAS in respect of directors who are appointees of the holding company.

\*\* Fees received from subsidiaries in respect of directors who are appointees of the Corporation.

NOTES TO THE FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES (CONT'D.)

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>(d) Purchase of services from a subsidiary</b>	-	-	(16,750)	(19,309)
<b>(e) Purchase of services from ultimate holding company</b>	(14,110)	(29,221)	(14,110)	(29,221)
<b>(f) Government of Malaysia's related entities</b>				
<b>(i) Purchase of goods and services</b>				
Utilities	(34,551)	(35,286)	(941)	(1,321)

**(g) Compensation of key management personnel ("KMP")**

KMP are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Corporation, directly or indirectly, including any director of the Group and of the Corporation.

The remuneration of directors and other members of key management during the financial year were as follows:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Directors</b>				
Directors' remuneration (Note 7)	4,531	12,093	3,789	11,502
<b>Other key management personnel</b>				
Salaries and benefits	34,635	31,181	12,674	12,705
Defined contribution plans	3,318	2,974	2,466	2,031
	37,953	34,155	15,140	14,736
<b>Total compensation of KMP</b>	42,484	46,248	18,929	26,238

NOTES TO THE FINANCIAL STATEMENTS

32. COMMITMENTS

(a) Capital commitments

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Capital expenditure				
Approved and contracted for:				
Ships, offshore floating assets and other property, plant and equipment	7,679,808	7,377,468	295	771
Information and communication technology	6,266	7,444	2,194	6,043
Equity investment*	172,815	407,269	-	-
	7,858,889	7,792,181	2,489	6,814

\* The Group has entered into multiple shareholders' agreements with Nippon Yusen Kabushiki Kaisha ("NYK"), Kawasaki Kisen Kaisha, Ltd. ("KKK"), China LNG Shipping (Holdings) Limited ("CLS") to construct 12 liquefied natural gas ("LNG") Tankers in the previous financial year. This shall be funded via equity contribution and external borrowings. The amount stated reflects the Group's committed equity contribution for this endeavor.

(b) Operating lease commitments - Group and Corporation as lessor

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Future minimum rentals receivable:				
Not later than 1 year	2,766,668	3,877,654	477,207	875,442
Later than 1 year and not later than 5 years	5,580,082	8,848,220	381,117	1,964,432
Later than 5 years	2,242,094	6,000,188	-	2,358,396
	10,588,844	18,726,062	858,324	5,198,270

Operating lease income represent long-term lease arrangements with related and third parties for charter out of ships.

NOTES TO THE FINANCIAL STATEMENTS

33. SEGMENT INFORMATION

(a) Business segments

The operating segments of the Group are as follows:

- (i) Gas Assets & Solutions - provision of LNG carrier services and non-conventional gas asset solutions;
- (ii) Petroleum & Product Shipping - provision of petroleum tanker and chemical tanker services;
- (iii) Offshore Business - own, lease, operation and maintenance of offshore, floating, production and offloading terminals;
- (iv) Marine & Heavy Engineering - marine repair, marine conversion and engineering and construction works; and
- (v) Others - integrated marine services, port & terminal services, maritime education & training and other diversified businesses.

The Directors of the Corporation are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a commercial basis. The above has been stated at contracted amount.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

33. SEGMENT INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

31 December 2025	Gas Assets & Solutions RM'000	Petroleum & Product Shipping RM'000	Offshore Business RM'000	Marine & Heavy Engineering RM'000	Others RM'000	Total RM'000	Eliminations and Adjustments RM'000	Consolidated RM'000
<b>Revenue</b>								
External sales	2,094,999	5,161,257	1,893,352	1,782,994	211,476	11,144,078	2,059	11,146,137
Inter-segment	-	8,500	37,683	193,269	283,392	522,844	(522,844) A	-
	2,094,999	5,169,757	1,931,035	1,976,263	494,868	11,666,922	(520,785)	11,146,137
<b>Results</b>								
Segment results	1,083,336	2,495,442	518,846	151,307	(557,063)	3,691,868	240,302 A	3,932,170
Other operating income	83,312	152,877	581,474	31,067	1,206,310	2,055,040	(1,144,395) A	910,645
Depreciation	(583,405)	(1,306,563)	(956)	(73,274)	(61,429)	(2,025,627)	(6,591)	(2,032,218)
Amortisation of intangible assets	-	-	-	-	(534)	(534)	(1,238)	(1,772)
Amortisation of prepaid lease payments on land and buildings	-	-	-	(7,359)	(102)	(7,461)	-	(7,461)
Impairment provisions	(554,633)	(3,477)	(207,043)	274	9,372	(755,507)	(15,335)	(770,842)
Gain on disposal of ships	2,036	130,618	-	-	-	132,654	-	132,654
Finance income	111,219	74,456	28,857	13,633	626,369	854,534	(605,223) A	249,311
Finance costs	(243,774)	(236,765)	(397,019)	(11,132)	(314,154)	(1,202,844)	623,275 A	(579,569)
Share of (loss)/profit of associates	(7,032)	-	1,132	-	-	(5,900)	-	(5,900)
Share of profit/(loss) of joint ventures	26,585	11,188	(2,829)	-	-	34,944	-	34,944
Profit before taxation								1,861,962
Taxation								(123,911)
Profit after taxation								1,738,051
Non-controlling interests								(37,881)
Net profit attributable to equity holders of the Corporation								1,700,170
<b>ASSETS</b>								
Ships	5,332,444	13,313,154	-	-	3,559	18,649,157	-	18,649,157
Offshore floating assets	-	-	37,559	-	-	37,559	-	37,559
Other property, plant and equipment	-	100,535	4,685	1,641,206	467,902	2,214,328	-	2,214,328
Prepaid lease payments on land and buildings	-	-	-	173,847	3,055	176,902	-	176,902
Non-current assets classified as held for sale	134,875	-	-	-	-	134,875	-	134,875
Intangible assets	-	823,099	-	-	19,210	842,309	-	842,309
Investments in associates	640,605	-	-	-	22,523	663,128	-	663,128
Investments in joint ventures	225,738	20,894	358,816	57	-	605,505	-	605,505
Finance lease receivables	5,365,411	-	13,490,450	-	-	18,855,861	-	18,855,861
Other assets (unallocated)								10,834,749 B
								53,014,373
<b>LIABILITIES</b>								
Interest-bearing loans and borrowings	4,841,169	5,209,215	7,116,378	258,428	6,031,463	23,456,653	(10,576,295)	12,880,358
Other liabilities (unallocated)								5,429,530 C
								18,309,888

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

33. SEGMENT INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

31 December 2024	Gas Assets & Solutions RM'000	Petroleum & Product Shipping RM'000	Offshore Business RM'000	Marine & Heavy Engineering RM'000	Others RM'000	Total RM'000	Eliminations and Adjustments RM'000		Consolidated RM'000
<b>Revenue</b>									
External sales	2,987,380	5,042,428	1,592,685	3,420,432	192,489	13,235,414	2,063		13,237,477
Inter-segment	-	1,711	43,571	188,129	250,776	484,187	(484,187)	A	-
	2,987,380	5,044,139	1,636,256	3,608,561	443,265	13,719,601	(482,124)		13,237,477
<b>Results</b>									
Segment results	1,704,099	2,658,503	38,786	162,308	(324,191)	4,239,505	102,573	A	4,342,078
Other operating income	111,763	22,534	29,771	44,724	1,350,742	1,559,534	(1,300,154)	A	259,380
Depreciation	(760,691)	(1,277,983)	(760)	(71,164)	(37,287)	(2,147,885)	(10,523)		(2,158,408)
Amortisation of intangible assets	-	-	-	-	(664)	(664)	(1,238)		(1,902)
Amortisation of prepaid lease payments on land and buildings	-	-	-	(6,702)	(109)	(6,811)	-		(6,811)
Impairment provisions	(989,268)	29	(53,745)	1,300	(32)	(1,041,716)	-		(1,041,716)
Gain on disposal of ships	62,513	38,525	-	-	-	101,038	-		101,038
Finance income	192,360	79,666	37,485	10,555	744,583	1,064,649	(653,093)	A	411,556
Finance costs	(320,490)	(230,365)	(502,313)	(17,776)	(291,259)	(1,362,203)	643,405	A	(718,798)
Share of profit of associates	-	-	2,315	-	-	2,315	-		2,315
Share of profit of joint ventures	16,438	11,860	53,047	-	-	81,345	13,442		94,787
Profit before taxation									1,283,519
Taxation									(50,270)
Profit after taxation									1,233,249
Non-controlling interests									(39,730)
Net profit attributable to equity holders of the Corporation									1,193,519
<b>ASSETS</b>									
Ships	6,081,427	15,506,561	-	-	9,471	21,597,459	-		21,597,459
Offshore floating asset	-	-	19,329	-	-	19,329	-		19,329
Other property, plant and equipment	-	73,400	5,446	1,549,315	235,603	1,863,764	-		1,863,764
Prepaid lease payments on land and buildings	-	-	-	181,206	3,467	184,673	-		184,673
Intangible assets	-	899,625	-	-	21,003	920,628	-		920,628
Investments in associates	495,815	-	-	-	23,407	519,222	-		519,222
Investments in joint ventures	256,555	24,696	859,491	57	-	1,140,799	-		1,140,799
Finance lease receivables	5,976,729	-	15,711,452	-	-	21,688,181	-		21,688,181
Other assets (unallocated)								B	12,501,051
									60,435,106
<b>LIABILITIES</b>									
Interest-bearing loans and borrowings	5,629,111	6,392,038	8,963,034	268,484	6,228,922	27,481,589	(11,987,297)		15,494,292
Other liabilities (unallocated)								C	6,627,396
									22,121,688

## NOTES TO THE FINANCIAL STATEMENTS

### 33. SEGMENT INFORMATION (CONT'D.)

#### (a) Business segments (cont'd.)

Note:

A Inter-segment revenues and transactions are eliminated on consolidation.

B Other assets comprise the following items:

	2025 RM'000	2024 RM'000
Other non-current assets	319,720	586,456
Deferred tax assets	104,029	102,877
Inventories	122,130	105,908
Trade and other receivables, and contract assets (excluding finance lease receivables)	3,997,949	4,435,093
Cash, deposits and bank balances	6,096,363	6,676,565
Derivative assets	194,558	594,152
	<b>10,834,749</b>	<b>12,501,051</b>

C Other liabilities comprise the following items:

	2025 RM'000	2024 RM'000
Trade and other payables	4,585,281	5,706,224
Provision for taxation	54,684	35,016
Deferred tax liabilities	2,140	7,460
Derivative liabilities	23,713	1,425
Deferred income	709,001	877,271
Other non-current liabilities	54,711	-
	<b>5,429,530</b>	<b>6,627,396</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 33. SEGMENT INFORMATION (CONT'D.)

#### (b) Geographical segments

Although the Group's four core business segments are managed on a worldwide basis, the Group operates mainly in five principal geographical areas of the world, namely Malaysia, Americas, Asia, Africa and Europe. In Malaysia, its home country, the Group's operation comprise of Gas Assets & Solutions, Petroleum & Product Shipping, Offshore Business, Marine & Heavy Engineering and others.

The following table provides an analysis of the Group's revenue and carrying amount of assets by geographical segments:

	Malaysia RM'000	The Americas RM'000	Asia, Africa and Europe RM'000	Consolidated RM'000
<b>31 December 2025</b>				
Revenue	4,403,338	6,202,177	540,622	11,146,137
Assets	31,699,079	17,137,704	4,177,590	53,014,373
<b>31 December 2024</b>				
Revenue	6,576,622	6,037,231	623,624	13,237,477
Assets	24,109,597	29,045,579	7,279,930	60,435,106

#### (c) Information about major customers

Breakdown of revenue from major customers are as follows:

	2025 RM'000	2024 RM'000
<b>Fellow subsidiaries:</b>		
- PETRONAS Carigali Sdn. Bhd.	870,468	2,944,705
- PETRONAS LNG Sdn. Bhd.	896,873	1,124,554
- Malaysia LNG Sdn. Bhd.	306,298	728,673
	<b>2,073,639</b>	<b>4,797,932</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 33. SEGMENT INFORMATION (CONT'D.)

#### (c) Information about major customers (cont'd.)

	2025 RM'000	2024 RM'000
<b>Third Parties:</b>		
- Petróleo Brasileiro S.A. ("Petrobras")	1,715,290	1,734,695
- Royal Dutch Shell PLC	611,001	617,872
- Equinor ASA	465,423	430,957
- TOTAL SE	264,182	378,858
- Satellite Chemical Co. Ltd	335,537	365,589
- Sabah Shell Petroleum Company Limited ("SSPC")	295,922	361,453
- Trafigura Group Pte. Ltd.	216,227	286,086
- BP PLC	210,232	219,820
- China Petroleum & Chemical Corporation ("SINOPEC")	-	212,508
- Aramco Trading	263,000	-
- PBF Energy Inc.	281,737	209,309
	<b>4,658,551</b>	<b>4,817,147</b>

### 34. FAIR VALUE DISCLOSURES

#### Fair value information

The carrying amounts of cash, deposits 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.

### 34. FAIR VALUE DISCLOSURES (CONT'D.)

#### Fair value information (cont'd.)

The following table analyses assets and liabilities carried at fair value and those not carried at fair value, together with their fair values and carrying amounts shown in the statements of financial position.

Group	Note	Fair value of assets and liabilities carried at fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 31 December 2025</b>					
<b>Financial assets:</b>					
Quoted equity investment	18(a)	57,343	-	-	57,343
Unquoted equity investments	18(a)	-	-	50,528	50,528
Interest rate swaps designated as hedging instruments	18(b)	-	194,558	-	194,558
		<b>57,343</b>	<b>194,558</b>	<b>50,528</b>	<b>302,429</b>
<b>Financial liabilities:</b>					
Forward currency contracts	18(b)	-	(1,239)	-	(1,239)
Interest rate swaps designated as hedging instruments	18(b)	-	(22,474)	-	(22,474)
		-	<b>(23,713)</b>	-	<b>(23,713)</b>
<b>At 31 December 2024</b>					
<b>Financial assets:</b>					
Quoted equity investment	18(a)	63,714	-	-	63,714
Unquoted equity investments	18(a)	-	-	92,185	92,185
Interest rate swaps designated as hedging instruments	18(b)	-	594,152	-	594,152
		<b>63,714</b>	<b>594,152</b>	<b>92,185</b>	<b>750,051</b>
<b>Financial liabilities:</b>					
Forward currency contracts	18(b)	-	(1,278)	-	(1,278)
Interest rate swaps designated as hedging instruments	18(b)	-	(147)	-	(147)
		-	<b>(1,425)</b>	-	<b>(1,425)</b>

NOTES TO THE FINANCIAL STATEMENTS

34. FAIR VALUE DISCLOSURES (CONT'D.)

Fair value information (cont'd.)

Group	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	
<b>At 31 December 2025</b>						
<b>Financial assets:</b>						
Long term receivables	18(a)	-	-	53,585	53,585	64,143
Finance lease receivables	18(d)	-	-	18,346,145	18,346,145	17,190,209
		-	-	18,399,730	18,399,730	17,254,352
<b>Financial liabilities:</b>						
Term loans						
- fixed rate	18(c)	-	(9,331,273)	-	(9,331,273)	(10,104,394)
<b>At 31 December 2024</b>						
<b>Financial assets:</b>						
Long term receivables	18(a)	-	-	63,930	63,930	79,441
Finance lease receivables	18(d)	-	-	21,378,058	21,378,058	20,046,980
		-	-	21,441,988	21,441,988	20,126,421
<b>Financial liabilities:</b>						
Term loans						
- fixed rate	18(c)	-	(9,842,465)	-	(9,842,465)	(10,901,739)

NOTES TO THE FINANCIAL STATEMENTS

34. FAIR VALUE DISCLOSURES (CONT'D.)

Fair value information (cont'd.)

Corporation	Note	Fair value of assets and liabilities carried at fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 31 December 2025</b>					
<b>Financial assets:</b>					
Quoted equity investment	18(a)	57,343	-	-	57,343
Unquoted equity investments	18(a)	-	-	45,277	45,277
		57,343	-	45,277	102,620

**At 31 December 2024**

<b>Financial assets:</b>					
Quoted equity investment	18(a)	63,714	-	-	63,714
Unquoted equity investments	18(a)	-	-	86,274	86,274
		63,714	-	86,274	149,988

Corporation	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	
<b>At 31 December 2025</b>						
<b>Financial assets:</b>						
Loans to subsidiaries (fixed rate)	18(a)	-	1,934,276	-	1,934,276	1,676,929

**At 31 December 2024**

<b>Financial assets:</b>						
Loans to subsidiaries (fixed rate)	18(a)	-	1,587,544	-	1,587,544	1,337,433

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FAIR VALUE DISCLOSURES (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

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FAIR VALUE DISCLOSURES (CONT'D.)

#### Fair value information (cont'd.)

#### Level 3 fair value measurements

Level 3 fair value is estimated using unobservable inputs that are not based on observable market data.

The following table shows the information about fair value measurements using significant unobservable inputs within Level 3 of the fair value hierarchy:

	Group		Corporation		Valuation techniques	Unobservable inputs
	Fair value at 31 December 2025 RM'000	Fair value at 31 December 2024 RM'000	Fair value at 31 December 2025 RM'000	Fair value at 31 December 2024 RM'000		
<b>Assets measured at fair value</b>						
Unquoted equity investments	50,528	92,185	45,277	86,274	Discounted cash flow method	Discounting expected future cash flows applying market rate of interest at the end of the reporting period.
<b>Financial assets not measured at fair value</b>						
Long term receivables	53,585	63,930	-	-	Discounted cash flow method	Discounting expected future cash flows applying market rate of interest at the end of the reporting period.
Finance lease receivables	18,346,145	21,378,058	-	-	Discounted cash flow method	Discounting expected future cash flows applying latest estimated borrowing rate of the charterers.
	<b>18,399,730</b>	<b>21,441,988</b>	<b>-</b>	<b>-</b>		

An increase in market value of comparable assets used in the above valuation would result in an increase in the fair value and vice versa.

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to various risks that are related to its core business of ship owning, ship operating, other shipping related activities and services, owning and operating of offshore facilities and marine repair, marine conversion and engineering and construction works. These risks arise in the normal course of the Group's business.

The Group's Financial Risk Management Framework and Guidelines set the foundation for the establishment of effective integrated risk management practices across the Group.

The Group's Financial Risk Management Policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and equity price risk. The Board of Directors reviews and agrees policies for managing each of these risks as summarised below. It is, and has been throughout the period under review, the Group's policy that no speculative trading in derivative financial instruments shall be undertaken.

The following sections provide details regarding the Group's and the Corporation's exposure to the above-mentioned financial risks and the objectives, policies and processes in place to manage these risks.

#### (a) 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 arising from financial assets. The Group's interest-bearing financial assets are mainly short term in nature and have been placed mostly in time deposits and overnight placements. The Group's interest rate risk arises primarily from interest-bearing loans and borrowings.

Borrowings at floating rates expose the Group to cash flow interest rate risk. The Group's interest rate risks arise from the volatility of the benchmark interest rates in USD, which is the Group's main borrowing currency.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. As at 31 December 2025, 93.2% (2024: 91.7%) and 77.9% (2024: 100%) of the Group's and the Corporation's total borrowings were fixed rate in nature. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps in which the Group agrees to exchange at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed upon notional principal amount.

As at reporting date, the total notional principal amount of interest rate swaps of the Group is RM13.0 billion (2024: RM13.9 billion). The fixed interest rates relating to interest rate swaps at the reporting date ranges from 0.70% - 4.05% (2024: 0.62% - 3.45%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (a) Interest rate risk (cont'd.)

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, maturities and notional amounts.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before taxation and equity via floating rate borrowings and interest rate swaps respectively:

	Increase/ (Decrease) in interest rate basis points	Effect on profit before taxation (Decrease)/ Increase RM'000	Effect on other comprehensive income Increase/ (Decrease) RM'000
<b>As at 31 December 2025</b>			
<b>Group</b>			
USD - 3 Months SOFR	+440	(38,392)	56,459
USD - 3 Months SOFR	-440	38,392	(56,459)
<b>As at 31 December 2024</b>			
<b>Group</b>			
USD - 3 Months SOFR	+560	(74,894)	54,798
USD - 3 Months SOFR	-560	74,894	(54,798)

As at 31 December 2025, the Group's and the Corporation's exposure to the risk of changes in market interest rate relates primarily to the Group's and the Corporation's placement of deposits with licensed banks, cash and bank balances, loans to subsidiaries, interest-bearing loans and borrowings and loans from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Interest rate risk (cont'd.)

The interest-bearing financial instruments of the Group and of the Corporation based on carrying amount, as at reporting date were as follows:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Fixed rate instruments</b>				
<b>Financial assets</b>				
Deposits with licensed banks	3,147,949	2,148,752	1,181	688
Loans and advances to subsidiaries	-	-	1,676,929	1,337,433
Loans and advances to associates	40,530	-	-	-
<b>Financial liabilities</b>				
Fixed rate borrowings	2,651,292	4,716,099	-	-
Floating rate borrowings (swapped to fixed rate)	8,736,418	9,241,134	-	-
Loans from subsidiaries	-	-	997,037	1,935,640
<b>Floating rate instruments</b>				
<b>Financial assets</b>				
Cash and bank balances	1,627,951	2,563,916	118	61
Cash with IFSSC	1,320,463	1,963,897	345,498	740,665
Loans and advances to subsidiaries	-	-	477,438	1,444,967
<b>Financial liabilities</b>				
Floating rate borrowings	825,939	1,263,809	283,710	-

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign currency risk

The currencies giving rise to this risk are primarily RM and USD.

Approximately 6% (2024: 11%) and nil (2024: Nil) of the Group and the Corporation's revenue are denominated in currency other than the currency of the primary economic environment which the entities operate.

Approximately 10% (2024: 12%) and 4% (2024: 5%) of the Group and the Corporation's cost of sales are denominated in currency other than the currency of the primary economic environment which the entities operate.

The Group maintains a natural hedge, wherever possible, by borrowing in currencies that matches the future revenue streams to be generated from its investments.

During the financial year, the Group held forward currency contracts designated as hedges of expected future receipts and payments denominated in USD, EUR, GBP and CNY for a subsidiary whose functional currency is RM. The forward currency contracts are being used to hedge the currency risk of the highly probable forecasted transactions. The cash flow hedges of the expected future receipts were assessed to be highly effective and net unrealised derivative gain of RM6,451,000 (2024: loss of RM8,010,000) which represents the effective portion of the hedging relationship, is included in other comprehensive income.

With all other variables held constant, the following table demonstrates the sensitivity of the Group's and the Corporation's profit before taxation to a reasonably possible change in the USD and RM exchange rates.

	2025			2024		
	Change in currency rate %	Effect on profit before taxation Increase/ (Decrease) RM'000	Effect on other comprehensive income Increase/ (Decrease) RM'000	Change in currency rate %	Effect on profit before taxation Increase/ (Decrease) RM'000	Effect on other comprehensive income Increase/ (Decrease) RM'000
<b>Group</b>						
USD/RM	+10%	5,270	4,923	+10%	6,757	13,443
	-10%	(5,270)	(4,923)	-10%	(6,757)	(13,443)
<b>Corporation</b>						
USD/RM	+10%	(8,782)	-	+10%	(23,714)	-
	-10%	8,782	-	-10%	23,714	-

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign currency risk (cont'd.)

The net unhedged financial receivables and payables and cash and bank balances of the Group and of the Corporation that are not denominated in their functional currencies are as follows:

Functional currency of Group entities	Net financial receivables/(payables) and cash and bank balances held in non-functional currencies					
	Ringgit Malaysia RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Singapore Dollar RM'000	Total RM'000
<b>At 31 December 2025</b>						
Ringgit Malaysia	-	128,596	(227)	(11,715)	(18,483)	98,171
United States Dollar	(24,250)	-	2,322	31,619	22,270	31,961
	(24,250)	128,596	2,095	19,904	3,787	130,132
<b>At 31 December 2024</b>						
Ringgit Malaysia	-	85,771	1,009	(8,033)	13,631	92,378
United States Dollar	19,542	-	724	22,810	24,551	67,627
	19,542	85,771	1,733	14,777	38,182	160,005
<b>Functional currency of Corporation</b>						
<b>At 31 December 2025</b>						
United States Dollar	91,444	-	(217)	57,119	(2,948)	145,398
<b>At 31 December 2024</b>						
United States Dollar	254,574	-	501	58,692	24,632	338,399

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Corporation will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group's and the Corporation's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Corporation's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and various other sources of funding.

The Group and the Corporation have at their disposal cash and short term deposits amounting to RM4,833,689,000 (2024: RM5,310,040,000) and RM346,797,000 (2024: RM741,414,000) respectively. As at 31 December 2025, the Group and the Corporation have unutilised credit lines of RM14.4 billion (2024: RM13.0 billion) and RM1.7 billion (2024: RM2.2 billion) respectively, which could be used for working capital purposes.

Financial guarantee contracts

The Corporation has issued financial guarantees to banks for borrowings by its subsidiary and associates. These guarantees are subject to the impairment requirements of MFRS 9. The amounts disclosed below represent the Corporation's maximum exposure to credit risk on financial guarantee contracts.

	Corporation	
	2025 RM'000	2024 RM'000
Financial guarantee contracts	2,718,293	4,668,290

The Corporation has assessed that its subsidiary and associates have strong financial capacity to meet the contractual cash flow obligations and hence, does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity risk (cont'd.)

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

	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	5 years RM'000
<b>At 31 December 2025</b>								
<b>Group</b>								
Interest-bearing loans and borrowings	12,213,649	14,031,703	2,234,214	4,187,740	1,595,190	1,532,579	1,770,753	2,711,227
Lease liabilities	666,709	780,237	222,679	167,859	68,288	35,737	28,106	257,568
Trade and other payables (excluding deferred income, contract liabilities and provisions)	2,902,054	2,902,054	2,902,054	-	-	-	-	-
	<b>15,782,412</b>	<b>17,713,994</b>	<b>5,358,947</b>	<b>4,355,599</b>	<b>1,663,478</b>	<b>1,568,316</b>	<b>1,798,859</b>	<b>2,968,795</b>
<b>Corporation</b>								
Interest-bearing loans and borrowings	1,280,747	1,038,876	280,154	758,722	-	-	-	-
Lease liabilities	246,075	324,240	17,581	17,581	19,140	22,594	22,486	224,858
Trade and other payables (excluding provisions)	933,521	933,521	933,521	-	-	-	-	-
	<b>2,460,343</b>	<b>2,296,637</b>	<b>1,231,256</b>	<b>776,303</b>	<b>19,140</b>	<b>22,594</b>	<b>22,486</b>	<b>224,858</b>
<b>At 31 December 2024</b>								
<b>Group</b>								
Interest-bearing loans and borrowings	15,221,042	16,947,476	3,749,997	2,095,134	6,255,291	1,092,584	1,045,095	2,709,375
Lease liabilities	273,250	313,881	108,240	56,466	54,841	49,444	10,802	34,088
Trade and other payables (excluding provisions)	3,708,723	3,708,723	3,708,723	-	-	-	-	-
	<b>19,203,015</b>	<b>20,970,080</b>	<b>7,566,960</b>	<b>2,151,600</b>	<b>6,310,132</b>	<b>1,142,028</b>	<b>1,055,897</b>	<b>2,743,463</b>
<b>Corporation</b>								
Interest-bearing loans and borrowings	1,935,640	2,076,698	2,076,698	-	-	-	-	-
Lease liabilities	18,157	19,273	17,335	456	456	456	456	114
Trade and other payables (excluding deferred income, contract liabilities and provisions)	660,435	660,435	660,435	-	-	-	-	-
	<b>2,614,232</b>	<b>2,756,406</b>	<b>2,754,468</b>	<b>456</b>	<b>456</b>	<b>456</b>	<b>456</b>	<b>114</b>

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity risk (cont'd.)

Group

Hedging activities

The Group entered into IRS to hedge the cash flow risk of floating interest rate on the term loans. The notional amount swapped as at 31 December 2025 was RM13.0 billion (2024: RM13.9 billion). The swaps are settled quarterly, consistent with the interest payment schedule of the loan.

The following table indicates the periods in which the cash flows are expected to occur for cash flow hedges as at 31 December 2025 and 31 December 2024:

	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
<b>At 31 December 2025</b>								
Net cash inflows	172,084	353,121	66,025	65,524	65,522	63,411	56,160	36,479
<b>At 31 December 2024</b>								
Net cash inflows	594,005	1,031,404	236,239	236,218	150,521	121,421	136,351	150,654

The Group's hedging activities on the IRS are tested to be effective. During the year, the Group recognised in other comprehensive income a loss of RM388,927,000 (2024: loss of RM102,265,000).

The Group's share of its joint ventures' in other comprehensive income included loss on IRS during the year amounting to RM21,646,000 (2024: gain of RM15,536,000).

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Credit risk

Counterparty credit risk refers to risk of loss resulting from a counterparty failing to perform its contractual financial obligation or making payment for goods and services, due to circumstances such as bankruptcy, financial constraints, political restrictions and government directives. The Group and the Corporation exposure to credit risk arise primarily from their operating activities (mainly trade receivables and finance lease receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Credit risks are controlled in accordance with PETRONAS' policies, standards and guidelines implemented across PETRONAS Group.

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets mentioned in Notes 18(a), 18(d), 20 and 22, and is recognised in the statements of financial position.

Receivables, finance lease receivables and contract assets

The Group and the Corporation determine concentrations of credit risk by monitoring the industry sector profile of their receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Corporation's trade receivables including long term receivables, finance lease receivables and contract assets due from third parties at the reporting date are as follows:

	Group		Corporation	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Gas Assets & Solutions	2,451,396	3,230,902	10,375	45,032
Petroleum & Product Shipping	421,896	293,923	-	-
Offshore Business	15,754,258	18,193,993	-	-
Marine & Heavy Engineering	621,993	1,019,465	-	-
Others	9,755	12,979	-	-
	19,259,298	22,751,262	10,375	45,032

At reporting date, approximately 13.9% (2024: 13.3%) and 38.8% (2024: 31.1%) of the Group's and the Corporation's trade receivables including long term receivables, finance lease receivables and contract assets were due from related parties.

The Group and the Corporation perform credit rating assessment of all its counterparties in order to measure ECLs 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.

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Credit risk (cont'd.)

Receivables, finance lease receivables and contract assets (cont'd.)

In determining the ECL, the probability of default assigned to each counterparty is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information.

The following table provides information about the exposure to credit risk and ECLs for receivables and contract assets which are grouped together as they are expected to have similar risk nature:

2025	Group		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>Credit risk rating</b>			
Low risk rating	14,410,916	(19,989)	14,390,927
Medium risk rating	9,159,829	(622,629)	8,537,200
High risk rating	515,867	(485,511)	30,356
	24,086,612	(1,128,129)	22,958,483
Representing:			
Trade and other receivables, and contract assets (excluding finance lease receivables)	4,603,823	(605,874)	3,997,949
Long term receivables, contract assets, loans and advances (Note 18(a))	566,137	(461,464)	104,673
Finance lease receivables (Note 18(d))	18,916,652	(60,791)	18,855,861
	24,086,612	(1,128,129)	22,958,483

2025	Corporation		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>Credit risk rating</b>			
Low risk rating	1,676,928	-	1,676,928
Medium risk rating	2,075,620	(750,740)	1,324,880
	3,752,548	(750,740)	3,001,808
Representing:			
Trade and other receivables, and contract assets (Note 20)	1,614,155	(289,276)	1,324,879
Long term receivables, contract assets, loans and advances (Note 18(a))	2,138,393	(461,464)	1,676,929
	3,752,548	(750,740)	3,001,808

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Credit risk (cont'd.)

Receivables, finance lease receivables and contract assets (cont'd.)

	Group		
	Gross carrying amount	Loss allowance	Net balance
2024	RM'000	RM'000	RM'000
<b>Credit risk rating</b>			
Low risk rating	12,429,992	(6,214)	12,423,778
Medium risk rating	15,261,122	(490,569)	14,770,553
High risk rating	540,490	(508,778)	31,712
	28,231,604	(1,005,561)	27,226,043
Representing:			
Trade and other receivables, and contract assets (excluding finance lease receivables)	5,659,989	(456,556)	5,203,433
Long term receivables, contract assets, loans and advances (Note 18(a))	842,233	(507,804)	334,429
Finance lease receivables (Note 18(d))	21,729,382	(41,201)	21,688,181
	28,231,604	(1,005,561)	27,226,043

  

	Corporation		
	Gross carrying amount	Loss allowance	Net balance
2024	RM'000	RM'000	RM'000
<b>Credit risk rating</b>			
Low risk rating	1,337,433	-	1,337,433
Medium risk rating	14,204,005	(669,475)	13,534,530
	15,541,438	(669,475)	14,871,963
Representing:			
Trade and other receivables, and contract assets (Note 20)	13,696,201	(161,671)	13,534,530
Long term receivables, contract assets, loans and advances (Note 18(a))	1,845,237	(507,804)	1,337,433
	15,541,438	(669,475)	14,871,963

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Credit risk (cont'd.)

Cash and bank balances were held in the In-House Account ("IHA") managed by PETRONAS Integrated Financial Shared Services Centre ("IFSSC"). The centralisation of fund management allows more effective cash visibility and fund management of the Group, as well as minimise exposure to counterparty credit risk. The beneficiary of these financial assets remains with the Corporation. PETRONAS IFSSC, which functions 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, a majority of the Group's deposits are placed with licensed banks with strong credit ratings in Malaysia.

Credit risk from balances with banks and financial institutions is managed by Group Treasury in accordance with the Group's policy. The Group Treasury Investment Guideline defines the parameters within which the investment activities shall operate to achieve the Group's investment objective of preserving capital and generating optimal returns. In accordance with the guideline, investment of surplus funds are made only with highly credit rated counterparties.

The past due receivables 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.

(e) Equity price risk

Equity price risk arises from the Group's and Corporation's investment in quoted equity shares listed on Bursa Malaysia. At the reporting date, the exposure to the security carried at fair value was RM57,343,000 (2024: RM63,714,000).

The following table demonstrates the indicative effects on the Group's and the Corporation's investment in quoted equity shares applying reasonably foreseeable market movements in the following index rates:

	Group and Corporation		
	Carrying value	Weighted average change in index rate	Effect on profit before taxation
	RM'000	%	Increase/ (Decrease) RM'000
<b>2025</b>			
Malaysian quoted equity shares	57,343	+10	5,734
Malaysian quoted equity shares	57,343	-10	(5,734)
<b>2024</b>			
Malaysian quoted equity shares	63,714	+10	6,371
Malaysian quoted equity shares	63,714	-10	(6,371)

This analysis assumes all other variables remain constant and that the price of the Group's quoted equity investment is perfectly correlated to the market index.

## NOTES TO THE FINANCIAL STATEMENTS

### 36. CAPITAL MANAGEMENT

The Group, as an essential part of its capital management strategy, is committed towards achieving financial resilience and ensuring long-term business sustainability as outlined in the PETRONAS Financial Policy. The Group's capital structure consists of consolidated equity plus debt, defined as the current and long-term portions of the Group's debt.

The objective of the Group's capital management is to maintain an optimal capital structure and ensure availability of funds in order to meet financial obligations, support business growth and maximise shareholders' value. The Group monitors and maintains a prudent level of debt to total asset ratio to optimise shareholder value and to ensure compliance with covenants under debt and shareholders agreements and regulatory requirements if any.

There were no changes in the Group's approach to capital management during the year.

The debt to equity ratios of the Group and of the Corporation as at 31 December 2025 and 31 December 2024 are as follows:

	Note	Group		Corporation	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Short term borrowings	18(c)	1,921,446	3,332,944	559,715	1,952,513
Long term borrowings	18(c)	10,958,912	12,161,348	967,107	1,284
Gross debts		12,880,358	15,494,292	1,526,822	1,953,797
Cash, deposits and bank balances	22	6,096,363	6,676,565	346,797	741,414
Net debts		6,783,995	8,817,727	1,180,025	1,212,383
Total equity		34,704,485	38,313,418	24,336,321	28,194,375
Gross debt equity ratio		0.37	0.40	0.06	0.07
Net debt equity ratio		0.20	0.23	0.05	0.04

The gearing ratio is not governed by MFRS and its definition and calculation may vary from one group/company to another.

## NOTES TO THE FINANCIAL STATEMENTS

### 37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
MISC Assets Holdings (L) Pte. Ltd.	Malaysia	Investment holding	100	100
MISC GAS Holdings (L) Pte. Ltd.	Malaysia	Investment holding	100	100
MISC Tankers Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100
Puteri Delima Sdn. Bhd.	Malaysia	In Member's Voluntary Liquidation	100	100
Puteri Firus Sdn. Bhd.	Malaysia	In Member's Voluntary Liquidation	100	100
Puteri Intan Sdn. Bhd.	Malaysia	In Member's Voluntary Liquidation	100	100
Puteri Nilam Sdn. Bhd.	Malaysia	In Member's Voluntary Liquidation	100	100
Puteri Zamrud Sdn. Bhd.	Malaysia	In Member's Voluntary Liquidation	100	100
Seri Camellia (L) Private Limited	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Seri Cempaka (L) Private Limited	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Seri Cenderawasih (L) Private Limited	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Seri Cemara (L) Private Limited	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
Seri Camar (L) Private Limited	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Puteri Delima (L) Pte. Ltd.	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Puteri Intan (L) Pte. Ltd.	Malaysia	Dormant	100	100
Puteri Nilam (L) Pte. Ltd.	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Puteri Zamrud (L) Pte. Ltd.	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Horizon LNG 1 (L) Pte. Ltd.	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Horizon LNG 2 (L) Pte. Ltd.	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
MISC GAS Tankers One (L) Pte. Ltd.	Malaysia	Investment holding	100	100
Portovenere and Lerici (Labuan) Private Limited	Malaysia	Providing management services to owners and operators of ship transporting LNG, Ethane and investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
Portovenere and Lerici (Singapore) Pte. Ltd.#	Singapore	Dormant	100	100
Polaris LNG One Pte. Ltd.#	Singapore	Owning and operating LNG ships for transportation of LNG	100	100
Polaris LNG Two Pte. Ltd.#	Singapore	Owning and operating LNG ships for transportation of LNG	100	100
Polaris LNG Three Pte. Ltd.#	Singapore	Owning and operating LNG ships for transportation of LNG	100	100
Polaris LNG Four Pte. Ltd.#	Singapore	Owning and operating LNG ships for transportation of LNG	100	100
Polaris LNG Five Pte. Ltd.#	Singapore	Owning and operating LNG ships for transportation of LNG	100	100
Polaris LNG Six Pte. Ltd.#	Singapore	Owning and operating LNG ships for transportation of LNG	100	100
Polaris LNG Seven Pte. Ltd.#	Singapore	Owning and operating LNG ships for transportation of LNG	100	100
Seri Everest (Singapore) Pte. Ltd.#	Singapore	Owning and operating Very Large Ethane Carrier ("VLEC") for the transportation of liquefied ethane	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
Seri Elbert (Singapore) Pte. Ltd.#	Singapore	Owning and operating VLEC for the transportation of liquefied ethane	100	100
Seri Erlang (Singapore) Pte. Ltd.#	Singapore	Owning and operating VLEC for the transportation of liquefied ethane	100	100
Seri Emory (Singapore) Pte. Ltd.#	Singapore	Owning and operating VLEC for the transportation of liquefied ethane	100	100
Seri Emei (Singapore) Pte. Ltd.#	Singapore	Owning and operating VLEC for the transportation of liquefied ethane	100	100
Seri Emperor (Singapore) Pte. Ltd.#	Singapore	Owning and operating VLEC for the transportation of liquefied ethane	100	100
Polestar One (S) Pte. Ltd.#	Singapore	Chartering and LNG Trading Activity	100	100
MISC GAS Tankers Two (L) Pte. Ltd.	Malaysia	Investment holding	100	100
Southern Gas Terminal (L) Private Limited	Malaysia	Provision of supply, operation and maintenance of LNG floating storage unit	100	100
Puteri Delima Satu (L) Private Limited	Malaysia	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
Puteri Mutiara Satu (L) Private Limited	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Puteri Firus Satu (L) Private Limited	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Puteri Zamrud Satu (L) Private Limited	Malaysia	Owning and operating LNG ships for transportation of LNG	100	100
Gas Asia Terminal (L) Pte. Ltd.	Malaysia	Development and ownership of LNG floating storage units	100	100
Oasis LNG Destiny Pte. Ltd.#	Singapore	Ship management services and accounting services	100	100
Asia LNG Transport Sdn. Bhd.	Malaysia	Owning and operating LNG ships for transportation of LNG	51	51
Asia LNG Transport Dua Sdn. Bhd.	Malaysia	Owning and operating LNG ships for transportation of LNG	51	51
Puteri Intan Satu (L) Private Limited	Malaysia	Dormant	100	100
Puteri Nilam Satu (L) Private Limited	Malaysia	Dormant	100	100
MISC PNG Shipping Limited	Malaysia	Dormant	100	100
M.I.S.C. Nigeria Limited*	Federal Republic of Nigeria	Dormant	60	60
MISC Tanker Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
MISC Tanker Holdings (Bermuda) Limited	Bermuda	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
AET Tanker Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
AET Pte. Ltd.#	Singapore	Investment holding	100	100
AET Singapore Holdings Pte. Ltd.#	Singapore	Investment holding	100	100
AET UK Limited#	United Kingdom	Management services and commercial management and investment holding	100	100
AET Sea Shuttle AS#	Norway	Ship owning and marine transportation services	95	95
AET Sea Shuttle II AS#	Norway	Ship owning and marine transportation services	95	95
AET Norway AS#	Norway	Management services and related activities	100	100
AET Shuttle Tankers II Pte. Ltd.#	Singapore	Ship owning chartering and operating of vessels	100	100
AET Labuan Pte. Ltd.	Malaysia	Investment holding	100	100
AET DP Shuttle Tankers Sdn. Bhd.	Malaysia	Ship owning chartering and operating of vessels	100	100
AET Shuttle Tankers Sdn. Bhd.	Malaysia	Ship owning chartering and operating of vessels	100	100
AET DP Shuttle Pte. Ltd.#	Singapore	Ship owning chartering and operating of vessels	100	100
AET DP Shuttle II Pte. Ltd.#	Singapore	Ship owning chartering and operating of vessels	100	100
AET Shuttle Tankers III Pte. Ltd.#	Singapore	Ship owning chartering and operating of vessels	100	100
AET Bermuda Holdings Limited	Bermuda	Investment holding	100	100
AET Tankers VLCC Pte. Ltd.#	Singapore	Ship owning chartering and operating of vessels	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
AET Tankers Pte. Ltd.#	Singapore	Ship owning chartering and operating of vessels	100	100
AET Tankers India Private Limited#	India	Dormant	100	100
AET Singapore One Pte. Ltd.#	Singapore	Ship owning chartering and operating of vessels	100	100
AET Azerbaijan Limited	Azerbaijan	Dormant	100	100
AET Inc. Pte. Ltd.	Singapore	Ship owning and marine transportation services	100	100
AET Bermuda One Pte. Ltd. (Formerly known as AET Bermuda One Limited)	Singapore	Sea and passenger freight water transport	100	100
AET Labuan One Pte. Ltd.	Malaysia	Owning and operating Aframax tanker vessels for the transportation of crude oil	100	100
AET STS Limited Inc.*	Panama	Marine transportation services	100	100
AET Agencies Inc.	The United States of America	Shipping agent and lightering services	100	100
AET Offshore Services Inc.	The United States of America	Lightering services	100	100
AET Lightering Services LLC	The United States of America	Marine transportation services and lightering services	100	100
AET Tankers (Suezmax) Pte. Ltd.#	Singapore	Ship owning chartering and operating of vessels	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
AET MCV Gamma Pte. Ltd. (Formerly known as AET MCV Gamma L.L.C.)	Singapore	Marine transportation services	100	100
Paramount Tankers Corp.	Republic of the Marshall Islands	Investment holding	100	100
Atenea Services S.A.	British Virgin Islands	Dormant	100	100
Hendham Enterprises Ltd.	British Virgin Islands	Dormant	100	100
Odley Worldwide Inc.	British Virgin Islands	Dormant	100	100
Oldson Ventures Ltd.	British Virgin Islands	Dormant	100	100
Twyford International Business Corp.	British Virgin Islands	Dormant	100	100
Zangwill Business Corp.	British Virgin Islands	Dormant	100	100
AET Holdings (L) Pte. Ltd.	Malaysia	Investment holding	100	100
AET Petroleum Tanker (M) Sdn. Bhd.	Malaysia	Ship owning chartering and operating of vessels	100	100
AET Malaysia One Sdn. Bhd.	Malaysia	Investment holding	100	100
AET Brasil Servicos Maritimos Ltda#	Brazil	Crew management services	100	100
AET Brasil Servicos STS Ltda#	Brazil	Marine transportation services and lightering services	100	100
AET MCV Delta Sdn. Bhd.	Malaysia	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
AET MCV Alpha Pte. Ltd. (Formerly known as AET MCV Alpha L.L.C.)	Singapore	Ship owning chartering and operating of vessels	100	100
AET MCV Beta Pte. Ltd. (Formerly known as AET MCV Beta L.L.C.)	Singapore	Ship owning chartering and operating of vessels	100	100
AET Product Tankers Sdn. Bhd.	Malaysia	To carry on conduct of the chemical business	100	100
AET Tankers VLCC II Sdn. Bhd.	Malaysia	Ship owning chartering and operating of vessels	100	100
AET Tankers VLCC III Pte. Ltd.	Malaysia	Ship owning and operating of vessels	100	100
AET Tankers VLCC IV Pte. Ltd.#	Singapore	Ship owning chartering and operating of vessels	100	100
AET Tankers VLCC V Pte. Ltd.#	Singapore	Owning, chartering, and operating of vessel	100	100
MISC AET Holdings (L) Pte. Ltd.	Malaysia	Investment holding	100	100
MISC OBU Holdings (L) Pte. Ltd.	Malaysia	Investment holding	100	100
MISC OBU One (L) Pte. Ltd.	Malaysia	Investment holding	100	100
MISC Offshore Floating Terminals (L) Limited	Malaysia	Owning and leasing of offshore, floating, production and offloading terminals	100	100
MISC Offshore Floating Terminals Dua (L) Limited	Malaysia	Owning and leasing of marginal marine production unit	100	100
Malaysia Offshore Mobile Production Dua (Labuan) Ltd.	Malaysia	Provision of professional services to oil and gas industry	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
Malaysia Offshore Mobile Production (Labuan) Ltd.	Malaysia	Owning and leasing of mobile offshore production units	100	100
Gumusut-Kakap Semi-Floating Production System (L) Limited	Malaysia	Owning and leasing of semi-submersible floating production system	100	100
Mekar Bergading Offshore Floating (L) Limited	Malaysia	Owning and operating activities related to offshore floating terminal	100	100
Malaysia Deepwater Floating Terminal (Kikeh) Limited**	Malaysia	FPSO Owner	100	51
Malaysia Deepwater Production Contractors Sdn. Bhd.**	Malaysia	Operating and maintaining FPSO terminal	100	51
MISC OBU Two (L) Pte. Ltd.	Malaysia	Investment holding	100	100
MISC Offshore (Americas) Holdings Pte. Ltd.	Malaysia	Investment holding	100	100
MISC Offshore (Singapore) Pte. Ltd.#	Singapore	Owning and leasing of FPSO unit	100	100
MISC Offshore Services Pte. Ltd.#	Singapore	Provision of service activities incidental to oil and gas extraction	100	100
MISC Serviços de Petróleo do Brasil Ltda.	Brazil	To operate and maintain marine units for the exploration and production of oil and natural gas in Brazil and to provide any services related to such activities	100	100
MISC Offshore Holdings (Brazil) Sdn. Bhd.	Malaysia	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
MISC Offshore (USA) LLC	The United States of America	Dormant	100	100
MISC do Brasil Servicos de Energia Ltda	Brazil	Dormant	100	100
Malaysia Marine and Heavy Engineering Holdings Berhad ^	Malaysia	Investment holding	66.5	66.5
Malaysia Marine and Heavy Engineering Sdn. Bhd. ("MMHE")	Malaysia	Marine repair and conversion oil and gas engineering and construction works	66.5	66.5
MMHE EPIC Marine & Services Sdn. Bhd.	Malaysia	Dormant	46.6	46.6
Malaysia Marine and Heavy Engineering Saudi Limited#	Saudi Arabia	Provision of engineering, procurement, construction, installation and commissioning services for offshore and onshore facilities	66.5	66.5
MHS Integrated Engineering Sdn. Bhd.	Malaysia	Plant turnaround and shutdown maintenance	66.5	66.5
Malaysian Maritime Academy Sdn. Bhd.	Malaysia	Education and training for seamen and maritime personnel	100	100
MISC Maritime Education Group Sdn. Bhd.	Malaysia	Dormant	100	100
MISC Capital (L) Limited	Malaysia	Special purpose vehicle for the issuance of United States Dollar financing arrangement	100	100
MISC Capital Two (Labuan) Limited	Malaysia	Special purpose vehicle to finance the business operation of MISC Berhad or Companies Controlled by it	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
MISC International (L) Limited	Malaysia	Dormant	100	100
MISC Agencies Sdn. Bhd.	Malaysia	Dormant	100	100
MISC Agencies (Netherlands) B.V.*	Netherlands	Property owning	100	100
MISC Berhad (UK) Limited#	United Kingdom	Commercial operation	100	100
MISC Ferry Services Sdn. Bhd.	Malaysia	Dormant	100	100
Magellan X Holdings (L) Pte. Ltd.	Malaysia	Investment holding	100	100
Magellan X Pte. Ltd.#	Singapore	Dormant	100	100
CHORD X Pte. Ltd.	Singapore	Dormant	100	100
MGLNX India Private Limited	India	Development of software and applications and provision of consultancy and data processing services for information technology, energy industrial and maritime sectors	100	100
MISC Marine Services Holdings (L) Pte. Ltd.	Malaysia	Investment holding	100	100
MISC Maritime Services Sdn. Bhd.	Malaysia	Management and operation of ports and marine vessels, provision of marine support and consultancy services	100	100
Sungai Udang Port Sdn. Bhd.	Malaysia	Operation and management of Sungai Udang Port	100	100
MISC Marine Holdings (L) Pte. Ltd.	Malaysia	Provision of integrated marine services and investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
MISC Shipmanagement (L) Pte. Ltd.	Malaysia	Provision of ship management and marine related services	100	100
MISC Shipmanagement (S) Pte. Ltd.	Singapore	Provision of ship management services and consultancy services principally to its related companies and investment holding	100	100
MISC Shipmanagement (USA) LLC	The United States of America	Provision of management and marine related services	100	100
MISC Shipmanagement GAS (S) Pte. Ltd.	Singapore	Provision of ship management services	100	100
MISC Shipmanagement Ventures (S) Pte. Ltd.	Singapore	Provision of ship management services	100	100
MISC Marine B.V. (Formerly known as Eaglestar Marine B.V.)#	Netherlands	Provision of marine and procurement services	100	100
MISC Ship Management Sdn. Bhd.	Malaysia	Dormant	100	100
MISC Marine Services Pte. Ltd.	Singapore	Port, shipping and maritime-related consultancy services	100	100
Spares CNX Pte. Ltd.#	Singapore	Providing inventory management and procurement systems	100	100
MISC Crewing Pte. Ltd.	Singapore	Ship management services	100	100
MISC Marine Servicos (Brazil) Ltda.	Brazil	Provision of marine-related technical services, including ship management and crew management services	100	100

NOTES TO THE FINANCIAL STATEMENTS

37. SUBSIDIARIES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
MISC Marine India Private Limited (Formerly known as Eaglestar Marine India Private Limited)#	India	Provision of crew management services	100	100
MISC Marine (Singapore) Pte. Ltd.	Singapore	Provision of human resource, procurement and finance related services to its related companies	100	100
MISC Marine (Malaysia) Sdn. Bhd.	Malaysia	Investment holding and to carry on the business of provision of ship management and consultancy services principally to its related companies	100	100
Floating Production Solutions Sdn. Bhd.	Malaysia	Engineering, procurement, and construction	83	-

\* Audited by firms of auditors other than Ernst & Young

# Audited by affiliates of Ernst & Young PLT

^ Listed on the Main Board of Bursa Malaysia Securities Berhad

\*\* Companies were classified as joint ventures in the previous financial year

NOTES TO THE FINANCIAL STATEMENTS

38. ASSOCIATES AND PRINCIPAL ACTIVITIES

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
FPSO Ventures Sdn. Bhd.	Malaysia	Provision of operations and maintenance of FPSO, floating storage and offloading, mobile offshore production unit, floating liquefied natural gas and fixed facilities and management consultancy to the oil and gas industry	20	20
MISC Agencies Lanka (Pvt) Limited	Sri Lanka	In liquidation	40	40
Eaglestar Marine (Philippines) Corporation	Philippines	Provision of crew management services	24	24
Oasis LNG No 1 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25
Oasis LNG No 2 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25
Oasis LNG No 3 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25
Oasis LNG No 4 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25
Oasis LNG No 5 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25

NOTES TO THE FINANCIAL STATEMENTS

38. ASSOCIATES AND PRINCIPAL ACTIVITIES (CONT'D.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
Oasis LNG No 6 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25
Oasis LNG No 7 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25
Oasis LNG No 8 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25
Oasis LNG No 9 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25
Oasis LNG No 10 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25
Oasis LNG No 11 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25
Oasis LNG No 12 Pte. Ltd.*	Singapore	Owning and operating LNG ships for transportation of LNG	25	25

\* Also defined as Oasis LNG Companies.

NOTES TO THE FINANCIAL STATEMENTS

39. JOINT ARRANGEMENTS AND PRINCIPAL ACTIVITIES

(a) Joint ventures and principal activities

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
Malaysia Vietnam Offshore Terminal (L) Limited****	Malaysia	Owning, chartering and operating of floating, storage and offloading terminal	51	51
Vietnam Offshore Floating Terminal (Ruby) Ltd. ***	Malaysia	Owning, chartering, converting and operating of FPSO and offloading system for the Ruby Field, Offshore of Vietnam	40	40
Diamond LNG Shipping 5 Pte. Ltd.***	Singapore	Owning and chartering LNG vessel	25.5	25.5
Diamond LNG Shipping 6 Pte. Ltd.***	Singapore	Owning and chartering LNG vessel	25.5	25.5
Western Pacific Shipping Ltd.****	Bermuda	Dormant	60	60
Future Horizon (L) Pte. Ltd.****	Malaysia	Carrying on LNG carriage and LNG bunkering operations	51	51
ELS Lightering Services S.A.****	Uruguay	Lightering services	50	50
Akudel S.A.***	Uruguay	Lightering activity	49	49
Cawerty S.A.***	Uruguay	Lightering activity	49	49
Zascu S.A.***	Uruguay	Lightering activity	49	49
Lifisol S.A.****	Uruguay	Provision of oil spill prevention and response services	50	50
Ship Service S.A.****	Uruguay	Ship management services	50	50
MMHE-TPGM Sdn. Bhd.***	Malaysia	Dormant	39.9	39.9
Brazilian Deepwater Floating Terminals Limited***	Bermuda	Construction of FPSO	-	49
Brazilian Deepwater Production Limited***	Bermuda	Chartering of FPSO	-	49

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

39. JOINT ARRANGEMENTS AND PRINCIPAL ACTIVITIES (CONT'D.)

(a) Joint ventures and principal activities (cont'd.)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective interest held (%)	
			2025	2024
Brazilian Deepwater Production Contractors Limited***	Bermuda	Operation and maintenance of FPSO	-	49
Operacoes Maritimas em Mar Profundo Brasileiro Ltda.***	Brazil	Operation and maintenance of FPSO	-	49
Brazilian Deepwater Production B.V.***	Netherlands	Chartering of FPSO	-	49
T.En MHB Hull Engineering Sdn. Bhd.***	Malaysia	Dormant	33.3	33.3
SL-MISC International Line Co. Ltd.***	Sudan	In liquidation	49	49
Sinostar Shipmanagement Pte. Ltd. ***	Singapore	Newbuilding construction supervision, project management for newbuilds, ship management and other related services	49	49
Jules Nautica Sdn. Bhd.***	Malaysia	Developing, monetising, owning and chartering of LCO <sub>2</sub> carriers	40	-

\*\*\* Even though the Group holds less than 50% equity interest in these companies, all material operational and financial matters require unanimous consent of the joint venture parties.

\*\*\*\* Even though the Group holds 50% or more than 50% equity interest in these companies, all material operational and financial matters require unanimous consent of the joint venture parties.

(b) Joint operations

Details of the Group's joint operations are as follows:

Name	Effective interest held by the Group (%)	
	2025	2024
Technip MMHE (Kasawari) Joint Venture	40	40

Technip MMHE (Kasawari) Joint Venture is unincorporated joint venture between the subsidiary, MMHE and Technip Energies (M) Sdn. Bhd. to undertake specific engineering, procurement and construction, installation and commissioning projects.

40. SIGNIFICANT EVENTS

(a) Material litigation

(i) Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") and Sabah Shell Petroleum Company Limited ("SSPC")

With reference to previous announcements made by MISC Berhad ("MISC or the Corporation") in respect of the Arbitration Proceedings commenced by the Corporation's wholly-owned subsidiary, GKL against SSPC, in particular to the announcement on 10 April 2020 regarding the award issued by the Arbitral Tribunal and on 30 December 2022 regarding the decision of the High Court.

As announced on 10 April 2020, the Arbitral Tribunal has issued its Award on 8 April 2020 ("Award") which found, among others, as follows:

- 1) That GKL's claim in relation to the achievement of Handover Completion under the Contract was rejected and the Arbitral Tribunal decided that Handover Completion did not occur prior to 11 October 2014;
- 2) In relation to GKL's claims for Variation Works, GKL was awarded:
  - a. USD 222,132,575.60;
  - b. That an amount of USD88,791,006.17 is deducted from USD222,132,575.60 being manpower costs incurred by way of the Variation Works for rectification of defects (which the Tribunal held GKL to be liable for);
  - c. That the remainder sum of USD133,341,569.49 is converted to an Additional Lease Rate and represents a reduction from the Additional Lease Rate awarded by the Adjudication Awards. The new Additional Lease Rate is payable from the date of the Award. The base rate is unaffected by the Award and will continue for the Fixed Term.
- 3) SSPC was awarded the following sums:
  - a. USD236,378,824.46 for defects rectification work (inclusive of USD15,000,000.00 for Liquidated Damages);
  - b. USD88,317,146.13 as a refund for overpayment of the Additional Lease Rate originally awarded in the Adjudication Proceedings for the period of April 2014 to January 2020 due to the reduction of the Additional Lease Rate as set out in Item 2(c) above;
  - c. Applicable interest up to the date of the Award;
  - d. Costs of USD 12,746,570.70;
  - e. Interest at 6.65% on the sums awarded from the date of the Award until payment.
- 4) SSPC is entitled to set-off the above claims against moneys owed by SSPC to GKL under the Contract, including but not limited to the lease rate.
- 5) Any GST payable pursuant to the Goods and Services Tax Act 2014 to be accounted by the parties.

## NOTES TO THE FINANCIAL STATEMENTS

### 40. SIGNIFICANT EVENTS (CONT'D.)

#### (a) Material litigation (cont'd.)

- (i) **Gumusut-Kakap Semi-Floating Production System (L) Limited (“GKL”) and Sabah Shell Petroleum Company Limited (“SSPC”) (cont'd.)”**

#### **Proceedings Post the Award**

GKL was advised that it has legal grounds to challenge the Award and on 7 July 2020, GKL has filed the following court applications:

- (i) an Originating Summons dated 7 July 2020 for setting aside of parts of the Arbitral Award dated 8 April 2020 (“**Setting Aside OS**”); and
- (ii) a Notice of Application for an injunction to restrain SSPC from setting off the sums that GKL was ordered to pay to SSPC under the Arbitral Award dated 8 April 2020 (“**Injunction NOA**”).

#### **Setting Aside OS**

On 7 July 2020, GKL filed an Originating Summons to set aside parts of the Arbitral Award dated 8 April 2020. The proceeding of this Setting Aside OS was delayed due to the COVID-19 situation and the various applications filed by both Parties in relation to this matter:

- (i) Setting Aside OS

GKL’s Setting Aside OS was heard on 20 and 25 October 2021, 13 January 2022, 16 and 17 February 2022, 4 April 2022, 10 August 2022 and 23 September 2022. As announced on 30 December 2022, the High Court had dismissed GKL’s Originating Summons to set aside parts of the Arbitral Award on 29 December 2022 with costs. Upon review of the written grounds of the High Court, GKL has been advised that it has legal grounds to appeal against the High Court’s decision and has filed notices of appeal to the Court of Appeal on 19 January 2023. The appeal was originally fixed for hearing on 29 March 2024. On 27 March 2024, the hearing was rescheduled to 3 September 2024. On 25 July 2024, the hearing was rescheduled to 10 February 2025.

On 10 February 2025, the hearing was adjourned by the Court of Appeal. At the case management on 14 February 2025, the hearing was rescheduled to 20 and 21 August 2025. During the case management held on 4 September 2025, the Court of Appeal was scheduled to deliver its decision on 5 December 2025.

## NOTES TO THE FINANCIAL STATEMENTS

### 40. SIGNIFICANT EVENTS (CONT'D.)

#### (a) Material litigation (cont'd.)

- (i) **Gumusut-Kakap Semi-Floating Production System (L) Limited (“GKL”) and Sabah Shell Petroleum Company Limited (“SSPC”) (cont'd.)**

#### Setting Aside OS (cont'd.)

- (i) Setting Aside OS (cont'd.)

On 5 December 2025 the Court of Appeal allowed GKL’s appeals in part. In particular:

- a) The Award is severed and varied to the extent that GKL is only liable to SSPC for the aggregate principal sum of USD200 million.
- b) The amount of pre-Award and post-Award interest shall be premised on the total liability of USD200 million.
- c) The High Court’s decision dated 29 December 2022 is varied to the extent set out in paragraph (a) above.
- d) Costs for both appeals in the sum of RM150,000 to be paid by SSPC to GKL.

The Court of Appeal also granted an ad interim stay of the Court of Appeal Order (“CA Order”) pending the disposal of SSPC’s formal application for a stay of the CA Order.

On 29 December 2025, SSPC filed Notices of Motion for leave to appeal against part of the CA Order. On 5 January 2026, GKL filed Notices of Motion for leave to appeal against part of the CA Order. A case management on 29 January 2026, both GKL and SSPC’s Notices of Motion for leave to appeal to the Federal Court were fixed for hearing on 25 May 2026.

- (ii) Injunction NOA

On 6 October 2020, GKL withdrew the Injunction NOA on the basis that a statutory stay of enforcement is automatically imposed on SSPC upon GKL’s application to set aside SSPC’s Award enforcement.

Additionally, GKL had filed an interim application preventing SSPC from enforcing the Award prior to the determination of the Setting Aside OS. This application was heard on 16 August 2021 and 1 October 2021. On 25 October 2021, the High Court dismissed GKL’s interim application and decided that SSPC has the right to set off the award against the charter hire without full grounds of judgment. On 22 November 2021 GKL filed an appeal to the Court of Appeal against the High Court’s decision which was heard on 6 July 2022. On 7 November 2022, the Court of Appeal dismissed GKL’s appeal in respect of the interim application. General grounds were delivered orally and no written grounds were provided by the Court of Appeal.

## NOTES TO THE FINANCIAL STATEMENTS

### 40. SIGNIFICANT EVENTS (CONT'D.)

#### (a) Material litigation (cont'd.)

##### (ii) Malaysia Marine and Heavy Engineering Sdn. Bhd. ("MMHE") and Trans Fame Offshore Sdn. Bhd. ("TFO")

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 40. SIGNIFICANT EVENTS (CONT'D.)

#### (a) Material litigation (cont'd.)

##### (ii) Malaysia Marine and Heavy Engineering Sdn. Bhd. ("MMHE") and Trans Fame Offshore Sdn. Bhd. ("TFO") (cont'd.)

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.

On 27 October 2025, the High Court dismissed the OS with cost of RM10,000 subject to allocatur fees. MMHE has been advised by its solicitors to appeal against the High Court's decision to safeguard its interest.

Following the High Court's decision on the OS, Haumea may proceed with the arbitral proceedings under the Notice of Arbitration. 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 Notice of Arbitration, would be rendered null and void.

#### (b) 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.

# INDEPENDENT AUDITORS' REPORT

to the members of MISC Berhad  
(Incorporated in Malaysia)

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of MISC Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Corporation, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Corporation for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 9 to 185.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Corporation 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 Corporation 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 Corporation for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Corporation 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.

# INDEPENDENT AUDITORS' REPORT

to the members of MISC Berhad  
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### Key audit matters (cont'd.)

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.

Key audit matters	How we addressed the key audit matters
<p><b>Impairment of goodwill –</b> <i>(Refer to Note 14 - Intangible assets, to the financial statements)</i></p> <p>The Group is required to perform annual impairment test of cash generating units ("CGUs") or groups of CGUs to which goodwill has been allocated. The Group estimated the recoverable amount of its CGUs or groups of CGUs to which the goodwill is allocated based on value-in-use ("VIU").</p> <p>Estimating the VIU of CGUs or groups of CGUs involves estimating the future cash inflows and outflows and discounting them at an appropriate rate.</p> <p>The Group's goodwill as at 31 December 2025 of RM808.3 million solely relates to the Petroleum segment. We focused on the impairment review of the goodwill as significant judgements were involved in the terminal value and growth rate of the expected cash flows as well as the determination of an appropriate discount rate, which may cause possible variations in the recoverable amount of the CGU to which the goodwill has been allocated.</p>	<p>Our audit procedures included, among others evaluating the assumptions and methodologies used by the Group, in particular the assumptions to which the recoverable amount of the CGUs are most sensitive such as the terminal value of the expected cash flows, the growth rate as well as the discount rate used.</p> <p>We have assessed and tested the key assumptions used by management to estimate the projected cash flows for the CGU as follows:</p> <ul style="list-style-type: none"> <li>(a) obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGU;</li> <li>(b) evaluated, 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;</li> <li>(c) evaluated the forecasted cash flow including the terminal value and growth rate of the expected cash flows;</li> <li>(d) assessed the sensitivity of the goodwill balance to changes in the discount rate, terminal value and growth rate of cash flows; and</li> <li>(e) evaluated the reasonableness of projected cash flows by comparing prior year cash flows projections to current year actual results of the CGU.</li> </ul> <p>In addition, we also evaluated the adequacy of the disclosures of each key assumption on which the Group has based its cash flow projections and to which the recoverable amount is most sensitive, as disclosed in Note 14 to the financial statements</p>

## INDEPENDENT AUDITORS' REPORT

to the members of MISC Berhad  
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Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p><b>Impairment of non-current assets –</b> (Refer to Note 12 - Ships, offshore floating assets and other property, plant and equipment, to the financial statements)</p> <p>The Group is required to perform impairment test of CGU whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount.</p> <p>i. <u>Ships in operations (RM16,281.0 million)</u></p> <p>Ships with expired charter contracts or contracts that are approaching the expiry date have been identified by management as indicators that the carrying amount of those ships may be impaired.</p> <p>Accordingly, the Group and the Corporation estimated the recoverable amount of the ships in operations using the higher of fair value less costs of disposal ("FVLCD") and VIU. For recoverable amount that is based on FVLCD, the Group engaged independent valuers to assess the fair value of the ships.</p> <p>The Group and the Corporation recorded a total impairment loss of RM552.5 million and RM517.9 million respectively during the current financial year.</p> <p>This impairment review was significant to our audit because the assessment process is based on assumptions that are highly judgemental.</p>	<p>i) <u>Ships in operations</u></p> <p>Our audit procedures to assess management's impairment testing based on VIU included the following:</p> <p>(a) obtained an understanding of the relevant internal controls over estimating the VIU of the CGU;</p> <p>(b) assessed the assumptions of future charter hire rates by comparing the rates to the terms and conditions stipulated in the time charter party agreements entered into with the lessee;</p> <p>(c) assessed whether the assumptions on the operating costs are supportable when compared to the past trends;</p> <p>(d) evaluated the reasonableness of projected cash flows by comparing prior year cash flows projections to current year actual results of respective ships; and</p> <p>(e) evaluated, with the involvement of our internal valuation specialist the appropriateness of the methodology and approach applied and the discount rates used to determine the present value of the cash flows and whether the rates used reflect the current market assessments of the time value of money and the risks specific to the asset.</p> <p>Our audit procedures to assess management's impairment testing based on FVLCD are as follows:</p> <p>(a) considered the independence, competence, capabilities and objectivity of the external valuers; and</p> <p>(b) obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the ships and assessed whether such methodology is consistent with those used in the industry.</p>

## INDEPENDENT AUDITORS' REPORT

to the members of MISC Berhad  
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Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p><b>Impairment of non-current assets –</b> (Refer to Note 12 - Ships, offshore floating assets and other property, plant and equipment, to the financial statements) (cont'd.)</p> <p>ii. <u>Other property, plant and equipment and right-of-use assets (RM2,214.3 million)</u></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 Malaysia Marine and Heavy Engineering Holdings Berhad ("MHB") Group's net assets exceeded its market capitalisation, thereby indicating potential impairment of the MHB Group's other 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 management covering a five-year period including 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 is complex and is based on assumptions that are highly judgemental.</p>	<p>ii) <u>Other property, plant and equipment and right-of-use assets</u></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 for the CGU.</p> <p>The areas that involved significant audit effort and judgment 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> <p>(a) obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGU;</p> <p>(b) enquired with business development teams to obtain an understanding of the status of negotiations and the likelihood of securing the revenue contracts for contracts above our testing threshold, including timing of commencement and expected value of revenue contracts;</p> <p>(c) 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 actual margins achieved by the Group in previous years;</p> <p>(d) 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;</p>

## INDEPENDENT AUDITORS' REPORT

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Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p><b>Impairment of non-current assets –</b> (Refer to Note 12 - Ships, offshore floating assets and other property, plant and equipment, to the financial statements) (cont'd.)</p> <p>ii. <u>Other property, plant and equipment and right-of-use assets (RM2,214.3 million) (cont'd.)</u></p>	<p>ii) <u>Other property, plant and equipment and right-of-use assets (cont'd.)</u></p> <p>(e) assessed the reasonableness of management's projections based on comparison between actual and past budgeted financials;</p> <p>(f) evaluated management's estimated replacement of capital expenditure by considering the historical replacement cycle and costs incurred; and</p> <p>(g) evaluated the reasonableness of the terminal value and growth rate of the expected cash flows.</p> <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 12 to the financial statements.</p>
<p><b>Recognition of revenue and cost of construction and marine projects –</b> (Refer to Note 3 - Revenue and Note 21 - Contract assets/ (liabilities))</p> <p>A significant proportion of 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> <p>(a) read key contracts to obtain an understanding of the specific terms and conditions;</p> <p>(b) agreed contract revenue to the original signed customer contracts and/or evaluated assumptions applied in recognising change orders;</p> <p>(c) reviewed management meeting minutes to obtain an understanding of the performance and status for the projects above our testing threshold;</p>

## INDEPENDENT AUDITORS' REPORT

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Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p><b>Recognition of revenue and cost of construction and marine projects –</b> (Refer to Note 3 - Revenue and Note 21 - Contract assets/ (liabilities)) (cont'd.)</p>	<p>In addition, we also performed the following: (cont'd.)</p> <p>(d) reviewed management's budgeted project costs to ensure adequacy and accuracy of costs to complete;</p> <p>(e) 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;</p> <p>(f) assessed the adequacy of provision for foreseeable losses and warranty made for ongoing contracts, where applicable;</p> <p>(g) considered the historical accuracy of management's budgeted project margins in assessing the reasonableness of estimated margins of similar projects;</p> <p>(h) assessed and ensured that actual project costs are appropriately accrued and supported by documentary evidences, such as work completion reports and material acceptance certificates, which represent activities performed to date;</p> <p>(i) reperformed the calculations of the revenue based on the POC method and where applicable, considered the implications of any changes in estimates; and</p> <p>(j) evaluated the presentation and disclosures of construction contracts in the financial statements, including material accounting policy information.</p>

## INDEPENDENT AUDITORS' REPORT

to the members of MISC Berhad  
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Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p><b>Contingent liability –</b> (Refer to Note 40(a)(i) – Significant Events - Material litigation - Gumusut-Kakap Semi- Floating Production System (L) Limited (“GKL”) and Sabah Shell Petroleum Company Limited (“SSPC”), to the financial statements)</p> <p>We focused on this area as the eventual outcome of claims is uncertain and the positions taken by the Directors are based on the application of material judgement and estimation. Accordingly, unexpected adverse outcomes against the positions taken by the Directors could significantly impact the Group’s reported profit and statement of financial position.</p>	<p>In addressing this area of audit focus, we considered whether an obligation exists, the appropriateness of provisioning and/or disclosure based on the facts and circumstances available.</p> <p>We have performed the following:</p> <ul style="list-style-type: none"> <li>(a) Obtained and reviewed the relevant correspondences in relation to Arbitration and Litigation cases;</li> <li>(b) Compared the opinion provided by the Group’s external legal counsel against management’s assessment on the measurement and/or disclosures for the contingent liability;</li> <li>(c) Considered the independence, reputation and capabilities of the external legal counsel;</li> <li>(d) Interviewed the Group’s external legal counsel on the case and its development during the financial year;</li> <li>(e) Obtained legal confirmations from the Group’s external legal counsel; and</li> <li>(f) Considered whether the Group’s disclosures of the application of judgement in estimating provisions and contingent liabilities adequately reflected the uncertainties associated with legal and regulatory matters.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

to the members of MISC Berhad  
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Information other than the financial statements and auditors' report thereon

The directors of the Corporation 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 Corporation 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 Corporation 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 Corporation, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Corporation or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 Corporation and take appropriate action.

*Responsibilities of the directors for the financial statements*

The directors of the Corporation are responsible for the preparation of financial statements of the Group and of the Corporation 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 Corporation that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Corporation, the directors are responsible for assessing the Group's and the Corporation'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 Corporation 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 Corporation 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.

## INDEPENDENT AUDITORS' REPORT

to the members of MISC Berhad  
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### *Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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 Corporation, 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 control 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 the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Corporation'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 Corporation 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 Corporation 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 Corporation, including the disclosures, and whether the financial statements of the Group and of the Corporation 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.

## INDEPENDENT AUDITORS' REPORT

to the members of MISC Berhad  
(Incorporated in Malaysia)

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

We communicate with 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 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 Corporation 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.

### *Report on other legal and regulatory requirements*

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 37 to the financial statements.

### *Other matters*

This report is made solely to the members of the Corporation, 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  
23 February 2026

Nurida Salwa Binti Mohd Muhili  
No. 03371/06/2026 J  
Chartered Accountant

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**MISC BERHAD**

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