



ISF GROUP BERHAD
(Registration No. 202501012740 (1614154-H))

ANNUAL REPORT 2025



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1st ANNUAL GENERAL MEETING



Venue

Dewan Inderaputera,
Pulai Springs Resort,
20KM Jalan Pontian
Lama, 81110 Pulai,
Johor, Malaysia



Date

Monday,
15 June 2026



Time

2:00 p.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS



YAP CHUI FAN

(Independent
Non-Executive Chairperson)



AI BOON CHEN

(Managing Director)



AI SEW FUAT

(Executive Director)



LIM AY YUM

(Executive Director)



CHRISTINE TOH HUNG MEI

(Independent
Non-Executive Director)



SIM SENG LOONG @ TAI SENG

(Independent
Non-Executive Director)



Ir. CHOW KAI HOON

(Independent
Non-Executive Director)



AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson

Sim Seng Loong @ Tai Seng

Members

**Christine Toh Hung Mei
Ir. Chow Kai Hoon**



NOMINATION COMMITTEE

Chairperson

Ir. Chow Kai Hoon

Members

**Christine Toh Hung Mei
Sim Seng Loong @ Tai Seng**



REMUNERATION COMMITTEE

Chairperson

Christine Toh Hung Mei

Members

**Ir. Chow Kai Hoon
Sim Seng Loong @ Tai Seng**

CORPORATE INFORMATION (CONTINUED)

COMPANY SECRETARIES

Tea Sor Hua
(MACS 01324)
(SSM PC No.: 201908001272)

Lim Kee San
(MAICSA 7067348)
(SSM PC No.: 202308000295)

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
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Fax No. : +603-2094 9940/+603-2095 0292
Email : info@sshbsb.com.my

REGISTERED OFFICE

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Website : www.isf.com.my
Email : info@isf.com.my

AUDITORS

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MVS North Tower, Mid Valley Southkey
No. 1, Persiaran Southkey 1, Southkey
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Tel No. : +607-332 8335

SPONSOR

Alliance Islamic Bank Berhad
Level 23, Menara Alliance Bank
No. 159, Jalan Ampang
50450 Kuala Lumpur
Tel No. : +603-2604 3333

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Alliance Islamic Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad
CIMB Islamic Bank Berhad
Maybank Islamic Berhad
RHB Islamic Bank Berhad
United Overseas Bank (M) Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name : ISF
Stock Code : 0390





CORPORATE STRUCTURE



ISF GROUP BERHAD

Registration No. 202501012740 (1614154-H)

100%



A principal operating subsidiary of the Company, engaged in the business of supply and installation of piping systems for end-user premises as well as piping for water supply and sewer infrastructure and maintenance and repair of piping systems.

FINANCIAL HIGHLIGHTS

	2025	2024	2023	2022
FINANCIAL YEAR ENDED 31 DECEMBER (RM'000)				
Financial Results				
Revenue	98,545	54,669	38,705	21,573
Gross Profit ("GP")	45,297	20,186	11,823	5,886
Profit Before Tax ("PBT")	33,871	12,701	5,743	1,385
Profit After Tax ("PAT")	25,340	9,636	4,381	933
Financial Position				
Total Assets	71,481	50,774	39,988	32,494
Cash and Bank Balances ⁽¹⁾	20,466	10,935	10,325	6,978
Total Liabilities	43,475	36,109	24,960	21,847
Total Borrowings ⁽²⁾	7,974	4,679	4,485	6,680
Total Equity	28,006	14,665	15,028	10,647
Financial Ratio				
GP Margin (%)	45.97	36.92	30.55	27.28
PBT Margin (%)	34.37	23.23	14.84	6.42
PAT Margin (%)	25.71	17.63	11.32	4.32
Gearing Ratio (times)	0.28	0.32	0.30	0.63

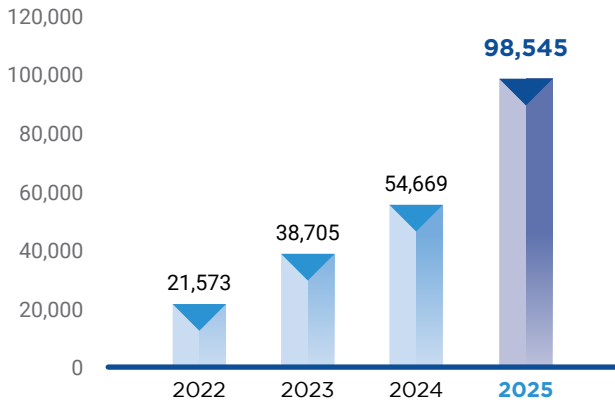
Notes:

- (1) Cash and bank balances include fixed deposits with licensed banks.
 (2) Total borrowings exclude lease liabilities arising from right-of-use assets.

FINANCIAL HIGHLIGHTS (CONTINUED)

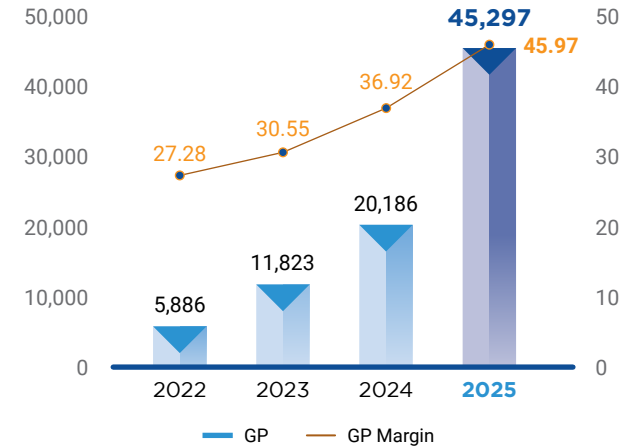
REVENUE

(RM'000)



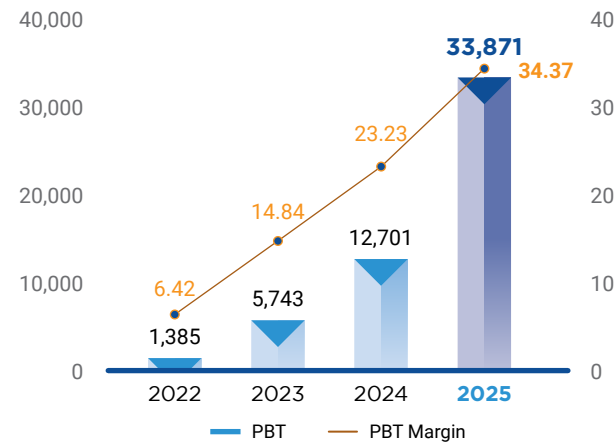
GP & GP MARGIN

(RM'000) (%)



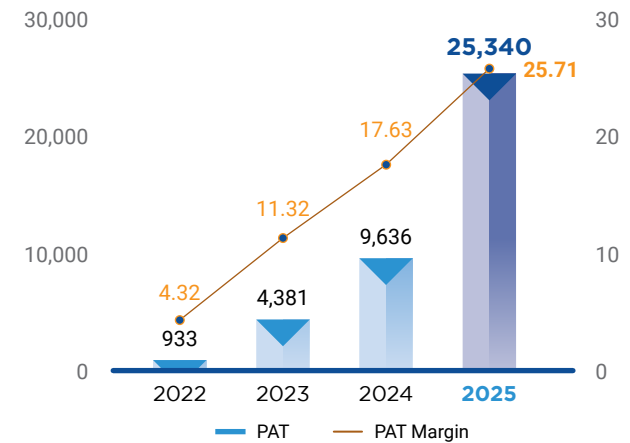
PBT & PBT MARGIN

(RM'000) (%)



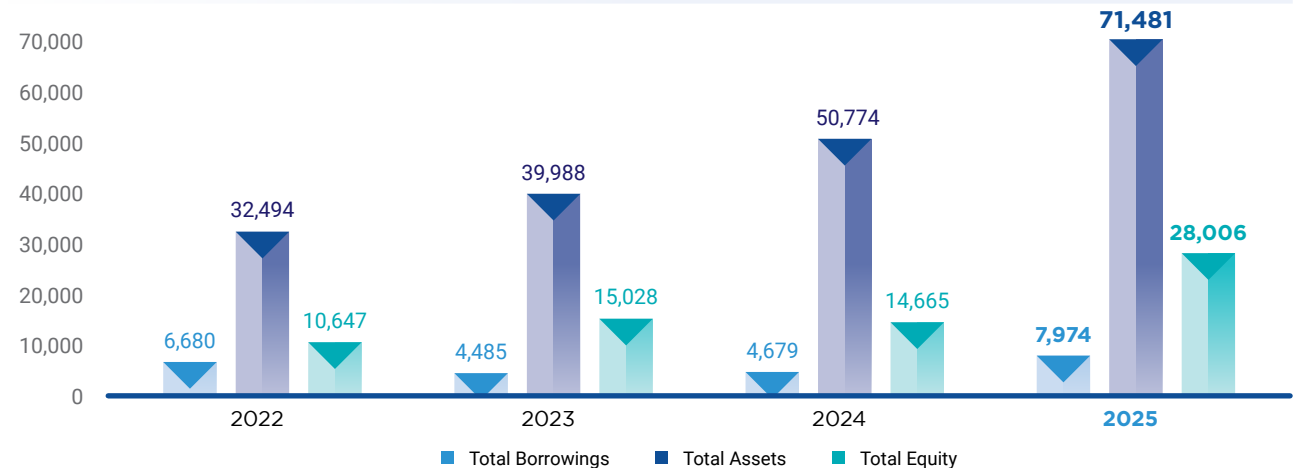
PAT & PAT MARGIN

(RM'000) (%)



TOTAL ASSETS, TOTAL BORROWINGS, TOTAL EQUITY

(RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

The financial year ended 31 December 2025 (“FYE 2025”) marked an important milestone for ISF Group Berhad (“ISF” or the “Company”) and its subsidiary (collectively referred to as the “Group”), culminating in the Company’s successful listing on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 28 January 2026. This initial public offering (“IPO”) strengthened the Group’s capital base and enhanced its market presence, positioning the Group for its next phase of growth.

The IPO exercise raised approximately RM61.15 million. These proceeds provide the Group with additional financial resources to support its expansion plans and strengthen operational capabilities.

The Group delivered a strong financial performance for FYE 2025, recording revenue of RM98.55 million and a profit after tax of RM25.34 million, reflecting strong growth from the previous financial year. This was driven by stronger contributions from higher-value projects, particularly within the data centre segment, alongside improved margins across key operations.

On behalf of the Board of Directors (“the Board”), it is my pleasure to present ISF’s first Annual Report as an ACE Market-listed company for FYE 2025.



(From left to right) Mr. Sim Seng Loong @ Tai Seng, Independent Non-Executive Director; Ir. Chow Kai Hoon, Independent Non-Executive Director; Ms. Lim Ay Yum, Executive Director; Mr. Ai Sew Fuat, Executive Director; Mr. Ai Boon Chen, Managing Director; Ms. Yap Chui Fan, Independent Non-Executive Chairperson; Ms. Christine Toh Hung Mei, Independent Non-Executive Director; together with the representatives from Alliance Islamic Bank Berhad.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS OVERVIEW

The Group is principally involved in the supply and installation of piping systems for end user premises, installation of water supply and sewer infrastructure piping, as well as maintenance and repair services for piping systems.

Its scope of work includes the supply, installation, testing and commissioning of piping networks, as well as retrofitting and upgrading of existing systems to support operational requirements.

The Group undertakes projects across a diverse range of property developments and infrastructure sectors, including industrial properties, data centres, residential developments and commercial buildings. The Group also participates in projects within other sectors, including water supply and sewer infrastructure, institutional and healthcare facilities, as well as infrastructure projects such as power plants and mass transit facilities.

Geographically, the Group's principal market is Peninsular Malaysia, with a track record of projects across Johor, Kedah, Kuala Lumpur, Melaka, Negeri Sembilan, Penang, and Selangor. Its head office and operational facilities are located in Johor, providing a strategic base to support project execution across the region.

The Group serves its customers through both indirect and direct channels. Under the indirect channel, the Group typically works with main contractors, project management companies, and mechanical and electrical ("M&E") contractors as part of larger construction projects. Under the direct channel, the Group engages directly with property developers, property owners and business owners.

ISF is a CIDB G7 registered contractor, the highest-grade classification issued by the Construction Industry Development Board (CIDB) Malaysia. This registration allows the Group to participate in tenders of unlimited contract value. Furthermore, the Group maintains a commitment to international standards of quality and safety, holding the following certifications:

- ISO 9001:2015 (Quality Management System)
- ISO 14001:2015 (Environmental Management System)
- ISO 45001:2018 (Occupational Health and Safety Management System)

The Group's revenue is primarily project based and largely non recurrent in nature, typically derived from fixed lump sum contracts, purchase orders and work orders. Leveraging its technical expertise, established industry relationships and proven track record, the Group is positioned as a reliable provider of technically complex and demanding piping solutions across Malaysia.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS OVERVIEW (CONT'D)



Process control panels for our end-user premises piping system



Parts of cold and hot water systems



A metering point outside the boundary of an end-user premise



Rerouting existing water mains pipe



Trenching and installing water supply infrastructure piping



Personnel providing maintenance and repair services

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS OVERVIEW (CONT'D)

Order Book

As at 31 December 2025, the Group maintained a healthy unbilled order book of RM125.69 million, providing clear earnings visibility over the coming financial periods.

The following is a selection of key projects contributed to the Group's revenue during FYE 2025:

Project Name	Types of Properties and Infrastructure
Johor Data Centre 1 Project	Data Centre
Johor Data Centre 1 Water Supply Project	Data Centre
Penang Hotel Project	Commercial Properties
Penang Factory Project	Industrial Properties
Melaka Electronics Manufacturing Facility Project	Industrial Properties
Rapid Transit System Link Project	Infrastructure
Johor Serviced Apartment 2 Project	Residential Properties
Johor Data Centre 4 Water Reclamation Project	Data Centre
Johor Serviced Apartment 4 Project	Residential Properties
Selangor Data Centre Project	Data Centre
Johor Data Centre 3 Water Reclamation Project	Data Centre

FINANCIAL PERFORMANCE

Income Statement Highlights	FYE 2025 (RM'000)	FYE 2024 (RM'000)	Changes	
			(RM' 000)	%
Revenue	98,545	54,669	43,876	80.26
Gross Profit ("GP")	45,297	20,186	25,111	124.40
Profit Before Tax ("PBT")	33,871	12,701	21,170	166.68
Profit After Tax ("PAT")	25,340	9,636	15,704	162.97
GP Margin (%)	45.97	36.92	-	-
PBT Margin (%)	34.37	23.23	-	-
PAT Margin (%)	25.71	17.63	-	-
Effective Tax Rate (%)	25.19	24.13	-	-

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL PERFORMANCE (CONT'D)

The Group achieved a record revenue of RM98.55 million for FYE 2025, representing a robust increase of 80.26% or RM43.88 million compared to RM54.67 million in FYE 2024. This growth was primarily driven by stronger activity in the data centre segment, with revenue contribution increasing by approximately RM38.41 million during the financial year. The performance reflects the Group's increasing involvement in piping installation works for data centre developments.

Gross Profit ("GP") rose significantly to RM45.30 million, marking a 124.40% increase from RM20.19 million in the preceding financial year. Correspondingly, the Group's GP margin strengthened to 45.97% (FYE 2024: 36.92%). The margin improvement was mainly driven by the execution of larger scale data centre projects during the financial year, which command stronger margins.

Reflecting the strong top-line growth and improved operational efficiency, Profit Before Tax ("PBT") soared by 166.68% to RM33.87 million, while Profit After Tax ("PAT") increased by 162.97% to RM25.34 million. Beyond the surge in revenue, these improvements in profitability were supported by stronger contributions from higher-value projects, particularly within the data centre segment, and improved gross margins during the year.

The Group's effective tax rate for FYE 2025 was 25.19%, slightly above the statutory rate of 24.00%. This was primarily due to certain non-deductible expenses, including the depreciation of property, plant, and equipment ("PPE") and impairment losses on trade receivables. The Group also incurred a Real Property Gains Tax of RM0.09 million during the financial year, as well as the transition away from the preferential tax rates previously applicable to small and medium enterprises as the Group expanded its corporate scale.

Revenue breakdown by types of properties and infrastructure

Segmental Revenue Breakdown	FYE 2025		FYE 2024		Changes	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
Data Centres	50,068	50.81	11,655	21.32	38,413	329.58
Industrial Properties	16,687	16.93	23,335	42.68	(6,648)	(28.49)
Residential Properties	13,579	13.78	11,068	20.25	2,511	22.69
Commercial Properties	9,701	9.84	5,315	9.72	4,386	82.52
Others ⁽¹⁾	8,510	8.64	3,296	6.03	5,214	158.19
Total	98,545	100.00	54,669	100.00	43,876	80.26

Note:

(1) Others include water supply and sewer infrastructure, institutional, healthcare, and infrastructure such as power plants and mass transit facilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL PERFORMANCE (CONT'D)

The Data Centres segment emerged as the largest revenue contributor to the Group, increased significantly to RM50.07 million in FYE 2025 from RM11.66 million in FYE 2024. This represents a substantial increase of RM38.41 million or 329.58%, resulting in the segment accounting for 50.81% of total revenue compared to 21.32% in the previous year. The surge was primarily driven by the Group's involvement in larger-scale piping installation works for data centre developments during the financial year.

Revenue from Industrial Properties segment decreased to RM16.69 million in FYE 2025 from RM23.34 million in the preceding year, representing a decline of 28.49%. Consequently, this segment's contribution to total revenue moderated to 16.93%, down from 42.68% in FYE 2024. This decrease was mainly due to the completion of major industrial projects in the previous financial year, including the Selangor Food Manufacturing Facility, the Industrial Dairy Factory, and the Kedah Factory projects. The completion of these projects led to a comparatively lower volume of industrial property works being recognised during FYE 2025.

The Residential Properties segment recorded a revenue increase to RM13.58 million from RM11.07 million in FYE 2024, a growth of 22.69%. This segment represented 13.78% of the Group's total revenue for the year.

Revenue from Commercial Properties segment rose by 82.52% to RM9.70 million in FYE 2025, compared with RM5.32 million in the previous year. This growth was supported by the successful execution of additional commercial development projects throughout the year.

The Others segment, comprising water supply and sewer infrastructure, institutional, healthcare, and mass transit facilities, saw revenue increase to RM8.51 million from RM3.30 million in FYE 2024, representing an increase of 158.19%.

Statements of Cash Flows

Statements of Cash Flows Highlights	FYE 2025 (RM'000)	FYE 2024 (RM'000)
Net cash from operating activities	19,880	3,711
Net cash from investing activities	207	368
Net cash used in financing activities	(10,722)	(2,977)
Cash and cash equivalents at the end of the financial year	17,475	8,110

The Group maintained a strong liquidity position, with cash and cash equivalents increasing to RM17.48 million for FYE 2025, compared with RM8.11 million in the preceding financial year. This strengthened cash position was primarily driven by the following factors:

Operating Activities

Net cash generated from operating activities increased significantly to RM19.88 million in FYE 2025, compared with RM3.71 million in FYE 2024. This improvement was primarily supported by the Group's stronger operating performance during the year, coupled with favourable working capital movements. Overall, the operating cash conversion remains healthy, with the Group's core operations continuing to generate positive cash flow to support working capital requirements and ongoing business activities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL PERFORMANCE (CONT'D)

Investing Activities

Net cash generated from investing activities amounted to RM0.21 million in FYE 2025, compared with RM0.37 million in FYE 2024. The decline was primarily due to the absence of fixed deposit withdrawals that occurred in the prior year, partially offset by higher interest received of RM0.74 million (FYE 2024: RM0.29 million) and proceeds from the disposal of assets during the year.

Capital expenditure of RM0.59 million was incurred during the year, remaining modest relative to the Group's revenue base. This reflects the asset-light nature of the Group's business model, whereby project execution is primarily driven by technical expertise and workforce capability rather than significant capital investment, supporting strong returns on capital deployed.

Financing Activities

Net cash used in financing activities rose to RM10.72 million in FYE 2025, compared to RM2.98 million in the previous year. This increase was primarily attributable to higher dividend payments during the year. The Group also recorded higher movements in borrowings, with proceeds from loans largely offset by scheduled repayments, reflecting ongoing support for working capital requirements.

Statements of Financial Position

Statements of Financial Position Highlights	FYE 2025 (RM'000)	FYE 2024 (RM'000)	Changes	
			(RM' 000)	%
Total assets	71,481	50,774	20,707	40.78
Total liabilities	43,475	36,109	7,366	20.40
Total borrowings ⁽¹⁾	7,974	4,679	3,295	70.42
Total equity	28,006	14,665	13,341	90.97
Gearing ratio (times)	0.28	0.32	-	-

Note:

(1) Total borrowings exclude the lease liabilities arising from right-of-use asset.

As at 31 December 2025, the Group's total assets increased to RM71.48 million, representing a growth of RM20.71 million or 40.78% from RM50.77 million in FYE 2024. This expansion was primarily driven by higher contract assets, reflecting increased project execution and billing milestones. Also, fixed deposits with licensed banks rose to RM19.24 million from RM9.14 million.

Total liabilities rose to RM43.48 million, an increase of RM7.37 million or 20.40% year-on-year. This movement was primarily driven by higher contract liabilities from increased progress billings on ongoing projects, higher borrowings to support working capital requirements, and increase in other payables in line with the Group's expanded operations.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL PERFORMANCE (CONT'D)

Despite the rise in total borrowings, the Group's gearing ratio remained relatively consistent at 0.28 times in FYE 2025 as compared to 0.32 times in FYE 2024. This underscores a commitment to maintaining a prudent capital structure while effectively leveraging resources to support operational growth.

Total equity increased to RM28.01 million from RM14.67 million, underpinned by the Group's profitable performance during the year. The statements of financial position also reflects a share capital of RM14.67 million and a corresponding merger deficit of RM13.66 million, both arising from the internal group restructuring undertaken in conjunction with the listing of the Company. These items broadly net off against each other.

UTILISATION OF PROCEEDS FROM THE IPO

	Proposed Utilisation (RM'000)	%	Estimated timeframe for utilisation (from the Listing date)
Establish and expand operational facilities	11,350	18.56	Within 36 months
Develop the existing business activities	2,050	3.35	Within 24 months
Expand workforce	1,850	3.03	Within 24 months
Loan repayments	1,200	1.96	Within 6 months
Working capital	39,899	65.25	Within 24 months
Estimated listing expenses	4,800	7.85	Within 3 months
Total	61,149	100.00	

The Company was listed on the ACE Market of Bursa Securities on 28 January 2026, which was subsequent to the FYE 2025. As such, no proceeds from the IPO were raised or utilised during the financial year under review.

The planned utilisation of proceeds will support the Group's broader business strategies and plans, as outlined below.

Business Strategies and Plans

During the financial year, the Group continued to strengthen its operational capabilities in line with its strategy to support business growth and expand its piping installation services. The strategic initiatives outlined below covering operational infrastructure, geographical expansion, project execution capabilities, and workforce development which will be funded by the IPO proceeds and are intended to position the Group to capture a growing project pipeline.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

UTILISATION OF PROCEEDS FROM THE IPO (CONT'D)

Business Strategies and Plans (Cont'd)

Establish and Expand Operational Facilities

To address capacity constraints at the current headquarters, the Group intends to establish a new head office and storage facility in Pontian, Johor, on a 118,413 sq. ft. parcel of land. This new facility, featuring a built-up area of approximately 40,000 sq. ft., will integrate engineering and administrative functions with dedicated storage and workshop spaces to support planned workforce growth and enhance corporate presence.

Furthermore, the Group aims to broaden its geographical reach by establishing new regional offices in the Central (Selangor or Negeri Sembilan) and Northern (Penang) regions, while simultaneously expand its Southern Industrial and Logistics Clusters ("SILC") office in Iskandar Puteri to bolster operational capacity across Peninsular Malaysia.

Develop Existing Business Activities

The Group plans to strengthen its project execution capabilities by investing in additional machinery and equipment, specifically targeting the water supply and sewer infrastructure piping operations.

By internalising these capabilities, the Group aims to reduce subcontractor reliance, enhance control over project quality and scheduling, and increase its capacity to secure larger, more complex contracts. Complementing these installation activities, the Group is also expanding its maintenance and repair services to capture recurring revenue opportunities through scheduled maintenance contracts, thereby diversifying income streams and providing comprehensive after-sales support.

Workforce Expansion

In alignment with these strategic initiatives, the Group plans to increase its skilled workforce by recruiting specialised personnel, including Building Information Modelling ("BIM") modellers, quantity surveyors, and project management staff.

This talent acquisition strategy also extends to the recruitment of administrative and technical personnel required to manage and operate the new Central and Northern regional offices. These combined efforts are designed to strengthen the Group's operational foundation and position it to effectively capture emerging opportunities within Malaysia's evolving construction and infrastructure landscape.

ANTICIPATED OR KNOWN RISK

Macroeconomic and Geopolitical Risk

Ongoing geopolitical tensions in the Middle East have introduced additional headwinds to the global supply chain. These disruptions have led to increased volatility in energy prices and elevated international freight and shipping costs.

Such factors may result in indirect cost pressures on the Group, particularly through logistic surcharges or price adjustments for imported raw materials and specialised components. While the Group primarily sources materials through established local distributors, any prolonged global supply chain instability could impact the lead times and procurement costs of essential piping materials and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

ANTICIPATED OR KNOWN RISK (CONT'D)

Cost Escalation and Material Supply Risks

The Group is exposed to potential cost escalation and material supply disruptions, which are common within the piping industry. Fluctuations in the prices of purchased materials such as pipe fittings, pipes, equipment, building materials, sanitary wares and tanks, as well as increases in subcontractor charges, direct labour costs and project related expenses including machinery and equipment rental and overheads, may affect project cost structures and profitability.

The Group maintains close working relationships with its suppliers to secure a stable supply of materials at competitive prices in order to mitigate the risk. The Group also continuously monitors project cost estimates and procurement strategies to manage potential cost fluctuations and ensure effective cost control throughout the project lifecycle.

Project Execution and Contractual Risks

The execution of piping projects may be affected by external factors such as adverse weather conditions, delays in regulatory approvals, labour availability and other unforeseen events. These circumstances may lead to project delays, cost overruns or changes in project scope, which may affect project timelines and financial performance.

To mitigate these risks, the Group emphasises effective project planning and close coordination with clients, consultants and subcontractors to ensure timely project execution. Where necessary, the Group may apply for extensions of time with the approval of customers to manage project timelines and mitigate potential contractual implications arising from project delays.

Credit Risk and Receivables Management

The Group is exposed to credit risk arising primarily from trade receivables generated from its piping installation projects. As projects are typically carried out over an extended period, payments from customers are usually made progressively based on certified work completed. Any delay in certification or settlement by customers may affect the Group's cash flow position and working capital requirements.

To mitigate this risk, the Group primarily undertakes projects from established customers, including multinational corporations, reputable property developers and main contractors involved in large scale construction and infrastructure developments. These customers typically have strong financial standing and established payment practices, which helps to reduce the likelihood of credit defaults. In addition, the Group closely monitors its receivables and maintains regular engagement with customers to facilitate timely billing and collection of payments.

Competitive Industry Landscape

The Group operates in a competitive piping industry, where contracts are typically awarded through a tender based process. The ability to secure projects depends on several factors, including pricing competitiveness, technical capabilities, track record, service quality and timely project delivery. The presence of numerous contractors offering similar services may create pricing pressure and affect the Group's ability to secure new projects or maintain profit margins.

Despite this competitive environment, the Group continues to leverage its industry experience, established relationships with contractors and developers, as well as its G7 and ISO certifications to enhance its competitiveness. The Group's emphasis on quality workmanship, effective project management and reliable service delivery enables it to maintain a strong reputation within the industry while positioning itself to secure new opportunities across various development and infrastructure projects.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FUTURE PROSPECTS AND OUTLOOK

The outlook for the Group remains positive, underpinned by the projected expansion of Malaysia's construction industry. Activity across the residential, non-residential, and specialised construction sub-sectors is expected to provide a conducive environment for the Group's core piping and infrastructure services.

Demand for potable water and sewer piping systems is anticipated to be supported by government-led affordable housing initiatives outlined in Budget 2025 and Budget 2026. Programs such as Projek Residensi Rakyat ("PRR"), Rumah Mesra Rakyat ("RMR"), and Program Residensi MADANI are expected to maintain steady residential construction volumes. As these developments require comprehensive internal and external piping networks, the Group is well-positioned to leverage its G7 contractor status to participate in these nationwide infrastructure rollouts.

The non-residential sector continues to offer significant opportunities, particularly through the expansion of logistics hubs and industrial facilities. Of particular note is the rapid growth of the data centre market, fuelled by national digital infrastructure initiatives and the establishment of the National AI Office. Given the Group's proven track record in providing piping installation service for high-specification data centre environments, this segment is expected to remain a key growth catalyst.

Regionally, the Group expects continued development within the southern region, supported by infrastructure and economic initiatives such as the Johor Bahru-Singapore Rapid Transit System ("RTS") Link, and the Johor-Singapore Special Economic Zone ("JS-SEZ"). These developments are expected to support both residential and industrial construction activity, generating consistent demand for piping and utility infrastructure. The Group's established presence in Johor, particularly in maintenance and repair services, provides a strategic advantage in capturing long-term recurring service opportunities within this economic corridor.

Beyond new construction, the Group expects growing demand for its maintenance and repair services, supported by the ageing piping infrastructure of established commercial assets. In particular, mature shopping malls and high-rise commercial buildings in the Klang Valley and Johor are reaching a stage where retrofitting and system upgrades are required. As property owners prioritise asset preservation and operational efficiency, the Group is positioned to capture these opportunities, supported by its technical capabilities in executing complex brownfield piping works with minimal disruption.

The Group's positive outlook is further supported by a healthy order book position. As at 31 December 2025, the Group has an unbilled order book of RM125.69 million, providing clear earnings visibility over coming financial year.

Notwithstanding the positive outlook, the Group remains mindful of ongoing global geopolitical developments, including tensions in the Middle East, which may continue to introduce volatility in energy prices and supply chain dynamics.

In summary, the combination of favourable government policies, sustained demand across the Group's key segments, and a strategic focus on high-growth digital infrastructure is expected to underpin stable demand for the Group's services. With the successful completion of the IPO in January 2026, the Group now possesses the necessary capital base to scale its operations and enhance its competitive position, supporting sustainable growth in the years ahead.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

ACKNOWLEDGEMENT

FYE 2025 was a significant year for ISF, culminating in the Company's listing on the ACE Market of Bursa Securities on 28 January 2026 alongside several meaningful operational achievements. These milestones reflect the collective efforts of everyone who has been part of this journey.

The Board of Directors and Management Team extend their sincere appreciation to the Group's valued shareholders, clients, and business partners for their continued trust and support.

The Group also wishes to recognise the dedication and professionalism of its employees, whose technical expertise in piping solutions and commitment to project delivery remain the cornerstone of ISF's competitive advantage.

As the Group enters its next chapter as a listed entity, the Board of Directors and Management Team remain committed to delivering sustainable value to all stakeholders.

Sincerely,

Mr. Ai Boon Chen
Managing Director

BOARD OF DIRECTORS' PROFILE



YAP CHUI FAN
Independent Non-Executive Chairperson

Date of Appointment
6 June 2025

Board Meetings Attendance
2/2

Nationality



Gender



Age



Yap Chui Fan was appointed to the Board on 6 June 2025 as an Independent Non-Executive Chairperson of the Company.

She was certified as a registered accountant of the Malaysian Institute of Accountants (“**MIA**”) in 1999 and is a chartered accountant of MIA since 2001. She is also a fellow member of the Association of Chartered Certified Accountants (“**ACCA**”) since 2004. In addition, she is currently an associate of the Chartered Tax Institute of Malaysia as well as an associate of the ASEAN Chartered Professional Accountant. She is also a Registered Company Secretary with the Companies Commission of Malaysia since 2018.

She started her career as an Accounts Clerk in 1983 and transitioned to Corporate Finance, overseeing the listing and corporate exercises. In 2002, she became the Senior Manager of Group Finance & Accounts and eventually promoted to the positions of Head of Group Finance and Accounts and Director of Group Finance and Accounts.

In 2006, she became the Group Financial Controller overseeing human resource, administration and finance-related functions, corporate affairs, internal control, risk management and corporate reporting matters. She led the listing of Channel Micron Holdings Company Limited on the Hong Kong Stock Exchange in 2020 and served as an Executive Director from 2019 to 2022.

She is also an Independent Non-Executive Director of NCT Alliance Berhad.

BOARD OF DIRECTORS' PROFILE (CONT'D)



AI BOON CHEN

Managing Director

Date of Appointment

25 March 2025

Board Meetings Attendance

2/2

Nationality



Gender



Age

38

Ai Boon Chen was appointed to the Board on 25 March 2025. He is the Managing Director of the Company.

He holds a Bachelor of Engineering (Mechanical) from Universiti Teknologi Malaysia and a Master of Business Administration from the University of Gloucestershire, United Kingdom.

He began his career with Yeo Plumber Sdn. Bhd. ("YPSB") in 2012, where he was involved in establishing the company's operational setup for construction activities, particularly in the supply and installation of piping systems. He progressed through various roles, including Project Engineer and Project Manager, gaining hands-on experience in project planning, execution and coordination.

In 2014, he was appointed as the Executive Director of YPSB, where he was responsible for overseeing corporate development, business expansion, strategic functions and operational functions. He played a key role in strengthening the Group's capabilities and expanding its project portfolio within the piping industry.

He currently oversees the Group's corporate development, business development and strategic planning functions.

He is the son of Ai Sew Fuat and Lim Ay Yum, both Executive Directors of the Company. He is also a Director and major shareholder of ASF Eternity Sdn. Bhd., the Company's major shareholder.

BOARD OF DIRECTORS' PROFILE (CONT'D)



AI SEW FUAT

Executive Director

Date of Appointment

25 March 2025

Board Meetings Attendance

2/2

Nationality



Gender



Age

65

Ai Sew Fuat was appointed to the Board on 25 March 2025. He is the Executive Director of the Company.

He began his career in the plumbing industry in 1979, where he gained early experience in installation, maintenance and repair works across residential, commercial and industrial projects.

In 1981, he established Yeo Plumber, a sole proprietorship involved in plumbing and related works, where he was responsible for overseeing its operations and development. In 2000, he co-founded YPSB, which later expanded into the supply and installation of piping systems. He has played a significant role in the growth and operational development of the business over the years.

He continues to contribute his extensive industry experience to the Group and is currently responsible for overseeing project execution, including monitoring project progress, cost management and liaising with relevant authorities.

He is the father of Ai Boon Chen, the Managing Director of the Company, and the spouse of Lim Ay Yum, an Executive Director of the Company. He is also a Director and major shareholder of ASF Eternity Sdn. Bhd., the Company's major shareholder.

BOARD OF DIRECTORS' PROFILE (CONT'D)



LIM AY YUM

Executive Director

Date of Appointment

25 March 2025

Board Meetings Attendance

2/2

Nationality



Gender



Age

64

Lim Ay Yum was appointed to the Board on 25 March 2025. She is the Executive Director of the Company.

She began her involvement in the plumbing industry in 1981, where she assisted her husband, Ai Sew Fuat, in managing operational, financial and administrative matters in Yeo Plumber, a sole proprietorship established by her husband.

In 2000, she co-founded YPSB, where she was mainly involved in the day-to-day operations of YPSB. She has played an important role in supporting the growth and development of the business over the years.

She is currently responsible for overseeing the Group's human resources, finance and administrative functions, ensuring effective management of internal operations and corporate support functions.

She is the mother of Ai Boon Chen, the Managing Director of the Company, and the spouse of Ai Sew Fuat, an Executive Director of the Company. She is also a Director and shareholder of ASF Eternity Sdn. Bhd., the Company's major shareholder.

BOARD OF DIRECTORS' PROFILE
(CONT'D)



SIM SENG LOONG @ TAI SENG

Independent Non-Executive Director

Date of Appointment

6 June 2025

Board Meetings Attendance

2/2

Nationality



Gender



Age

59

Sim Seng Loong @ Tai Seng was appointed to the Board on 6 June 2025 as an Independent Non-Executive Director of the Company. He is the Chairperson of the Audit and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee.

He is a Chartered Accountant and a member of the Malaysian Institute of Certified Public Accountants since 1994, the MIA since 1995 and Certified Practising Accountants of Australia since 2008. He also holds a Master of Business Administration from the University of West of Scotland.

He began his career with Ernst & Young as an Audit Junior in 1988 to assist in financial audit projects, where he served for approximately 15 years before joining R.K. & Associates as a Lead Partner in 2004 overseeing the daily business operations and leading financial audit projects. He subsequently joined Vickers Systems Pty. Ltd., a subsidiary of Eaton Corporation, as a Corporate Accountant in 2007 to coordinate the company's restructuring exercise. In 2009, he was transferred to Shanghai Eaton Engine Components Ltd, China, as Campus Financial Controller to oversee the overall finance function.

In 2012, he was appointed as Chief Operating Officer and Chief Financial Officer of BIG Sdn. Bhd., where he was responsible for the finance, IT functions as well as the day-to-day operations of the company. In 2013, he joined Petrol One Resources Berhad as its Chief Financial Officer to oversee the company's overall finance, IT and HR functions. In 2019, he joined Silverpack Sdn. Bhd. as Chief Financial Officer, a position he held until 2023.

In 2019, he established VGMA Asia Sdn. Bhd., which is principally involved in business management and consultancy services, where he currently serves as the shareholder and director.

He is also an Independent Non-Executive Director of Nova Wellness Group Berhad and Ramssol Group Berhad.

BOARD OF DIRECTORS' PROFILE (CONT'D)



IR. CHOW KAI HOON

Independent Non-Executive Director

Date of Appointment

6 June 2025

Board Meetings
Attendance

2/2

Nationality



Gender



Age

56

Ir. Chow Kai Hoon was appointed to the Board on 6 June 2025 as an Independent Non-Executive Director of the Company. He is the Chairperson of the Nomination Committee and a member of the Audit and Risk Management Committee and the Remuneration Committee.

He holds a Diploma in Civil Engineering (with Merit) from Singapore Polytechnic and a Bachelor of Engineering (Civil) from Nanyang Technological University, Singapore. He is a Professional Civil Engineer and has been a member of the Institution of Engineers, Malaysia since 2001.

He began his career in 1991 as an Engineering Assistant at Regional Project Consultants, and in 1992, joined Trevi Contractors (Singapore) Pte Ltd as an Assistant Engineer, where he gained experience in foundation works, including bored piles and diaphragm walls for commercial and infrastructure projects.

In 1996, he joined Serumpun Konsultant Sdn. Bhd. as a Senior Engineer, a position he currently holds, where he is responsible for structural design and submission of drawings to relevant authorities.

In 2007, he co-founded Harmony Partners Consultant, a firm specialising in civil and structural engineering consultancy and submission services, including the preparation of technical design documents and coordination with authorities.

BOARD OF DIRECTORS' PROFILE (CONT'D)



CHRISTINE TOH HUNG MEI

Independent Non-Executive Director

Date of Appointment

6 June 2025

Board Meetings
Attendance

2/2

Nationality



Gender



Age

45

Christine Toh Hung Mei was appointed to the Board on 6 June 2025 as an Independent Non-Executive Director of the Company. She is the Chairperson of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nomination Committee.

She graduated from Monash University with a Bachelor of Commerce and Bachelor of Business Systems in 2004. She was admitted as a member of the ACCA in 2009 and registered as a Chartered Accountant under the MIA in 2023. She also obtained a Bachelor of Laws (Hons) from University of London (External) in 2012 and completed her Certificate of Legal Practice in 2013. She is also a Fellow of the Chartered Institute of Arbitrators since 2022.

She began her career in 2006 with BDO McCabe Lo Ltd in Hong Kong, a company involved in business and corporate advisory services, as an Associate. In 2008, she joined BDO Binder in Malaysia as an Assistant Manager, where she focused on external audit. In 2009, she assumed a role at BDO Consulting Sdn. Bhd. as an Assistant Manager, where she was in charge of internal audit for listed companies.

In 2010, she joined Prestar Precision Tube Sdn. Bhd., a company involved in the manufacturing and supply of precision steel pipes and tubes, as an Assistant Accounts Manager, where she was responsible for submission of financial reports, preparing annual budgets, and assisting in both internal and external reporting requirements.

During her time at BDO Binder, she was also studying for her Bachelor of Laws (Hons) on a part-time basis. Upon obtaining her Bachelor of Laws (Hons) in 2012, she commenced her pupillage at Vin & Isaac Lee in 2013. She was called to the Malaysian Bar in 2014 and remained as an Associate at Vin & Isaac Lee until 2016. She joined MahWengKwai & Associates in 2016 as a Legal Assistant and was promoted to Senior Associate in 2018, before being made a Partner in 2019. In 2023, she left to set up her own legal practice, Christine Toh & Co, where she currently serves as Managing Partner. Her primary practice areas include construction disputes, matrimonial disputes, and general litigation.

She is also an Independent Non-Executive Director of HE Group Berhad, Sorento Capital Berhad and WTEC Group Berhad.

Notes:

1. Save as disclosed above, none of the Directors has any family relationship with any other Directors and/or major shareholders of the Company.
2. None of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiary, except as disclosed in the Notes of the Financial Statements of this Annual Report.
3. None of the Directors has been convicted of any offences within the past five (5) years or has been imposed with any public sanction or penalty by the regulatory bodies during the financial year ended 31 December 2025, other than for traffic offences (if any).
4. Save as disclosed above, none of the Directors holds any other directorship in public companies and listed issuers.

KEY SENIOR MANAGEMENT'S PROFILE



JENYLEX KUMIL

Project Director

Jenylex Kumil is the Project Director of the Group. He holds a Diploma in Civil Engineering from Politeknik Kota Kinabalu and a Bachelor of Civil Engineering from Universiti Tun Hussein Onn Malaysia.

He began his career in 2010 as a Site Supervisor before joining Yeo Plumber as a Project Engineer. In 2015, he joined Yeo Plumber Sdn. Bhd. as a Project Engineer. He has since progressed through various roles, including Assistant Project Manager and Project Manager.

He was promoted to Project Director on 1 February 2024 and is responsible for leading and overseeing the Group's projects, including project planning, execution and ensuring timely completion in accordance with required standards.

Nationality



Gender



Age



HENG EIK WOEI

Technical Manager

Heng Eik Woei is the Technical Manager of the Group. He holds a Bachelor of Engineering (Mechanical) and a Master of Science (Mechanical Engineering) from Universiti Teknologi Malaysia.

He began his career with Yeo Plumber Sdn. Bhd. in 2012 as a Project Engineer and later progressed through various roles including Assistant Project Manager and Project Manager.

He was promoted to Technical Manager on 1 February 2023 and is responsible for managing the technical requirements of the Group's projects, including engineering design compliance, reviewing construction methodologies and resolving engineering-related challenges to enhance project outcomes.

Nationality



Gender



Age



MUHAMMAD AMIRUL BIN MUHAMMAD AMRI

Operations Manager

Muhammad Amirul Bin Muhammad Amri is the Operations Manager of the Group. He holds a Bachelor of Civil Engineering (Honours) from Universiti Malaysia Perlis.

He began his career with Yeo Plumber in 2016 as a Project Executive and later joined Yeo Plumber Sdn. Bhd. in 2019 as a Project Engineer. He was subsequently promoted to Assistant Project Manager before assuming his current role.

He was promoted to Operations Manager on 1 November 2023 and is responsible for managing the Group's day-to-day project operations, including coordinating site activities, optimising resource utilisation and ensuring projects are executed efficiently in line with established timelines and requirements.

Nationality



Gender



Age



KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)



NORLIANA BINTI NOOR EZAT

Finance Manager

Norliana Binti Noor Ezat is the Finance Manager of the Group. She holds a Bachelor of Accounting (Honours) from Universiti Utara Malaysia and is a Chartered Accountant of the Malaysian Institute of Accountants.

She began her career with Yeo Plumber in 2017 as an Account Assistant and later joined Yeo Plumber Sdn. Bhd. in 2019 as an Account Executive. She was subsequently promoted to Assistant Finance Manager in 2022.

She was promoted to Finance Manager on 1 February 2023 and is responsible for overseeing the Group's financial management, including financial reporting, budgeting, cash flow management and compliance with accounting standards and tax regulations.

Nationality



Gender



Age

33



SITI HAJAR BINTI ISMAIL

Human Resources Manager

Siti Hajar Binti Ismail is the Human Resources Manager of the Group. She holds a Bachelor of Science (Islamic Finance) (Honours) from the International Islamic University Malaysia.

She began her career in 2015 as a Site Clerk before joining Yeo Plumber as an Accountant Assistant in 2017 and subsequently as an Admin & Human Resources Executive of Yeo Plumber Sdn. Bhd. in 2019. She has progressed through various roles within the human resources function.

She was promoted to Human Resources Manager on 1 February 2024 and is responsible for overseeing the Group's human resources and administrative functions, including recruitment, employee relations, payroll and policy implementation.

Nationality



Gender



Age

34

Notes:

1. None of the key senior management personnel has any family relationship with any Directors and/or major shareholders of the Company.
2. None of the key senior management personnel has any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiary.
3. None of the key senior management personnel has been convicted of any offences within the past five (5) years or has been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2025, other than for traffic offences (if any).
4. None of the key senior management personnel has any directorship in public companies and listed issuers.

SUSTAINABILITY STATEMENT

At ISF Group Berhad (“ISF” or “the Group”), we see sustainability as part of how we build a responsible and resilient business over time. Following our January 2026 listing on the ACE Market of Bursa Securities, we have entered a new phase of growth, one that brings greater accountability and a stronger focus on transparency. This milestone also encourages us to strengthen the way we operate, ensuring that our practices continue to support long-term value creation for our stakeholders.

As we continue to expand, we remain mindful that our work goes beyond project delivery. It shapes the environments that people live and work in, and it contributes to the communities around us. In doing so, we recognise the importance of carrying out our operations with care, while maintaining a balance between business growth and our broader responsibilities.

ABOUT THIS STATEMENT

This Sustainability Statement explains how we are embedding sustainability into our business as a newly listed company. It outlines what matters most to us while shedding light on how we manage these priorities in practice and how these efforts support our long-term growth.

Scope and Boundary

This statement applies to ISF Group Berhad and our subsidiary, Yeo Plumber Sdn Bhd, which serves as the core entity for our piping systems supply and installation services in Malaysia.

Reporting Frameworks and Standards

Primary

- Bursa Securities Sustainability Reporting Guide (3rd Edition)
- National Sustainability Reporting Framework
- Malaysian Code on Corporate Governance 2021 (“MCCG”)

Reference

- Global Reporting Initiative
- FTSE4Good Index Series
- United Nations’ Sustainable Development Goals (SDGs)

The data presented in this Sustainability Statement has been reviewed and validated by our management and the relevant data custodians, and has received formal approval from our Board of Directors.

Reporting Period

This statement details our sustainability-related activities from 1 January 2025 to 31 December 2025 (“**FYE 2025**”).

Reporting Cycle

We produce our Sustainability Statements annually to coincide with our financial reporting period, ensuring consistency in our disclosures.

Feedback and Inquiries

We welcome your feedback and suggestions. Please direct any comments or inquiries to ir@isf.com.my.

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability is shaped by how we carry out our piping systems supply and installation services across each project. Responsible practices are embedded into our operations, allowing us to deliver quality work while supporting long-term value for our stakeholders.

As we continue to grow, we remain focused on pursuing opportunities in a way that is thoughtful and measured. Potential risks are identified early and addressed with care, ensuring that our operations stay aligned with industry expectations and national development priorities. This approach allows us to contribute meaningfully to the built environment while supporting broader sustainability goals.

SUSTAINABILITY FRAMEWORK



Outcomes: Achieve our Vision and Missions as well as the SDGs whilst contributing to the national agenda.



The Group is guided by a Sustainability Framework that shapes how we approach matters that are most relevant to our business and stakeholders. This Framework provides a clear direction for how we carry out our operations responsibly and reflects our broader intentions as a growing organisation, linking our day-to-day practices with the direction we aim to move towards.

Building on this, our sustainability commitments are aligned with national development priorities, including the Thirteenth Malaysia Plan (RMK-13, 2026–2030). This alignment keeps us closely connected to the country’s broader direction of growth, particularly in areas related to sustainability and inclusiveness. It also reinforces our role in contributing to the built environment in a way that remains responsible and forward-looking.

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO SUSTAINABILITY (CONT'D)

SUSTAINABILITY GOVERNANCE

The Group's listing on the ACE Market of Bursa Securities marks a key milestone in its growth, reflecting a stronger focus on governance and long-term sustainability. In response to increased regulatory and disclosure requirements, the Group has established a strengthened governance framework, supported by active Board oversight and improved reporting practices.

Board of Directors

The Board of Directors ("**Board**") plays an active role in providing oversight, supported by structured internal controls and clear reporting practices across the Group. Its responsibilities include, but are not limited to:

- Overseeing and evaluating the conduct, performance, and sustainability of the Group's businesses;
- Promoting our commitment to environmental, social, and governance ("**ESG**") principles, sustainability, and ethical business practices;
- Ensuring that the Group's strategic plans support long-term value creation and incorporate economic, environmental, social and governance considerations;
- Identifying and understanding the principal risks of the Group's business, and ensuring appropriate internal control systems and mitigation measures are in place to manage sustainability-related risks; and
- Setting the Group's strategic direction and overseeing sustainability, ensuring that sustainability considerations are integrated into business strategy, risk management, and decision-making processes.

Top Management

The Managing Director, together with the Executive Directors and key senior management, assumes the following sustainability responsibilities, among others:

- Developing and recommending to the Board the Group's strategic direction, plans, and policies to support long-term value creation;
- Ensuring the efficiency and effectiveness of the Group's operations, with due consideration for sustainability practices and environmental responsibility;
- Monitoring sustainability performance against established targets; and
- Reporting progress to the Board, while ensuring adequate resources are in place and alignment with applicable regulatory requirements.

Heads of Department

Our Heads of Department implement sustainability initiatives at the operational level, ensuring compliance, monitoring performance data, and supporting consistent implementation and reporting across the Group.

In response to evolving regulatory and disclosure expectations, the Group is strengthening its sustainability governance framework in alignment with applicable IFRS Sustainability Disclosure Standards and National Sustainability Reporting Framework requirements.

SUSTAINABILITY-RELATED POLICIES

The Group's Sustainability Policy is currently being developed to provide a more structured approach to managing sustainability matters across our operations. As a newly listed entity, this represents an important step in strengthening how sustainability considerations are integrated into our governance and day-to-day practices.

In the interim, the Group continues to be guided by its existing internal policies, which establish the foundation for responsible business conduct. These include the Anti-Bribery and Corruption Policy, Whistleblowing Policy, as well as the Code of Conduct and Ethics. Together, these policies support ethical behaviour, transparency and accountability across the organisation.

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO SUSTAINABILITY (CONT'D)

SUSTAINABILITY-RELATED POLICIES (CONT'D)

Building on this foundation, the Sustainability Policy will incorporate additional areas such as child labour, human rights, freedom of association and collective bargaining, modern slavery and human trafficking, as well as disciplinary and grievance practices. Bringing these elements together within a single framework will provide clearer guidance on how sustainability matters are identified, managed and monitored across the Group.

As the Sustainability Policy continues to be developed, it will be refined to strengthen governance, enhance clarity and ensure alignment with evolving regulatory expectations and industry practices. This approach supports the development of a more structured and transparent system, while fostering accountability and continuous improvement across the Group.

For more detailed information about our policies, please visit our website at <https://isf.com.my/investor-relation/corporate-governance>.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement remains an important part of how we manage our business. As a newly listed company, we recognise the need to stay closely connected with our stakeholders and to better understand their expectations as they continue to evolve.

Regular engagement allows us to gain clearer insights into the areas that matter most, while also providing an opportunity to respond in a timely and practical way. These interactions support how we manage risks and guide how decisions are made across the Group. To support this, we maintain various channels of communication with our stakeholders, depending on the nature of our relationship with them. This allows us to keep our engagement relevant and meaningful, while strengthening long-term relationships built on trust and transparency.

The table below outlines our key stakeholder groups, their areas of interest and how we engage with them.

EMPLOYEES	
Key Areas of Interest	How We Engage and Respond
Workplace safety, career development, fair compensation	<p>We place strong importance on providing a safe and supportive working environment. A dedicated Safety and Health Committee helps guide our efforts, supported by regular reviews of safety and environmental practices to ensure they remain up to date.</p> <p>Alongside this, we invest in the growth of our people. Training programmes are provided across different levels, while regular performance discussions allow employees to set goals and plan their development. We also review our compensation and benefits to ensure they remain competitive and aligned with industry expectations.</p>

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO SUSTAINABILITY (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

SHAREHOLDERS/INVESTORS	
Key Areas of Interest	How We Engage and Respond
Financial performance, governance, risk management, transparency	<p>We maintain regular communication with our shareholders, recognising the importance of transparency as a listed company. Business performance and key developments are shared through formal disclosures, while our website serves as an additional platform for timely updates.</p> <p>At the same time, we continue to strengthen our operations and identify new opportunities that support sustainable growth. Shareholder participation is encouraged during general meetings, providing a platform for dialogue and feedback.</p>
SUPPLIERS	
Key Areas of Interest	How We Engage and Respond
Financial stability, ethical practices, long-term relationships	<p>We work closely with our suppliers to maintain reliable and consistent operations. Procurement processes are carried out in a fair and transparent manner, supported by regular performance reviews.</p> <p>Ongoing communication helps build trust and allows both parties to respond effectively to project needs. These relationships are important in supporting our delivery capabilities as the business grows.</p>
COMMUNITY	
Key Areas of Interest	How We Engage and Respond
Community well-being, safety, environmental responsibility	<p>We remain mindful of the communities where we operate and aim to maintain positive relationships through ongoing engagement. This allows us to better understand local needs and respond in a meaningful way.</p> <p>Where possible, we support community initiatives and social programmes. We also place importance on maintaining responsible site practices, including proper waste management and safety standards. In addition, local sourcing and hiring are prioritised to support regional economic activity.</p>
CUSTOMERS	
Key Areas of Interest	How We Engage and Respond
Quality, timely delivery, reliability, data protection	<p>Our focus is on delivering consistent quality and meeting project expectations. Internal processes guide how work is carried out, with attention given to both safety and workmanship.</p> <p>We maintain open communication with our customers throughout project execution, allowing issues to be addressed promptly. Feedback is gathered through customer satisfaction surveys, helping us identify areas for improvement. At the same time, we continue to strengthen our data protection practices to safeguard customer information.</p>

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO SUSTAINABILITY (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

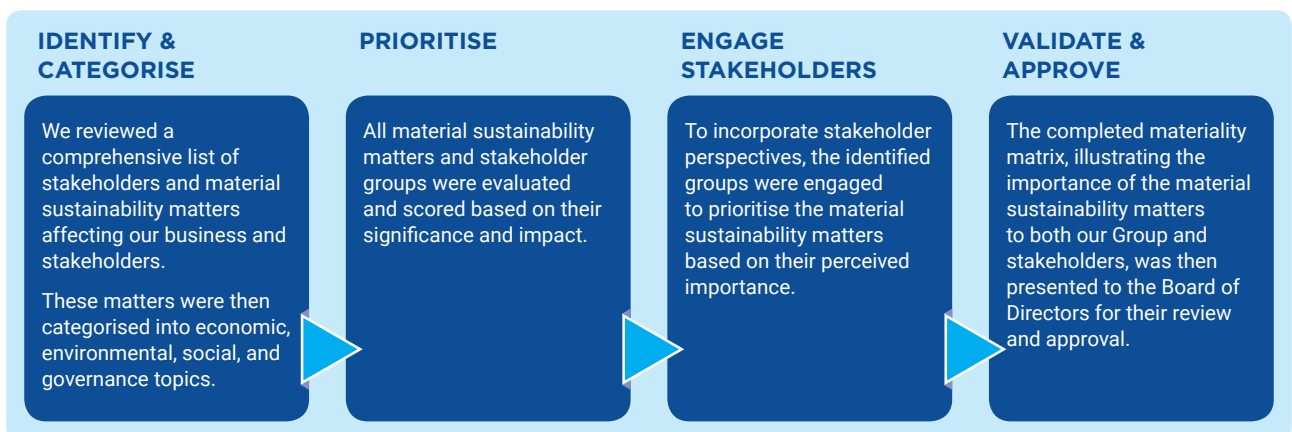
GOVERNMENT/REGULATORY AUTHORITIES	
Key Areas of Interest	How We Engage and Respond
Compliance, safety, environmental practices, governance	<p>We maintain close alignment with regulatory requirements across all areas of our operations. Compliance is supported by internal policies and regular training, helping employees stay informed of their responsibilities.</p> <p>Ethical conduct remains a key focus, alongside consistent adherence to safety and environmental standards. This ensures that our operations remain in line with regulatory expectations as the business continues to grow.</p>

MATERIALITY

As part of our first year of sustainability reporting, the Group carried out an initial materiality assessment to identify the sustainability matters that are most relevant to our business and stakeholders. This exercise marks an important step in strengthening how we approach sustainability, providing a clearer understanding of where our focus should be placed.

The assessment was designed to reflect both our current operations and the expectations of our stakeholders. It also considered the nature of our business, including our role in supporting essential infrastructure such as water and piping systems across residential, commercial and industrial developments.

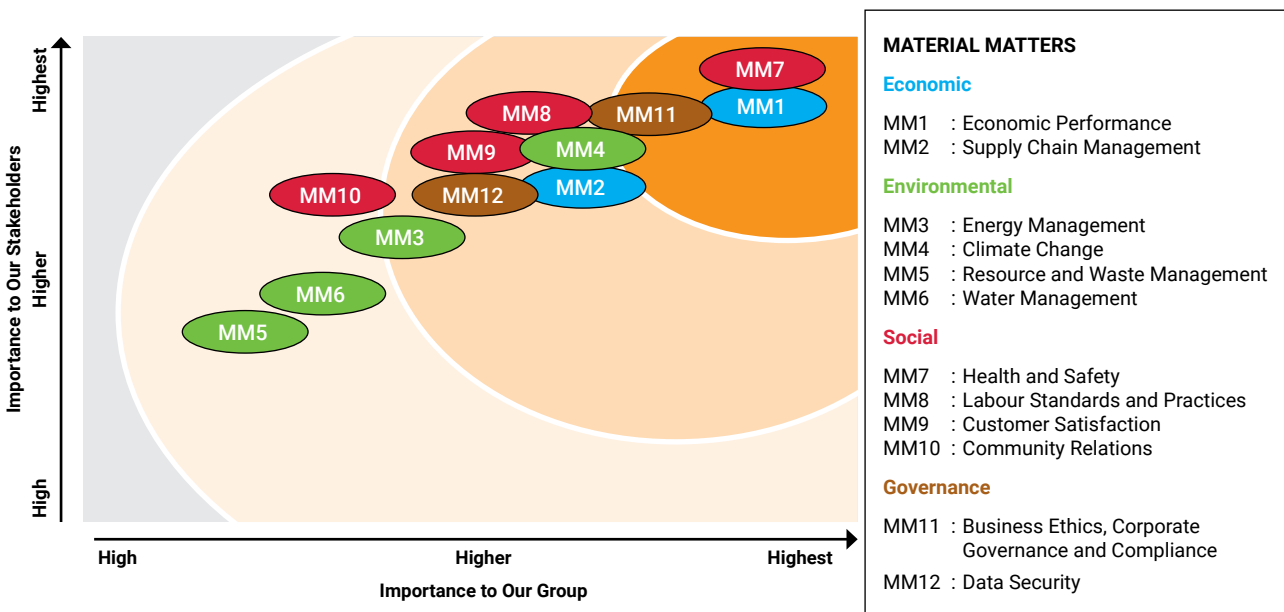
Our materiality assessment was conducted using a structured approach. This allowed us to identify, prioritise and validate the sustainability matters that are most significant to the Group, while ensuring that our focus remains aligned with our business direction and evolving expectations. The key phases of the process are outlined below:



SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY (CONT'D)

Materiality Matrix



The materiality matrix presents the relative importance of the Group’s identified sustainability matters to both ISF and our stakeholders. The horizontal axis reflects the significance of each matter to the Group, while the vertical axis indicates its importance to stakeholders. Each topic is positioned based on its relevance and potential impact, allowing us to focus our efforts in a way that is both practical and aligned with expectations.

Matters such as MM1: Economic Performance, MM7: Health and Safety, and MM11: Business Ethics, Corporate Governance and Compliance are positioned in the upper-right quadrant, reflecting their high importance to both the Group and our stakeholders. This is consistent with the nature of our business as a subcontractor in the construction sector, where financial stability supports long-term sustainability, and strong ethical conduct is essential in managing project-based engagements. MM4: Climate Change is also recognised as an important topic, reflecting growing awareness across the industry and its potential impact on how projects are designed and delivered over time.

Alongside these, areas such as MM8: Labour Standards and Practices, MM9: Customer Satisfaction and MM12: Data Security remain key considerations. These topics are closely linked to how we operate on a day-to-day basis, influencing workforce well-being and service delivery.

Environmental matters, including MM6: Water Management, MM3: Energy Management and MM5: Resource and Waste Management, are reflected in the matrix with relatively lower significance. This positioning reflects the nature of our role within the construction value chain.

As a subcontractor specialising in piping systems, our scope of control over site-wide environmental factors is more limited compared to main contractors or project owners. Water usage at project sites, for example, is typically managed by the main contractor, including supply and billing. Our involvement is largely confined to installation works based on project specifications, which means our direct influence over water usage and discharge is limited.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY (CONT'D)

Materiality Matrix (Cont'd)

A similar situation applies to energy consumption. Our usage is mainly related to machinery, transportation and site equipment, as well as electricity for our office spaces. While this is monitored as part of operational efficiency, it does not represent a major environmental impact when viewed against the scale of construction projects as a whole.

In terms of waste, disposal and site-wide management practices are also controlled at the project level by the main contractor. Our contribution is generally limited to construction-related materials within our scope, with only a small portion handled directly by us.

Taken together, the positioning of these environmental topics reflects the Group's current level of operational control and scale of impact. At the same time, we remain mindful of their importance and continue to improve our practices within the areas we can influence.

SUSTAINABILITY RISK MANAGEMENT

Managing our material sustainability matters requires a clear understanding of the risks and opportunities that may influence the Group's performance over time. In FYE 2025, as part of our first year of sustainability reporting, we began strengthening how sustainability considerations are incorporated into our overall risk management approach. This allows us to take a more forward-looking view as the business continues to grow.

The ARMC, with oversight from the Board, plays a key role in guiding how risks are managed across the Group. It reviews both financial and operational risks, including those linked to sustainability, while assessing whether existing controls and processes remain effective. Regular monitoring and reporting provide visibility on emerging issues, allowing the Group to respond in a timely and measured way.

Building on this, sustainability considerations are increasingly reflected in how risks are evaluated and prioritised. This is particularly relevant in our operating environment, where project delivery, safety, regulatory compliance and ethical conduct are closely linked to overall business performance. At the same time, evolving areas such as data centre developments and infrastructure demand present new opportunities, supported by the Group's established expertise in water and piping systems.

As a subcontractor, our risk profile is closely tied to project-based activities and the broader construction ecosystem. This includes reliance on main contractors for project timelines and site management, while maintaining control over the quality and execution of our scope of work. Our internal risk register captures these factors and supports ongoing assessment of key risks across operations.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY (CONT'D)

SUSTAINABILITY RISK MANAGEMENT (CONT'D)

The table below outlines the key sustainability-related risks and opportunities that may influence the Group’s performance over time.

ECONOMIC		
MM1: Economic Performance	Risks	Opportunities
	The Group's economic performance is influenced by overall construction activity and project timelines, particularly as revenue recognition may vary between shorter-cycle industrial projects and longer residential developments. As a subcontractor, project awards and payment cycles are also dependent on main contractors, which may affect cash flow and financial stability.	At the same time, growing demand in areas such as data centres and industrial developments presents opportunities for expansion. The Group’s diversified project base and visible order book provide a level of resilience, allowing us to respond to changing market conditions while maintaining a steady pipeline of work.
MM2: Supply Chain Management	Risks	Opportunities
	Supply chain risks mainly relate to fluctuations in material prices and the timely availability of key inputs, which may affect project costs and delivery schedules. Dependence on supplier performance also requires close coordination to avoid disruptions during project execution.	With a high proportion of materials sourced locally, the Group benefits from better responsiveness and stronger supplier relationships. This supports more stable supply and allows for improved cost management as project volumes increase.
ENVIRONMENTAL		
MM3: Energy Management	Risks	Opportunities
	Energy-related risks are largely linked to fuel consumption for machinery, transportation and site operations, which may be affected by price volatility. Inefficiencies in usage may also lead to higher operating costs over time.	There are opportunities to improve efficiency through closer monitoring of fuel usage and better operational planning. Over time, this can support cost control while aligning with evolving expectations on energy efficiency within the construction sector.
MM4: Climate Change	Risks	Opportunities
	Climate-related risks include evolving regulatory expectations, increasing client requirements and potential disruptions to project timelines due to weather conditions. These factors may affect how projects are planned and executed.	At the same time, the shift towards more sustainable infrastructure presents opportunities for the Group. Demand for specialised water and wastewater systems is increasing, particularly in data centre and industrial developments where our expertise remains relevant.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY (CONT'D)

SUSTAINABILITY RISK MANAGEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)		
MM5: Resource and Waste Management	Risks	Opportunities
	Resource and waste management risks are mainly associated with material usage and site practices, although overall control is limited as these are typically managed by the main contractor. Inefficient use of materials within our scope may still impact project costs.	Within our scope of work, better planning and coordination allow for more efficient use of materials and reduced wastage. These efforts support cost efficiency while remaining aligned with broader project-level waste management practices.
MM6: Water Management	Risks	Opportunities
	The Group has limited control over site-wide water usage, which is generally managed by the main contractor. As such, our direct influence on water consumption and discharge practices is relatively limited.	Our core expertise in water and piping systems positions us well to support increasing demand for water infrastructure. This is particularly relevant in data centre and industrial projects, where more complex water systems are required.
SOCIAL		
MM7: Health and Safety	Risks	Opportunities
	Health and safety risks are inherent in construction activities, particularly at project sites where operational hazards may arise. Non-compliance with safety requirements may affect both workforce well-being and project delivery.	Strong safety practices and structured frameworks help reduce incidents and improve overall site performance. A safe working environment also supports workforce confidence and contributes to more consistent project execution.
MM8: Labour Standards and Practices	Risks	Opportunities
	Labour-related risks include the availability of skilled workers and compliance with employment regulations, particularly in a project-based environment that requires flexibility and responsiveness.	Investment in workforce development and structured management practices supports stable operations. A strong in-house workforce also allows the Group to maintain better control over project delivery as demand grows.
MM9: Customer Satisfaction	Risks	Opportunities
	Customer satisfaction may be affected by delays, quality issues or challenges in project coordination. Increasing expectations from clients, especially for complex projects, may also require higher standards of delivery.	Maintaining close communication with clients and gathering feedback allows the Group to improve service delivery over time. A strong track record across different project types also supports long-term client relationships.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY (CONT'D)

SUSTAINABILITY RISK MANAGEMENT (CONT'D)

SOCIAL (CONT'D)		
MM10: Community Relations	Risks	Opportunities
	Construction activities may create disruptions to surrounding communities, including safety concerns and environmental impacts if not properly managed.	The Group contributes to local development through its projects, while local sourcing and employment support regional economic activity. Ongoing engagement helps maintain positive relationships with the communities where we operate.
GOVERNANCE		
MM11: Business Ethics, Corporate Governance and Compliance	Risks	Opportunities
	Risks in this area include non-compliance with regulatory requirements and potential lapses in ethical conduct, particularly within a contracting environment that involves multiple stakeholders.	Strong governance practices and clear internal policies support responsible business conduct. This strengthens trust with stakeholders and supports the Group's position as a listed company.
MM12: Data Security	Risks	Opportunities
	Data security risks arise from the handling of project and client information, particularly as reliance on digital systems increases.	Strengthening internal controls and awareness helps safeguard sensitive information. This also supports client confidence and enables the Group to handle more complex projects that require secure data management.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY (CONT'D)

PERFORMANCE SCORECARD

As part of our first year of sustainability reporting, we are focused on building a clear and practical approach to measure our performance. This reflects our commitment to improving transparency, while ensuring that our targets remain aligned with how the Group operates.

In FYE 2025, our efforts are centred on establishing relevant metrics and setting initial targets across key areas of our business. These serve as a starting point for tracking progress and identifying areas for improvement. As more data becomes available over time, we will continue to refine these metrics and progressively introduce more quantitative targets.

SUSTAINABILITY-RELATED METRICS AND TARGETS

Maintain zero:

- o Workplace fatalities
- o Major safety incidents (Lost Time Incident Rate)
- o Confirmed breaches of regulatory requirements
- o Reported cases of corruption or unethical conduct
- o Significant data security breaches

Maintain full compliance with:

- o Applicable laws and regulations governing our operations
- o Environmental requirements at project sites
- o Health and safety standards
- o Labour and employment regulations

Achieve:

- o Consistent customer satisfaction performance across projects
- o Strengthened workforce development through ongoing training and capability building
- o Improved diversity within the workforce over time

Increase:

- o Safety awareness and safe work practices across all project sites
- o Operational efficiency in project execution and resource usage
- o Local sourcing and supplier engagement to support project delivery

Establish:

- o Baseline for fuel and energy usage across operations
- o Baseline for safety performance indicators
- o Baseline for employee-related metrics such as training and development
- o Baseline for selected environmental indicators within our scope of operations

MANAGEMENT APPROACH TO MATERIAL MATTERS

Our approach to managing our material sustainability matters reflects our commitment to building a business that remains relevant and resilient over time. As we continue to grow, we aim to strengthen how these matters are considered across our operations, while maintaining a practical and consistent approach.

By keeping our initiatives aligned with stakeholder expectations and broader development priorities, we are better able to respond to changes in our operating environment. This supports long-term value creation, while allowing us to contribute in a meaningful way through the projects we deliver and the role we play in the built environment.

The sections that follow outline how we manage our material matters and how these are reflected in our day-to-day operations.

SUSTAINABILITY STATEMENT (CONT'D)



ECONOMIC

ISF is committed to driving sustainable growth by strengthening our financial performance and delivering consistent value to our stakeholders. With our core expertise in piping systems, the Group supports a wide range of developments across residential, commercial and industrial sectors, including emerging areas such as data centres where more complex water and wastewater systems are required.

Our focus on operational efficiency and disciplined cost management supports our ability to remain resilient in a competitive and project-driven environment. At the same time, we continue to invest in our workforce and maintain strong relationships with our suppliers, recognising that these are essential in supporting consistent project delivery and long-term growth. Our high level of local sourcing also allows us to respond more effectively to project needs while supporting the domestic supply chain.

As our business grows, we remain mindful of our role in contributing to the built environment. By delivering essential infrastructure that supports everyday activities, we contribute to SDGs 8, 9, 12 and 17.

- MM1:** Economic Performance
- MM2:** Supply Chain Management



MM1: ECONOMIC PERFORMANCE

Economic performance reflects the Group’s ability to operate effectively and remain competitive within a dynamic industry. Through our involvement in the supply and installation of piping systems for end-user premises, as well as water supply and sewerage infrastructure, we contribute to the delivery of essential services across residential, commercial, and industrial developments. As these systems underpin everyday environments, our work plays a direct and practical role in supporting sustainable growth and ongoing development.

The level of activity is closely linked to the projects that we secure and carry out. A mix of residential, commercial and industrial jobs helps keep the business balanced, while allowing flexibility as demand changes over time. In recent years, there has been a noticeable shift towards data centre developments. These projects require more complex water and wastewater systems, which fit well with our existing capabilities and open up new areas of growth.

At the same time, the Group continues to build its capacity to support a growing pipeline of work. Additional manpower and equipment allow projects to be carried out more efficiently while maintaining consistency in delivery. This helps ensure that expectations are met across different locations.

Beyond project delivery, our operations support the wider economy in a direct and practical way. Employment opportunities are created and local suppliers are engaged. Our ongoing activities also contribute to development across the regions where we operate. As the Group grows, this contribution remains closely linked to how we deliver our work and the role we play within the industry.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (CONT'D)

MM1: ECONOMIC PERFORMANCE (CONT'D)

Direct Economic Contributions (RM)	
	FYE 2025
Revenue	98,544,673
Tax expenses	8,530,775
Employee wages	8,708,365 ¹
Dividend	12,000,000
Note:	
¹ Wages are paid by our subsidiary	

MM2: SUPPLY CHAIN MANAGEMENT

The Group views our supply chain as an important part of how our projects are delivered and how our operations remain consistent. Materials and equipment play a direct role in supporting site activities, which makes supplier reliability an important factor in maintaining quality and meeting project timelines.

Close working relationships with suppliers help ensure that materials are available when needed and meet the required standards. These relationships are built over time through regular engagement and performance reviews, allowing both parties to respond more effectively to project requirements. Supplier performance is monitored based on quality, pricing and delivery, supporting a practical and consistent approach across projects.

Local sourcing remains a key part of the Group's approach. A large portion of materials is sourced within Malaysia, which allows for better coordination and faster response to site needs. This also supports local businesses and contributes to economic activity within the regions where the Group operates.

Working with nearby suppliers also improves operational flexibility. Shorter delivery times help reduce delays, while closer coordination supports smoother project execution. This becomes particularly important in a project-based environment, where timelines can shift and materials are often required at short notice.

Alongside this, the Group maintains clear expectations on ethical conduct and compliance. Suppliers are expected to operate in line with applicable laws and standards, as well as the Group's internal guidelines on business practices. This helps ensure that the supply chain remains aligned with the Group's overall approach to responsible operations.

Proportion of Spending on Local Suppliers			
Period	Total Amount Spent on All Suppliers (RM)	Total Amount Spent on Local Suppliers (RM)	Proportion of Spending on Local Suppliers (%)
FYE 2025	53,248,307	53,218,871	99.94%

SUSTAINABILITY STATEMENT (CONT'D)



ENVIRONMENTAL

Environmental considerations are part of how the Group carries out its operations across different project sites. While our role as a subcontractor means that certain site-wide environmental controls are managed by main contractors, we remain mindful of the areas within our scope where we can make a difference.

Our focus is centred on practical aspects such as energy usage, water-related works, and the handling of materials during project execution. These areas reflect the nature of our operations in piping systems, where our involvement is closely tied to installation activities rather than overall site management. In this respect, our efforts contribute to broader sustainability goals related to responsible resource use and the development of resilient infrastructure.

At the same time, broader topics such as climate change continue to gain importance across our sector. As expectations evolve, the Group remains attentive to these developments and will continue to strengthen its practices where relevant to our operations. These efforts are aligned with selected global sustainability priorities, particularly those relating to clean water and sanitation, sustainable cities and communities, and responsible consumption.

- MM3:** Energy Management
- MM4:** Climate Change
- MM5:** Resource and Waste Management
- MM6:** Water Management



Our Environmental Policy

We recognise the importance of protecting the environment and aim to maintain a balance between our operational needs and environmental considerations. This commitment is reflected in how environmental practices are incorporated into our daily activities across project sites and supporting operations.

In line with this, efforts are focused on minimising environmental impact where it falls within our scope. This includes reducing pollution from site activities, managing the use of resources in a practical way, and ensuring that work is carried out in accordance with applicable environmental requirements. Compliance with laws and regulations remains a key priority, supported by ongoing monitoring and internal controls. Awareness and capability are also important in supporting this approach. Employees are guided on environmental practices relevant to their roles, helping to ensure that responsibilities are understood and applied consistently across projects.

At the same time, environmental management plans are implemented where required, taking into account the nature of our piping works within construction projects. These plans support a more structured approach to managing environmental considerations at site level.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

MM3: ENERGY MANAGEMENT

Energy use within the Group is closely linked to the nature of our project-based activities. Consumption mainly arises from the use of machinery, site equipment and transportation, as well as electricity for our offices and worker accommodation. While this forms part of our day-to-day operations, the overall scale remains moderate when compared to larger contractors or manufacturing-based businesses.

Given our role as a subcontractor, control over site-wide energy usage is limited, as broader site operations are typically managed by the main contractor. Our involvement is focused on installation works within defined project scopes, which means our direct influence over total energy consumption at site level is relatively small.

Even so, attention is given to managing energy use within areas under our control. Fuel consumption is monitored as part of operational cost management, while efforts are made to ensure that equipment and machinery are used efficiently.

To reduce unnecessary energy usage, the Group has introduced simple behavioural and operational initiatives across its operations. These include "Project Lunchtime", which encourages employees to switch off lighting and air-conditioning during lunch breaks, helping to build greater awareness of responsible energy use in daily routines. In addition, the Group has transitioned to energy-efficient LED lighting across its facilities, allowing for lower electricity consumption while maintaining operational efficiency.

These efforts reflect the Group's intention to manage energy use responsibly within its scope of operations. Over time, they also support broader sustainability priorities related to energy efficiency and responsible resource use.

Total Energy Consumption: C4(a)										
Period	Non-Renewable Energy (GJ)				Renewable Energy (Solar) (GJ)			Total Energy Consumption (GJ)	Percentage Consumed (%)	
	Electricity	Fuel	Gas	Diesel	Generated	Consumed	Sold		Grid Electricity	Renewable Energy
FYE 2025	307.23	3,023.31	0	2,978.11	0	0	0	6,308.65	4.87	0

MM4: CLIMATE CHANGE

Climate change is an increasingly important consideration within the construction sector, influencing how projects are designed, delivered and managed over time. While the Group's operations are not directly exposed to high levels of emissions, the broader impact of climate-related developments is becoming more visible across the industry.

Changes in weather patterns may affect project timelines and site conditions, particularly for construction activities that depend on stable working environments. In addition, evolving regulatory expectations and client requirements are shaping how environmental considerations are addressed across projects. These developments highlight the need to remain aware of climate-related risks as part of our ongoing operations.

At the same time, climate change presents areas of opportunity. Demand is growing for infrastructure that supports more efficient water management and environmental performance, particularly in sectors such as data centres and industrial developments. These projects often require more advanced water and wastewater systems, which align with the Group's core capabilities.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

MM4: CLIMATE CHANGE (CONT'D)

Climate change is an increasingly important consideration within the construction sector, influencing how projects are designed, delivered and managed over time. While the Group's operations are not directly exposed to high levels of emissions, the broader impact of climate-related developments is becoming more visible across the industry.

Changes in weather patterns may affect project timelines and site conditions, particularly for construction activities that depend on stable working environments. In addition, evolving regulatory expectations and client requirements are shaping how environmental considerations are addressed across projects. These developments highlight the need to remain aware of climate-related risks as part of our ongoing operations.

At the same time, climate change presents areas of opportunity. Demand is growing for infrastructure that supports more efficient water management and environmental performance, particularly in sectors such as data centres and industrial developments. These projects often require more advanced water and wastewater systems, which align with the Group's core capabilities.

While our role as a subcontractor means that overall project design and environmental strategy are typically led by main contractors or project owners, we remain responsive to these evolving requirements within our scope of work. This includes ensuring that our installations meet project specifications and support the intended environmental performance of the overall development.

Mangrove Restoration Initiative

In February 2025, the Group participated in a mangrove restoration initiative in collaboration with the Rotary Club of Pontian and EcoNinja, contributing to coastal protection and environmental conservation. The programme commenced with a tree planting activity at Parit Raja, Rambah, bringing together volunteers from the local community, including 12 of our employees.



A total of 5,000 mangrove trees were planted, supported by the Group's contribution of RM30,000 towards the project.

Following the planting activities, the Rotary Club of Pontian and EcoNinja continue to oversee the maintenance and monitoring of the mangroves to support their healthy growth. This ensures the sustenance of the long-term impact of this initiative.



SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

MM5: RESOURCE AND WASTE MANAGEMENT

Resource and waste management are part of how the Group carries out its work across project sites. Materials used in piping installations form a key part of our activities, which makes careful handling and usage important in supporting both efficiency and responsible practices.

In a typical project setting, overall waste management is coordinated by the main contractor. This includes the designation of disposal areas, as well as site-wide processes for segregation and handling. Within this structure, the Group’s role is focused on managing materials within our scope of work. The volume of waste generated from our activities is relatively limited when compared to the overall scale of construction projects.

Even so, attention is given to reducing unnecessary material usage wherever possible. Planning and coordination at site level help ensure that materials are used appropriately, while any excess materials may be retained for future use where feasible. These practices support cost efficiency while reducing avoidable waste.

At the same time, our teams follow site requirements and guidelines set out for waste handling, ensuring that activities remain aligned with broader project-level practices. This allows for consistency in how waste is managed across different sites, while maintaining compliance with relevant requirements.

Waste (Metric Tonnes): C10(a)								
Period	Total Waste Generated			Total Waste Generated			% of Waste Recycled vs. Generated	% of Hazardous Waste Generated
	Hazardous Waste	General Waste	Total	Recycled (diverted from disposal)	Non-Recycled (directed to disposal)	Total		
FYE 2025	0	6.11	6.11	6.11	0	6.11	100%	0%

MM6: WATER MANAGEMENT

Water management is closely linked to the Group’s core activities in piping systems. Our work supports the installation of water supply and wastewater infrastructure across a wide range of developments, making this an area that is directly connected to how we contribute to the built environment.

Within project sites, overall water usage and discharge are typically managed by the main contractor. This includes site-wide supply, billing and monitoring. Our role is focused on carrying out installation works based on project specifications, which means our direct control over total water consumption is limited.

Even so, the nature of our work places us in a position to support how water is managed within developments. Proper installation of piping systems helps ensure that water is distributed efficiently and that leakage risks are minimised. This contributes to the overall performance of the systems once projects are completed and handed over.

In recent years, demand has grown for more complex water and wastewater systems, particularly in areas such as data centres and industrial developments. These projects often require specialised solutions, including storage, treatment and discharge systems. This aligns with the Group’s technical capabilities and creates opportunities to support more advanced infrastructure requirements.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

**MM6:
WATER
MANAGEMENT
(CONT'D)**

As expectations around water management continue to evolve, the Group remains focused on maintaining quality and consistency in its work. This supports the long-term reliability of the systems we install, while contributing to more efficient water use within the developments we are part of.

Total Volume of Water Used (Megalitres): C9(a)			
Period	Municipal Potable Water	Others (Surface and Sea Water, Groundwater, Used Quarry Water Collected in the Quarry, Harvested Rainwater)	Total
FYE 2025	4.77	0	4.77



SOCIAL

Social considerations are closely tied to how the Group operates across its projects and interacts with the people around us. Our work is carried out in active construction environments, which makes the well-being of our workforce, the quality of our service delivery and our relationship with surrounding communities especially important.

Within this context, areas such as health and safety, labour practices and customer satisfaction are directly linked to how we manage our day-to-day operations. These factors influence not only how work is carried out, but also how we build trust with clients and maintain a reliable workforce. At the same time, our presence at project sites brings us into regular contact with local communities, making it important to remain mindful of our impact and to engage responsibly.

As the Group continues to grow, attention remains focused on maintaining a safe working environment, supporting our employees and delivering consistent quality across projects. These efforts help ensure that our operations remain responsible, while strengthening the relationships that support our long-term development.

Our social material matters and the SDGs they address are as follows:

- MM7:** Health and Safety
- MM8:** Labour Standards and Practices
- MM9:** Customer Satisfaction
- MM10:** Community Relations



**MM7:
HEALTH AND
SAFETY**

Health and safety are central to how the Group operates, reflecting the nature of our work across active construction environments. Project sites involve varying conditions and multiple work activities taking place at the same time, which makes it important to maintain a structured and disciplined approach to managing risks. This focus on safety supports not only the well-being of our workforce, but also the consistency and reliability of our project delivery.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

**MM7:
HEALTH AND
SAFETY
(CONT'D)**

HSE Framework

The Group’s approach is guided by its Health, Safety and Environment (“HSE”) framework, which establishes how safety is managed across all levels of the organisation. The framework is encapsulated in the Group’s HSE Manual, which serves as a comprehensive reference that outlines the requisite procedures, roles, and responsibilities to maintain a safe and resilient workplace. It sets out clear roles and responsibilities, ensuring that accountability is maintained from management through to site personnel. It also provides a structured process for identifying hazards, assessing risks and determining appropriate control measures before work begins.



Planning plays an important role in reducing risks at the outset. Prior to the commencement of work, potential hazards are identified and evaluated so that suitable precautions can be put in place. This helps ensure that activities are carried out in a controlled manner, with risks addressed early rather than reactively during execution.

At site level, safety practices are integrated into daily operations. Safe work procedures guide how tasks are performed, while the use of personal protective equipment is enforced in accordance with site requirements. Equipment and tools are handled in line with established guidelines to reduce the likelihood of incidents. These practices are reinforced through regular site briefings, allowing teams to remain aware of potential risks and the measures required to manage them.

Ongoing monitoring supports the effectiveness of these practices. Site inspections are carried out to ensure that safety procedures are being followed, while any gaps identified are addressed promptly. Incident reporting mechanisms are in place to ensure that accidents, near misses and unsafe conditions are recorded and investigated. This allows the Group to identify root causes and take corrective actions, supporting a continuous improvement approach to safety management.

Training and awareness are key to building a strong safety culture. Employees are provided with guidance on safety practices relevant to their roles, allowing them to carry out their work with a clear understanding of the risks involved. Toolbox briefings and ongoing communication at site level help reinforce these practices, ensuring that safety remains part of daily routines rather than a separate requirement.

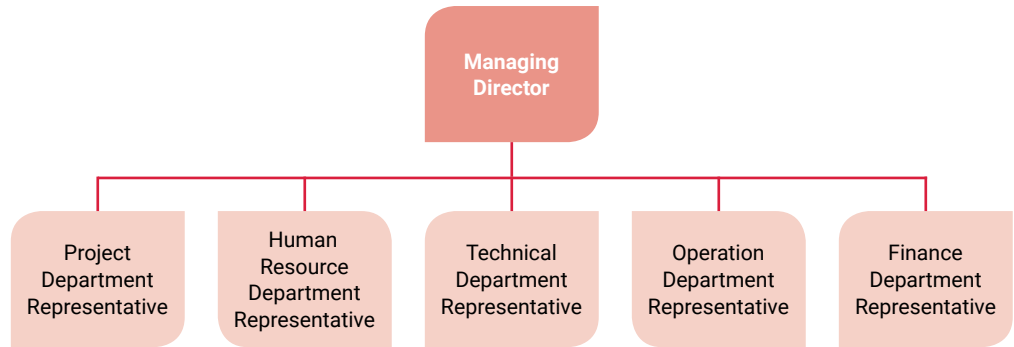
Our HSE Framework is aligned with key regulatory requirements, including the Occupational Safety and Health (Amendment) Act 2022 and the Occupational Safety and Health (Safety and Health Committee) Regulations 1996, ensuring full compliance with applicable laws and standards.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

MM7: HEALTH AND SAFETY (CONT'D)

HSE Committee



Given the collaborative nature of construction projects, coordination between different parties is essential. Multiple teams often work alongside one another within the same environment, which makes clear and timely communication especially important. This helps ensure that activities are carried out in an organised manner, while reducing the risk of incidents arising from overlapping work or misalignment on site.

Supporting this, the HSE Committee plays an active role in strengthening safety oversight across the Group. It serves as a platform to review safety performance, address key issues and reinforce expectations across operations. Regular reviews of safety procedures also help ensure that they remain relevant to current working conditions and aligned with regulatory requirements.

The Group’s approach to health and safety also extends to compliance with applicable laws and regulations. Internal practices are aligned with these requirements, supported by ongoing monitoring and periodic reviews to ensure that standards are consistently met. In this respect, the HSE Committee continues to play an important role in overseeing compliance efforts and ensuring that safety practices remain consistent across the Group’s operations.

HSE Management System

The Group’s approach to HSE management is guided by an integrated HSE Management System aligned with ISO 14001:2015 and ISO 45001:2018 standards. This system provides a structured framework that supports how HSE considerations are managed across our operations, while ensuring consistency in practices across project sites.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

MM7: HEALTH AND SAFETY (CONT'D)

HSE Management System (Cont'd)

Our HSE Management System sets out clear processes for identifying risks, implementing control measures and monitoring performance. It brings together environmental and occupational safety practices into a single framework, allowing these considerations to be addressed in a coordinated and practical manner. This helps ensure that risks are managed early, while supporting compliance with applicable regulatory requirements.

Within this framework, responsibilities are defined across different levels of the organisation, ensuring that accountability is maintained from management through to site personnel. Regular reviews and monitoring support the effectiveness of the system, allowing improvements to be made as operations evolve and project conditions change.

The system also supports a culture of continuous improvement. Feedback from site activities, inspections and incident reporting is used to strengthen existing practices over time. This allows the Group to refine its approach while maintaining alignment with recognised standards and *industry expectations*.

Lost Time Incident Rate and Work-Related Fatalities: C5				
EMPLOYEES				
Period	Total Number of Hours Worked in the Reporting Period	Number of Lost Time Injuries in the Reporting Period	Lost Time Incident Rate ("LTIR"): C5(b)	Work-Related Fatalities: C5(a)
FYE 2025	516,689.56	0	0.00	0
CONTRACTORS & SUBCONTRACTORS				
Period	Total Number of Hours Worked in the Reporting Period	Number of Lost Time Injuries in the Reporting Period	LTIR: C5(b)	Work-Related Fatalities: C5(a)
FYE 2025	0	0	0.00	0
Number of Employees Trained on Safety and Health Standards: C5(c)				
Period	Total Number of Employees	Total Number of Employees Trained on Safety and Health Standards		
FYE 2025	283	59		

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

MM7: HEALTH AND SAFETY (CONT'D)

HSE Management System (Cont'd)

Basic Firefighting Training

On 9 April 2025, a basic firefighting training session was conducted for 30 of our employees, bringing together colleagues in a hands-on, practical learning environment focused on safety and preparedness. The session, led by Cert Academy Sdn Bhd, was designed to build both confidence and competence in responding to fire-related emergencies.

Participants were introduced to the different types of fire extinguishers and gained a clear understanding of when and how each should be used. This was followed by live demonstrations and guided practice, where employees had the opportunity to handle extinguishers and respond to controlled fire scenarios. The training emphasised quick, calm decision-making and safe techniques when managing small fires, helping everyone feel more capable in real-life situations.

Beyond the practical skills, the session also highlighted the importance of planning and teamwork during emergencies. Employees were guided through the essentials of developing effective emergency plans, understanding evacuation procedures, and establishing a clear chain of command.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

MM8: LABOUR STANDARDS AND PRACTICES

Fair and Respectful Workplace

Our workforce plays a central role in project delivery, making fair employment practices and consistent people management essential to how the Group operates. A stable and supportive working environment helps ensure that work is carried out effectively, while allowing employees to develop over time.

Respect and fairness are embedded across our employment practices. Employees are treated with dignity regardless of their background, and the Group maintains a clear stance against discrimination, harassment or any form of misconduct. These principles guide how we approach recruitment, training and performance evaluation, supporting a workplace where individuals are able to grow with confidence.

Ethical Conduct and Workplace Standards

Workplace expectations are reinforced through the Group's Code of Conduct, which outlines standards of behaviour and professional responsibility. Supervisors and team leaders are guided on how to address workplace concerns, ensuring that issues are handled in a fair and timely manner. This supports a working environment where employees feel respected and are able to carry out their roles with clarity and confidence.

Compliance with Labour Requirements

Compliance with Malaysian labour laws forms the foundation of the Group's employment practices. Requirements relating to wages, working hours and employee welfare are adhered to across operations, ensuring consistency in how employees are managed. This provides a clear and structured framework that supports fair treatment while maintaining stability in a project-based working environment.

Employee Well-Being and Support

The Group places importance on supporting employee well-being both at work and beyond. Employees are provided with benefits such as medical coverage and leave entitlements in accordance with company policies, helping to support their health and personal needs. Working hours are monitored across operations, with controls in place to ensure that overtime is managed appropriately. These practices help maintain a balanced working environment while supporting overall productivity.

Performance and Fair Compensation

Remuneration practices are guided by fairness and consistency, taking into account role requirements, experience and individual performance. Employees performing similar roles are compensated in a structured manner, supporting transparency and equity across the organisation.

The Group also recognises the importance of rewarding performance. Incentive structures are in place to acknowledge contributions at both individual and team levels, helping to motivate employees while maintaining alignment with business performance.

In line with regulatory requirements, employees are remunerated in accordance with the Malaysian Government's Minimum Wages Order, including the revised minimum wage effective February 2025. Salaries are paid on a timely basis, providing financial certainty and stability.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

MM8: LABOUR STANDARDS AND PRACTICES (CONT'D)

Supporting Long-Term Financial Security

As part of its commitment to employee welfare, the Group makes statutory contributions to the Employees Provident Fund, Social Security Organisation and Employment Insurance System. These contributions provide employees with social protection and financial support, reinforcing their security beyond active employment.

Supporting an Inclusive and Sustainable Workforce

The Group recognises that a diverse and inclusive workforce supports long-term operational stability. Given the nature of work in the construction sector, which relies on both skilled and general labour, efforts are made to maintain a workforce that is fairly treated, supported and able to develop over time.

Local employment is prioritised where feasible, with opportunities created for Malaysians across different backgrounds, including individuals with limited formal education or without prior work experience. Recruitment outreach is strengthened through engagement with training institutions and initiatives that promote long-term career pathways within the organisation.

Structured internship programmes provide an entry point for younger talent, supporting skills development while building a pipeline for future workforce needs. Practical support measures are also provided where required, including accommodation for out-of-state employees and flexibility to accommodate religious observances.

Opportunities may also be provided for employees to continue contributing beyond retirement age on a contractual basis. This allows experienced personnel to remain engaged while supporting knowledge retention within the organisation.

Structured Onboarding and Integration

The Group's onboarding process provides new employees with a clear introduction to its culture, policies and expectations. This includes role-specific guidance to support early effectiveness, along with ongoing support during the initial employment period.

This helps new employees integrate more smoothly into the organisation, allowing them to contribute with confidence from an early stage.

Safeguarding Labour Rights and Human Dignity

The Group remains committed to upholding fair labour practices across its operations and value chain, in line with applicable Malaysian legislation.

This includes the prohibition of child labour in accordance with the Children and Young Persons (Employment) Act 1966, as well as respect for employees' rights to associate freely and engage in collective representation. Clear disciplinary and grievance procedures are in place to ensure that concerns are addressed in a fair and respectful manner, with zero tolerance for abuse, coercion or intimidation.

Steps are also taken to identify and manage risks related to forced labour, modern slavery and human trafficking. Recruitment practices, particularly for foreign workers, are managed with attention to transparency and fairness, supported by clear employment terms and ongoing oversight.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

MM8: LABOUR STANDARDS AND PRACTICES (CONT'D)

Safeguarding Labour Rights and Human Dignity (Cont'd)

Employee accommodation provided by the Group is maintained in line with the requirements of the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446). Our facilities are regularly reviewed to ensure that they remain safe, clean and suitable for daily living. The accommodation has also been certified by Jabatan Tenaga Kerja, providing additional assurance that we have met the required standards.

Human Rights

The Group is committed to respecting human rights across its operations, recognising the importance of fair treatment, dignity and well-being for all employees and individuals involved in its projects. Potential human rights impacts are considered as part of ongoing operations, supported by internal monitoring and employee awareness. Expectations are communicated across the organisation to ensure consistent understanding and application.

Formal grievance mechanisms are available to both internal and external stakeholders, providing a confidential and accessible channel for concerns to be raised. Where issues are identified, appropriate actions are taken to address them in a timely and responsible manner.

During FYE 2025, no substantiated human rights complaints were recorded, reflecting the Group's continued focus on maintaining fair and responsible employment practices.

Human Rights Violations: C6(d)	
	FYE 2025
Number of Substantiated Complaints Concerning Human Rights Violations	0

FYE 2025 Employee Training Summary		
Types of Training	No. of Hours	No. of Employees
Safety and Health	938	59
Environment	0	0
Operations (e.g., Finance, Technical, Risk Management and IT)	241	20
Total	1,179	79

Percentage of Employees by Gender & Age Group: C3(a)					
Employee Category (FYE 2025)	Gender		Age		
	Male	Female	<30 Years	30-50 Years	>50 Years
Senior Management	60%	40%	0%	100%	0%
Management	83%	17%	17%	83%	0%
Executive	43%	57%	65%	35%	0%
Non-Executive	97%	3%	48%	51%	1%
Total	89%	11%	49%	50%	1%

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

MM8: *Human Rights (Cont'd)*
**LABOUR
STANDARDS AND
PRACTICES
(CONT'D)**

Percentage of Directors by Gender & Age Group: C3(b)	
Gender	
	FYE 2025
Male	57%
Female	43%

Age Group	
	FYE 2025
<30	0%
31-50	29%
51>	71%

Percentage of Directors by Ethnicity	
	FYE 2025
Malay	0%
Chinese	100%
Indian	0%
Other Ethnic Minorities	0%
Non-Malaysian	0%

EMPLOYMENT TYPE:	
Percentage of Employees: C6(b)	
	FYE 2025
Contractual	2%
Permanent	98%
Total	100%

Percentage of Employees by Ethnicity	
	FYE 2025
Malay	27%
Chinese	1%
Indian	2%
Other Ethnic Minorities	1%
Non-Malaysian	69%

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

MM8: LABOUR STANDARDS AND PRACTICES (CONT'D)

Human Rights (Cont'd)

Employee Turnover (Number): C6(c)	
	FYE 2025
Senior Management	0
Management	1
Executive	31
Non-Executive	36
Total	68

The Group’s employee turnover in FYE 2025 reflects broader trends within the current labour market, particularly among early-career employees who tend to explore different opportunities as they seek roles that better match their expectations and career goals. This is further influenced by the nature of the construction sector, where project-based work can be fast-paced and demanding, requiring a level of adaptability that may take time to develop.

At the same time, differences between initial salary expectations and experience levels may also contribute to movement within the workforce. We remain committed to providing fair and competitive remuneration, while supporting employee development and long-term career progression. Notwithstanding the above, we have provided 137 new hires with job opportunities in the Group in the same financial year.

Total Hours of Training by Employee Category: C6(a)								
Period	Senior Management	Management	Executive	Non-Executive	Total Number of Hours	Total Number of Employees	Average Hours Per Employee	Average Days Per Employee
FYE 2025	78	161	397	543	1,179	283	4.2	0.5

MM9: CUSTOMER SATISFACTION

Commitment to Project Delivery

Customer satisfaction is closely linked to how the Group delivers its projects. Our work in piping systems forms part of essential infrastructure within each development, which places importance on reliability, quality and timely execution, amongst others. These factors influence how clients assess our performance across each stage of a project.

Project delivery is supported by the Group’s Quality Management System, which is aligned with ISO 9001 standards. This provides a structured approach to managing quality across our operations, ensuring that work is carried out in line with defined procedures and project specifications. Attention is given to maintaining consistency in workmanship, allowing installations to meet both technical requirements and client expectations.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

MM9: CUSTOMER SATISFACTION (CONT'D)

Engagement and Communication

Given the nature of construction projects, ongoing coordination with clients, consultants and main contractors is required. Communication at site level helps ensure that expectations are clearly understood and that any issues are addressed early.

Regular interaction throughout the project lifecycle allows the Group to respond to changes in requirements and maintain alignment with project timelines. This supports smoother execution while reducing the likelihood of delays or rework.

Monitoring Customer Feedback

The Group gathers feedback from clients as part of our efforts to improve service delivery. Structured customer satisfaction assessments are used to evaluate our performance across the different aspects of project execution, providing insights into areas that are performing well and those that may require some improvement. These feedback mechanisms allow the Group to identify trends over time and refine our practices accordingly. They also support a more consistent approach to managing client relationships across different projects.

Supporting Evolving Project Needs

As project requirements become more complex, particularly in areas such as data centre and industrial developments, expectations on performance continue to evolve. These projects often require more specialised solutions and closer coordination between different parties.

The Group's experience in handling a range of piping systems allows us to support these requirements, strengthening our role in project delivery while maintaining long-term client relationships.

Continuous Improvement

Customer satisfaction remains an ongoing focus as the Group continues to grow. Feedback from completed projects is considered as part of improving our future performance, allowing adjustments to be made where needed. Maintaining consistent quality and dependable delivery supports client confidence and contributes to the Group's ability to secure repeat business across different project segments.

MM10: COMMUNITY RELATIONS

Supporting Local Communities

The Group remains mindful of our role within the communities where we operate. Project activities are often carried out within active neighbourhoods and developing areas, which makes it important for us to maintain a respectful and responsible presence.

Efforts are made to minimise disruption during project execution, while maintaining safe site conditions for both workers and the surrounding public. Clear coordination at site level helps ensure that activities are managed in an organised manner, supporting a positive relationship with local communities.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

**MM10:
COMMUNITY
RELATIONS
(CONT'D)**

Community Contributions and Engagement

Beyond project delivery, the Group supports community initiatives through charitable contributions and local engagement. In FYE 2025, our contributions were made to a range of organisations, including community groups, educational institutions and welfare associations. These contributions supported activities such as festive programmes, community events and fundraising efforts.

Buka Puasa Event with Orphans in Pontian

In March 2025, the Group organised a buka puasa (breaking of fast) event in conjunction with the Hari Raya Puasa month, hosting 44 orphaned children from the Persatuan Kebajikan Anak Yatim Islam Daerah Pontian. The event provided an opportunity to share a meal together and engage with the children in a meaningful and inclusive setting.

The Group was honoured to have the home's administrator, Pengurus Haji Mohd Haikal bin Hj Mohd Barkawi, present at the event. As part of the programme, duit raya was distributed to the children and their guardians, adding to the spirit of the occasion.

This initiative reflects the Group's continued effort to support local communities and contribute in ways that are both practical and meaningful.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

MM10: COMMUNITY RELATIONS (CONT'D)

Local Economic Participation

The Group's operations also contribute to local communities through employment and sourcing practices. A large portion of our materials is procured locally, supporting businesses within our supply chain and strengthening regional economic activity.

At the same time, employment opportunities are created across different project locations, allowing individuals to participate in the construction sector and develop practical skills. These contributions form part of the Group's ongoing presence within the communities we serve.

Community and Society		
Period	Total Amount Invested in the Community Where the Target Beneficiaries are External to the Group (RM): C2(a)	Total Number of Beneficiaries of the Investment in Communities: C2(b)
FYE 2025	10,200	678

FYE 2025 Charitable Donations			
Beneficiary	Purpose	Number of Beneficiaries	Amount (RM)
Kelab Kebajikan Rotary Senai	Charter Night	280	500
Grace Covenant Community	Chinese New Year Open Day	70	1,000
Persatuan Kebajikan Anak Yatim Islam Daerah Pontian	Duit Raya	44	2,200
The Rotary Club of Kulai Foundation	Fundraiser for Dialysis Centre	56	3,000
Persatuan Ibu Bapa Guru-Guru SJK(C) Gau San	PIBG Meeting	42	500
Mah Sing Foundation	Charity Fundraising	106	2,000
Persatuan Meninggikan Akhlak Chee Chin Khor	Donation	80	1,000
Total		678	10,200

SUSTAINABILITY STATEMENT (CONT'D)



GOVERNANCE

Strong governance provides the foundation for how the Group operates responsibly and maintains the trust of its stakeholders. As a listed company, greater emphasis is placed on transparency, accountability and consistent decision-making, ensuring that our business practices remain aligned with regulatory expectations and stakeholder confidence.

Within this context, areas such as business ethics, corporate governance, compliance and data security are integral to how the Group manages its operations. Clear policies and internal controls guide conduct across our organisation, while systems are in place to safeguard information and support reliable reporting. These measures help ensure that risks are managed appropriately, and that operations are carried out in a structured and responsible manner.

As the Group continues to grow, attention remains focused on strengthening governance practices and maintaining high standards of integrity across all levels of the organisation. These efforts support long-term value creation while aligning with broader sustainability priorities related to strong institutions, responsible business conduct and the protection of information.

- MM11: Business Ethics, Corporate Governance and Compliance
- MM12: Data Security



MM11: BUSINESS ETHICS, CORPORATE GOVERNANCE AND COMPLIANCE

Commitment to Ethical Conduct

The Group places strong emphasis on conducting our business with integrity and professionalism. As a registered contractor and member of Construction Industry Development Board Malaysia under Grade G7, the highest classification awarded to contractors, we are qualified to undertake construction projects of unlimited tender value, reflecting our technical capability, financial capacity and industry experience.



Adalah dengan ini diperakui bahawa kontraktor yang dinyatakan di bawah ini telah mendaftar dengan Lembaga mengikut Bahagian VI Akta Lembaga Pembangunan Industri Pembinaan Malaysia 1994. Pendaftaran ini adalah tertakluk kepada syarat-syarat yang telah ditetapkan bersama perakuan ini.

No. Pendaftaran : 0120150119-JH160987
 Nama Kontraktor : YEO PLUMBER SDN. BHD.

Operating in a sector where projects involve multiple stakeholders and complex contractual arrangements, maintaining high ethical standards is essential in building trust and sustaining long-term relationships.

Expectations on conduct are guided by our Code of Conduct, which outlines the standards of behaviour required across all levels of the organisation. This includes clear expectations on honesty, fairness and accountability in daily operations. Our employees are expected to carry out their responsibilities in a manner that reflects these principles, supporting a culture of integrity and compliance across the Group.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE (CONT'D)

**MM11:
BUSINESS ETHICS,
CORPORATE
GOVERNANCE AND
COMPLIANCE
(CONT'D)**

Anti-Bribery and Corruption

The Group maintains a zero-tolerance stance towards bribery and corruption. This is particularly important in a contracting environment, where transparency and fairness in procurement and project execution are critical.

Policies are in place to guide our employees on acceptable practices and to prevent unethical conduct. Awareness is reinforced through communication and internal controls, helping to ensure that business dealings are carried out in a responsible and transparent manner.

Corporate Governance Framework

The Group's governance structure provides clear oversight of its operations and decision-making processes. The Board of Directors plays a central role in guiding our direction, supported by its committees in overseeing key areas such as risk management, audit and sustainability.

This structure helps ensure that our decisions are made with proper consideration of risks and responsibilities, while maintaining accountability across our organisation. Regular reviews and reporting processes support transparency and allow for effective oversight of the Group's activities.

Regulatory Compliance

Compliance with applicable laws and regulations remains a fundamental part of how the Group operates. This includes requirements relating to construction activities, workplace practices and corporate reporting.

Internal processes are in place to ensure that regulatory requirements are understood and applied across operations. Ongoing monitoring and periodic reviews help ensure that standards are consistently met, while allowing the Group to respond to changes in the regulatory environment.

Whistleblowing and Accountability

The Group recognises the importance of providing a safe channel for concerns to be raised. Whistleblowing mechanisms are in place to allow employees and stakeholders to report suspected misconduct in a confidential manner. Reports are handled with care and addressed appropriately, reinforcing accountability and supporting a culture where concerns can be raised without fear.

Continuous Strengthening of Governance Practices

As the Group continues to grow following its listing, attention remains focused on strengthening governance practices across the organisation. This includes enhancing internal controls, improving reporting processes and reinforcing ethical standards.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE (CONT'D)

MM11: *Continuous Strengthening of Governance Practices (Cont'd)*
**BUSINESS ETHICS,
 CORPORATE
 GOVERNANCE AND
 COMPLIANCE
 (CONT'D)**

Percentage of Employees who have Received Training on Anti-Corruption by Employee Category: C1(a)				
Period	Employee Category	Total Number of Employees	Number of Employees who Received Training	Percentage of Employees who Received Training
FYE 2025	Senior Management	5	5	100%
	Management	6	5	83%
	Executives	40	9	23%
	Non-Executives	232	2	1%

In FYE 2025, no incidents of corruption were recorded.

Confirmed Incidents of Corruption and Action Taken: C1(c)		
Period	Confirmed Incidents of Corruption	Number of Actions Taken
FYE 2025	0	0

MM12:
DATA SECURITY

Safeguarding Information

The Group recognises the importance of protecting information across our operations. As project delivery involves the handling of technical drawings, contractual documents and client-related information, maintaining the confidentiality and integrity of data is an important part of day-to-day activities.

Access to information is managed through internal controls, ensuring that sensitive data is only available to authorised personnel. This helps reduce the risk of unauthorised access while supporting proper handling of project and business information.

Managing Data Risks

As reliance on digital systems continues to grow, the Group remains mindful of risks related to data loss, unauthorised access and system disruptions. These risks are considered as part of the Group's broader approach to operational and governance practices.

Basic safeguards are in place to support data protection, including secure storage of documents and controlled access to systems. These measures help ensure that information is managed in a structured and responsible manner.



SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE (CONT'D)

**MM12:
DATA SECURITY
(CONT'D)**

Employee Awareness and Responsibility

Employees play an important role in maintaining data security. Awareness is reinforced through internal guidance on proper handling of information, including the need to safeguard confidential data and avoid unauthorised sharing. This helps build a culture of responsibility, where employees understand the importance of protecting both company and client information as part of their daily work.

Continuous Improvement

Number of Substantiated Cybersecurity Complaints: C8(a)	
FYE 2025	0

The Group will continue to strengthen our data management practices where necessary. This includes improving internal controls and maintaining awareness of emerging risks. These efforts support the protection of information while ensuring that the Group remains aligned with expectations on responsible data handling and governance.

No cybersecurity complaints were recorded in FYE 2025.

SUSTAINABILITY STATEMENT (CONT'D)

PRESCRIBED TABLES

ISF Group Berhad
BMLR Transition Period

Date & Time: 2026-04-27 18:51:56
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Economic Performance	Revenue	MYR	98,544,673	-	No assurance
-	Tax expenses	MYR	8,530,775	-	No assurance
-	Employee wages	MYR	8,708,365	-	No assurance
-	Dividend	MYR	12,000,000	-	No assurance
Supply Chain Management	Proportion of spending on local suppliers	Percentage	99.94	-	No assurance
Energy Management	Total energy consumption	GJ	6,308.65	-	No assurance
Resource and Waste Management	Total waste generated	Metric Tons	6.11	-	No assurance
-	Total waste diverted from disposal	Metric Tons	6.11	-	No assurance
-	Total waste directed to disposal	Metric Tons	0	-	No assurance
Water Management	Total volume of water used	Megalitres	4.77	-	No assurance
Health and Safety	Number of work-related fatalities	Number	0	0	No assurance
-	Lost time incident rate	Rate	0	0	No assurance
-	Number of employees trained on health and safety standards	Number	59	-	No assurance
Labour Standards and Practices	Number of substantiated complaints concerning human rights violations	Number	0	0	No assurance
-	Percentage of employees by gender and age group	-	-	-	No assurance
-	- Senior Management (Male)	Percentage	60	-	No assurance
-	- Senior Management (Female)	Percentage	40	-	No assurance
-	- Senior Management (Below 30)	Percentage	0	-	No assurance

This report was generated on the Bursa Malaysia CSI Platform on 2026-04-27 18:51:56

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SUSTAINABILITY STATEMENT (CONT'D)

PRESCRIBED TABLES (CONT'D)

ISF Group Berhad BMLR Transition Period

Date & Time: 2026-04-27 18:51:56
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
-	- Senior Management (30-50)	Percentage	100	-	No assurance
-	- Senior Management (Above 50)	Percentage	0	-	No assurance
-	- Management (Male)	Percentage	83	-	No assurance
-	- Management (Female)	Percentage	17	-	No assurance
-	- Management (Below 30)	Percentage	17	-	No assurance
-	- Management (30-50)	Percentage	83	-	No assurance
-	- Management (Above 50)	Percentage	0	-	No assurance
-	- Executive (Male)	Percentage	43	-	No assurance
-	- Executive (Female)	Percentage	* 57	-	No assurance
Footnote 2025 Amended to align with the corresponding male percentage. This adjustment is not material.					
-	- Executive (Below 30)	Percentage	65	-	No assurance
-	- Executive (30-50)	Percentage	35	-	No assurance
-	- Executive (Above 50)	Percentage	0	-	No assurance
-	- Non-Executive (Male)	Percentage	97	-	No assurance
-	- Non-Executive (Female)	Percentage	3	-	No assurance
-	- Non-Executive (Below 30)	Percentage	48	-	No assurance
-	- Non-Executive (30-50)	Percentage	51	-	No assurance
-	- Non-Executive (Above 50)	Percentage	1	-	No assurance
-	Percentage of directors by gender and age group	-	-	-	No assurance

SUSTAINABILITY STATEMENT
(CONT'D)

PRESCRIBED TABLES (CONT'D)

ISF Group Berhad
BMLR Transition Period

Date & Time: 2026-04-27 18:51:56
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
-	- Male	Percentage	57	-	No assurance
-	- Female	Percentage	43	-	No assurance
-	- Below 30	Percentage	0	-	No assurance
-	- 30-50	Percentage	29	-	No assurance
-	- Above 50	Percentage	71	-	No assurance
-	Total number of employee turnover by employee category	-	-	-	No assurance
-	- Senior Management	Number	0	-	No assurance
-	- Management	Number	1	-	No assurance
-	- Executive	Number	31	-	No assurance
-	- Non-Executive	Number	36	-	No assurance
-	Percentage of employees that are contractors or temporary staff	Percentage	2	-	No assurance
-	Total hours of training by employee category	-	-	-	No assurance
-	- Senior Management	Number	78	-	No assurance
-	- Management	Number	161	-	No assurance
-	- Executive	Number	397	-	No assurance
-	- Non-Executive	Number	543	-	No assurance
Community Relations	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	10,200	-	No assurance



SUSTAINABILITY STATEMENT (CONT'D)

PRESCRIBED TABLES (CONT'D)

ISF Group Berhad BMLR Transition Period

Date & Time: 2026-04-27 18:51:56
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
-	Total number of beneficiaries of the investment in communities	Number	678	-	No assurance
Business Ethics, Corporate Governance and Compliance	Percentage of employees who have received training on anti-corruption by employee category	-	-	-	No assurance
-	- Senior Management	Percentage	100	-	No assurance
-	- Management	Percentage	83	-	No assurance
-	- Executive	Percentage	23	-	No assurance
-	- Non-Executive	Percentage	1	-	No assurance
-	Percentage of operations assessed for corruption-related risks	Percentage	0	-	No assurance
-	Confirmed incidents of corruption and action taken	Number	0	0	No assurance
Data Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	No assurance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of ISF Group Berhad (“**Company**”) acknowledges the importance of upholding sound corporate governance as a foundation for transparency, accountability, integrity and effective stewardship of the Company. In discharging its duties and responsibilities, the Board remains committed to ensuring that good corporate governance practices are consistently implemented and maintained throughout the Company and its subsidiary (collectively referred to as “**the Group**”), to enhance long-term shareholder value and align with the principles and best practices as set out in the Malaysian Code on Corporate Governance (“**MCCG**”).

This Corporate Governance Overview Statement (“**Statement**”) is augmented with a Corporate Governance Report, which has been prepared in accordance with the prescribed format as enumerated in Rule 15.25(2) of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), so as to provide a detailed articulation of the application of the Group’s corporate governance practices as set out in the MCCG throughout the financial year ended 31 December 2025 (“**FYE 2025**”). The Corporate Governance Report is available on the Company’s corporate website at www.isf.com.my as well as via an announcement on the website of Bursa Securities at www.bursamalaysia.com.

This Statement makes reference to the following three (3) key principles of the MCCG:-

- Principle A - Board leadership and effectiveness
- Principle B - Effective audit and risk management
- Principle C - Integrity in corporate reporting and meaningful relationship with stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1.1 Board Roles and Responsibilities

The Board is responsible for overseeing the overall performance, strategic direction and business affairs of the Group. In fulfilling this role, the Board provides leadership and guidance, underpinned by a strong commitment to high standards of corporate governance, with the aim of ensuring the Group’s long-term sustainability and the creation of enduring value for its stakeholders.

In carrying out its fiduciary duties and leadership responsibilities, the Board is guided by the Board Charter, which sets out the roles and responsibilities of the Board, matters reserved for its deliberation, as well as those delegated to the Managing Director/Executive Directors and Management. To enhance the effectiveness of its oversight, the Board has established the following Board Committees to support the discharge of its functions:-

- a. Audit and Risk Management Committee (“**ARMC**”);
- b. Nomination Committee (“**NC**”); and
- c. Remuneration Committee (“**RC**”).

The Board committees operate in accordance with clearly defined Terms of Reference (“**TOR**”) as reviewed and approved by the Board. The Board Committees’ TOR can be accessed via the Company’s corporate website at www.isf.com.my.

The Committees also function as review bodies, evaluating matters within their respective areas of responsibility and providing recommendations for the Board’s decision. The Chairman of each Committee reports to the Board on the Committee’s activities and key deliberations during Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I – BOARD RESPONSIBILITIES (CONTINUED)

1.2 The Chairperson of the Board

The Chairperson of the Board (“**Chairperson**”), Ms. Yap Chui Fan, holds an Independent Non-Executive position and is responsible for leading the Board, ensuring its effectiveness and integrity, and promoting good corporate governance practices within the Group.

The Board is of the view that the Chairperson should not serve on any Board Committees. This safeguards checks and balances, maintain objectivity, and ensure that the Chairperson does not influence the work of the Committees. Accordingly, and in line with the MCCG, the Chairperson is not a member of any of the Board Committees.

1.3 The Chairperson and Managing Director

The roles of the Chairperson and the Managing Director are held by separate individuals, with clearly defined responsibilities to ensure a proper balance of authority and promote accountability within the Group.

The Chairperson of the Board is tasked with leading the Board, ensuring its effectiveness, and guiding constructive discussions on matters before it. In contrast, the Managing Director is responsible for the day-to-day management of the Group’s operations and for implementing the policies and decisions of the Board. The Executive Directors are also accountable to the Board for overseeing the organisation, management, staffing, and operational procedures of the Group and of the Company, including matters relating to finance, conduct, and discipline.

1.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) Company Secretaries who are experienced and qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 and are registered holders of the Practising Certificate issued by the Companies Commission of Malaysia. All Directors have access to the advice and services of the Company Secretaries.

The Company Secretaries consistently participate in relevant training programs, conferences, or seminars organised by authorities and professional bodies. This ensures they stay updated on corporate governance developments and regulatory changes pertinent to their role, enabling them to provide valuable advisory services to the Board.

The Board acknowledges that the Company Secretaries play an important role and will ensure that the Company Secretaries fulfil the functions for which they have been appointed.

During FYE 2025, all Board meetings were properly convened, accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

1.5 Meeting of Board and Board Committees

To assist the Directors in planning their schedules, the Company Secretaries prepare an annual meeting calendar prior to the start of each financial year. This calendar sets out the dates for Board and Board Committee meetings, as well as the annual general meeting (“**AGM**”), and also identifies closed periods for trading in the Company’s securities by Directors and principal officers, aligned with the release of the Group’s quarterly results.

Meeting notices, together with the relevant papers, are circulated to Directors via email at least five (5) business days before each meeting to allow sufficient time for review and informed decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I – BOARD RESPONSIBILITIES (CONTINUED)

1.5 Meeting of Board and Board Committees (Continued)

The deliberations and decisions of the Board or Board Committees meetings are duly recorded in the minutes of meetings, including whether any Director abstains from voting or deliberating on a particular matter. Draft minutes of meetings are circulated for the Board or Board Committees in a timely manner for review before being confirmed and adopted at subsequent meetings. The Company Secretaries also ensure that deliberations at meetings are properly documented.

Records of proceedings and resolutions passed are kept at the registered office of the Company.

For urgent matters that require the Board's attention outside scheduled meetings, board papers along with the Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.

1.6 Board Charter

On 6 June 2025, the Company formalised and implemented a Board Charter. The Board Charter outlines the composition, structure, authority, roles, responsibilities, operations, and processes of the Board, along with internal processes and principles governing its functions. It also serves as a key reference document and primary induction material for newly appointed Directors, providing them with an understanding of the Board's functions and expectations.

The Board Charter is published on the Company's corporate website at www.isf.com.my.

1.7 Code of Conduct & Ethics

The Code of Conduct & Ethics was adopted on 6 June 2025 and is observed by all Directors, Management and employees of the Group. It is available on the Company's website at www.isf.com.my.

The Board adheres strictly to the Code of Conduct & Ethics, which requires all Directors, Management, and employees of the Group to uphold high ethical standards in all aspects of the Group's business and professional conduct, acting in the best interests of the Group and its shareholders. Periodic reviews of the Code of Conduct & Ethics will be conducted by the Board to ensure its continued relevance and appropriateness.

1.8 Whistleblowing Policy

The Group is committed to the highest standard of integrity, transparency and accountability in the conduct of its business and operations. On 10 June 2025, the Group established the Whistleblowing Policy setting out the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the Whistleblowing Policy is in line with the Companies Act 2016 and Section 17A of the MACC Act ("the Acts"), where provisions have been made to protect the officers who make disclosures on breach or non-observance of any requirement or provision of the Acts or on any serious offence involving fraud and dishonesty.

The Board commits to reviewing and updating the Whistleblowing Policy at least once every three (3) years to ensure its effectiveness and alignment with governing legislation and regulatory requirements.

The Whistleblowing Policy is published on the Company's corporate website at www.isf.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I – BOARD RESPONSIBILITIES (CONTINUED)

1.9 Anti-Bribery and Corruption Policy

In compliance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“**MACC Act 2018**”), the Company adopted an Anti-Bribery and Corruption Policy (“**ABC Policy**”) on 10 June 2025 to encourage a culture of integrity, accountability and transparency throughout the Group. The ABC Policy is aligned with the Listing Requirements and the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act 2018, and sets out the expectations and responsibilities of the Company and all individuals associated with the Group in upholding its zero-tolerance stance against bribery and corruption.

This policy further establishes key anti-bribery and anti-corruption principles governing interactions with the Group’s customers, business partners, and other third parties, and provides guidance on the identification, prevention, management, and remediation of bribery and corruption risks.

To ensure its continued relevance and effectiveness, the ABC Policy is subject to periodic review at least once every three (3) years. The policy is available for reference on the Company’s corporate website at www.isf.com.my.

1.10 Directors’ Fit and Proper Policy

On 1 December 2025, the Board adopted the Directors’ Fit and Proper Policy in accordance with Rule 15.01A of the Listing Requirements of Bursa Securities. This policy serves as a guide to the NC and the Board in assessing the suitability of candidates for appointment to the Board, as well as Directors who are subject to re-election at the annual general meeting.

The Directors’ Fit and Proper Policy establishes clear criteria to ensure that the NC and the Board adhere to rigorous standards in their evaluation of candidates, enabling them to select Directors who possess the necessary qualifications, experience, and integrity to serve effectively on the Board.

The policy is subject to periodic review and may be revised as necessary to ensure continued alignment with the Board’s objectives, prevailing laws and regulatory requirements, as well as best practices. The Directors’ Fit and Proper Policy is available on the Company’s corporate website at www.isf.com.my.

In addition, the Board has adopted the Nomination and Appointment of New Directors Process and Procedures to formalise and strengthen the process undertaken by the NC and the Board in carrying out their responsibilities for the nomination and appointment of new Directors.

1.11 Conflict of Interest Policy

The Board adopted a Conflict of Interest Policy on 1 December 2025, which sets out clear procedures for the identification, disclosure and management of any actual, potential or perceived conflicts of interest within the Group. The Conflict of Interest Policy aims to ensure that such situations are addressed appropriately, promoting transparency, accountability, and sound decision-making across the Group.

This Conflict of Interest Policy also reflects the Group’s commitment to complying with the Listing Requirements of Bursa Securities and the Companies Act 2016, while supporting high standards of corporate governance. It is subject to periodic review by the Board and may be updated, where necessary, to ensure continued alignment with applicable legal and regulatory requirements, corporate objectives and evolving best practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I – BOARD RESPONSIBILITIES (CONTINUED)

1.12 Sustainability Governance

The Board recognises that sustainable business practices are fundamental to long-term value creation and views responsible operations as integral to achieving operational excellence.

The Board assumes primary responsibility for overseeing sustainability matters, including setting strategies, priorities, and targets, while Management is entrusted with the operational execution of Environmental, Social, and Governance (ESG) initiatives as part of the Group's corporate strategy. As fiduciaries to shareholders, the Board is committed to exemplary corporate governance that emphasises ethics, integrity, and corporate responsibility.

The Board ensures that stakeholders are updated on the Group's sustainability priorities, targets, and performance, which are outlined in the Sustainability Statement of this Annual Report. In addition, the Board has included an assessment of its awareness of sustainability matters in the annual performance evaluation, reflecting its commitment to continually improving sustainability practices in line with prevailing standards and stakeholder expectations.

PART II – BOARD COMPOSITION

2.1 Board Composition and Balance

The Board currently comprises seven (7) members and the composition of the current Board is set out in the table below:-

No.	Names	Designation
1.	Yap Chui Fan	Independent Non-Executive Chairperson
2.	Ai Boon Chen	Managing Director
3.	Ai Sew Fuat	Executive Director
4.	Lim Ay Yum	Executive Director
5.	Sim Seng Loong @ Tai Seng	Independent Non-Executive Director
6.	Ir. Chow Kai Hoon	Independent Non-Executive Director
7.	Christine Toh Hung Mei	Independent Non-Executive Director

The composition of the Board is in line with Practice 5.2 of the MCCG, with at least half of its members comprising Independent Non-Executive Directors. This composition provides independent and objective judgement, while ensuring effective checks and balances to safeguard the interest of the minority shareholders and other stakeholders, and uphold high standards of conduct and integrity.

The Independent Directors, who are individuals of credibility and repute, contribute independent perspectives and objectivity in the Board's deliberations. The Board also benefits from the Directors' diverse professional backgrounds, which bring together a balanced mix of industry-specific expertise and broad business experience.

A brief profile of each Director is presented in the Board of Directors' Profile section of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

2.2 Tenure of Independent Directors

The Board acknowledges the recommendation under the MCGG that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Where the Board intends to retain an Independent Director beyond this period, it will provide the necessary justification and seek shareholders' approval through a two-tier voting process at a general meeting. Furthermore, the Board notes that pursuant to the Listing Requirements of Bursa Securities, the tenure of an Independent Director should not exceed a cumulative term of twelve (12) years.

The Board has not adopted a formal policy that limits the tenure of its Independent Directors to nine (9) years, which is regarded as a step-up practice under the MCGG. Notwithstanding that, the assessment of the independence of Independent Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

During FYE 2025, none of the Independent Directors has served on the Board for a cumulative period exceeding nine (9) years.

2.3 Board Diversity and Senior Management Team

The Board recognises the importance of diversity in its composition, as well as that of the Senior Management Team. To advance a diversity agenda, Directors and Senior Management are selected from a broad and varied pool based on objective criteria and merit, while also considering diversity in skills, knowledge, experience, age, cultural background, gender, and contribution.

In line with the MCGG's recommendation on gender diversity, the Board has established and adopted a Gender Diversity Policy on 1 December 2025. This policy outlines a framework for enhancing gender diversity at both the Board and senior management levels. It highlights the importance of diversity among Board members, the policy encompasses factors such as race, ethnicity, age, gender, skills, competencies, experiences, and expertise. The Gender Diversity Policy aims to enhance gender diversity not only within the Board but also throughout the senior management hierarchy.

Currently, the Board comprises four (4) males Directors and three (3) female Directors, representing approximately 42.86% of female representation on the Board, which is compliant with the Listing Requirements of Bursa Securities (i.e. at least one (1) director is a female) and adheres to the best practice of the MCGG (i.e. at least 30% of the Board comprises female directors).

In addition, the Company at all times practices non-discrimination in the selection of senior management members, ensuring inclusivity irrespective of factors such as age, gender, ethnicity or religion, education and cultural background. The Board believes that fostering an inclusive culture will enable the Company to leverage differences in perspective, knowledge, skills, track records and experience in achieving a sustainable and balanced development. All appointments of senior management members have been and will continue to be based on objective criteria and merit with due regard for diversity in experience, skill sets, age and cultural background.

Whilst acknowledging the recommendations of the MCGG on gender diversity at the senior management level, the Board collectively believes that gender diversity for senior management members is not necessary at this time, as the Company is committed to providing fair and equal opportunities, fostering diversity and nurturing a diverse talent pool within the Group. Moving forward, the Board, assisted by the NC, will continue to prioritise gender diversity in future selection processes and will endeavour to increase female representation in the senior management team.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

2.4 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within a clearly defined TOR. This ensures that the Board members can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues.

The Board has established three (3) Board Committees and the membership of each committee is set out in the table below:-

Composition	ARMC	NC	RC
Sim Seng Loong @ Tai Seng (Independent Non-Executive Director)	Chairperson	Member	Member
Ir. Chow Kai Hoon (Independent Non-Executive Director)	Member	Chairperson	Member
Christine Toh Hung Mei (Independent Non-Executive Director)	Member	Member	Chairperson

The TOR of the respective Board Committees are available on the Company's corporate website at www.isf.com.my.

2.5 NC & RC

The composition of the NC and RC complies with the Listing Requirements of Bursa Securities, with both Committees consisting of a majority of Independent Directors. The NC is tasked with evaluating potential candidates for Board appointments and making recommendations accordingly. This involves a thorough assessment of each candidate's qualifications, skills, knowledge, experience, personal attributes, and ability to commit adequate time to the role. The Board believes that a balance of independence, competencies, and diverse backgrounds strengthens its effectiveness and enriches the decision-making process.

The RC is responsible for reviewing and recommending to the Board the framework of remuneration for Executive Directors, taking into account their respective roles and responsibilities. Final decisions on appointments and remuneration are made by the full Board, with Directors abstaining from deliberations concerning their own remuneration. Directors' fees are subject to shareholders' approval at the AGM, based on the Board's recommendation.

The Company was listed on the ACE Market of Bursa Securities on 28 January 2026 ("Listing"), after conclusion of the FYE 2025. As such, certain activities undertaken by the NC relating to the FYE 2025 were carried out subsequent to the year-end. The activities undertaken by the NC up to the date of this Statement include:-

- Evaluated the balance of skills, knowledge and experience of the Board, including the assessment and rating of each Director's performance against the criteria as set out in the annual assessment form. The performance of Non-Executive Directors was also carefully considered, including whether he/she could devote sufficient time to the role.
- Conducted an effectiveness evaluation of the Board and its Committees as a whole, with the objective of assessing its effectiveness.
- Reviewed and assessed the independence of the Independent Directors of the Company.
- Reviewed and assessed the performance of the ARMC.
- Reviewed and recommended to the Board the re-election of the Directors who were due to retire at the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

2.6 Appointment to the Board

An appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the NC. Further, when identifying candidate(s) for appointment of directors, the Board does not solely rely on recommendations from existing Board members, Management or major shareholders. The Board may utilise a variety of independent sources to identify suitable candidate(s). It is of the essence of the Board to ensure high levels of professional skills and appropriate personal qualities are pre-requisites for such nominee(s).

The criteria for the recruitment or appointment of a Director is guided by fit and proper assessment by the NC.

In the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

2.7 Re-election and Re-appointment of Directors

In accordance with the Constitution of the Company, an election of Directors shall take place each year. At the AGM of the Company, where one-third (1/3) of the Directors for the time being or, if the number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. Additionally, the Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next AGM and shall be eligible for re-election.

In assessing the candidates' eligibility for re-election, the NC considers their competencies, commitment, contribution, and performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company.

Upon the recommendation of the NC and the Board, all the Directors will retire and seek re-election at the forthcoming First Annual General Meeting ("1st AGM") and the details of the Directors are disclosed in the Board of Directors' Profile section of the Annual Report.

2.8 Annual Evaluation of the Directors, Board and Board Committees as a whole

The Board, through the NC, has conducted a formal and objective annual evaluation to assess the effectiveness of the Board and its Committees as a whole, as well as the contribution of each Director, including the independence of the Independent Non-Executive Directors.

In evaluating the performance of Non-Executive Directors, the assessment considered, among other factors, attendance at Board or Committee meetings, adequate preparation for Board and/or Board Committees' meetings, regular contribution to Board or Board Committees' meetings, personal input to the role and other contributions to the Board or Board Committees as a whole.

For Executive Directors, the assessment was carried out against diverse key performance indicators, including financial performance, strategic and sustainability, conformance and compliance, business acumen or increase shareholders' wealth, succession planning and personal input to the role.

Following the Listing and subsequent to the FYE 2025, the NC and the Board carried out the annual assessment of the Board, Board Committees and individual Directors in February 2026, reflecting on performance for the FYE 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

2.9 Attendance of Board and Board Committees' Meetings

The Board meets at least once every quarter on a scheduled basis and additional meetings are to be convened as and when deemed necessary by the Board. However, due to the Company's listing on the ACE Market of Bursa Securities on 28 January 2026, only two (2) Board meetings were held during the FYE 2025, with no ARMC, NC and RC meetings.

The number of meetings held and attended by each member of the Board and Board Committees during the FYE 2025 are as follows:-

Name of Director	Board	ARMC	NC	RC
	No. of Meetings Attended			
Yap Chui Fan (Independent Non-Executive Chairperson)	2/2	–	–	–
Ai Boon Chen (Managing Director)	2/2	–	–	–
Ai Sew Fuat (Executive Director)	2/2	–	–	–
Lim Ay Yum (Executive Director)	2/2	–	–	–
Sim Seng Loong @ Tai Seng (Independent Non-Executive Director)	2/2	–	–	–
Ir. Chow Kai Hoon (Independent Non-Executive Director)	2/2	–	–	–
Christine Toh Hung Mei (Independent Non-Executive Director)	2/2	–	–	–

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

2.10 Board Training

The Board acknowledges that continuous education is vital for the Board members to keep abreast with the latest developments in the industry and business environment, as well as changes to statutory requirements and regulatory guidelines.

During the FYE 2025, the Directors have attended the following training programmes in compliance with Rule 15.08 of the Listing Requirements of Bursa Securities:

Name of Directors	Training / Seminar attended
Yap Chui Fan	<ul style="list-style-type: none"> Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad E-Invoice Implementation Treatment for Various Kinds of Business Transactions Introduction to Corporate Directorship in the New Era of ESG Strategic Oversight in Strategy Implementation: Getting Execution Right at the Board Level Programme Board Simulation - Balancing Risks & Opportunity in Sustainability Leadership Programme E-Invoicing Dialogue: Bridging Policy and Business Realities Issuance & Redemption of Preference Shares Joint Ventures, Shareholders Agreement and Conflict of Interest Situations
Ai Boon Chen	<ul style="list-style-type: none"> Mandatory Accreditation Programme (“MAP”)
Ai Sew Fuat	<ul style="list-style-type: none"> MAP
Lim Ay Yum	<ul style="list-style-type: none"> MAP
Sim Seng Loong @ Tai Seng	<ul style="list-style-type: none"> AutoCount V2 E-Invoicing Hands-on Training. E-Invoice Implementation - Comprehensive Analysis One-Invoice preparations for all business. Budget 2026 – Commentary and briefing by Messrs TGS-TW PLT
Ir. Chow Kai Hoon	<ul style="list-style-type: none"> MAP
Christine Toh Hung Mei	<ul style="list-style-type: none"> Perfection of Transfer and Charge Mandatory Accreditation Programme Part II – Leading for Impact Year in Review: Case Law Updates on Adjudication Setting the Stage: An Analysis on the Powers, Duties and Obligations of the Arbitral Tribunal From an Adjudicator’s Perspective: Issues and Challenges in the Conduct of Adjudication Proceedings Arbitration in Action: The Conduct of Effective Hearings The Basics of Family Law The Final Step: Keeping an Eye on Effective and Enforceable Awards The Art of Drafting Enforceable Adjudication Decisions Case Law Updates on Arbitration within and beyond Malaysia Managing Construction Projects: Strategies for Compliance, Control and Commercial Management Housing Development Late Delivery and Defect Law & Practice AIAC’s Adjudicators CCD Workshop Series 2025 - Open Forum Discussion on CIPAA and Adjudication Voices in Arbitration: Let’s Discuss!

All Directors of the Company have attended and completed the Mandatory Accreditation Programme Part I in relation to the Directors’ roles, duties and liabilities as required by Bursa Securities. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors on a continuous basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART III - REMUNERATION

3.1 Remuneration Policy

The Board had established a formal and transparent Remuneration Policy to attract and retain Directors and Senior Management of the Company. The Remuneration Policy was adopted by the Board on 1 December 2025 and is available on the Company's corporate website at www.isf.com.my.

The RC assists the Board in implementing its policies and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The RC is also responsible for ensuring that the remuneration packages are commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Company.

The Board, guided by the RC's recommendations, determines the remuneration of the Managing Director/Executive Director(s). Their packages are structured to link rewards to both corporate and individual performance.

The Independent Non-Executive Directors receive fixed fees that reflect their roles, responsibilities, Board and Committee participation, as well as the skills and expertise they contribute. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover. Apart from Directors' fees, all Independent Non-Executive Directors are entitled to meeting allowances for attending Board and Board Committee meetings. Each Director shall abstain from the deliberation and voting on matters on their own remuneration.

3.2 Remuneration of Directors

The remuneration payable to each of the individual Directors of the Company and of the Group for the FYE 2025 are as follows:-

The Company

Name of Directors	Fees (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits- in Kind (RM'000)	Other emoluments* (RM'000)	Total (RM'000)
Yap Chui Fan	5	1	-	-	-	-	6
Ai Boon Chen	-	-	-	-	-	-	-
Ai Sew Fuat	-	-	-	-	-	-	-
Lim Ay Yum	-	-	-	-	-	-	-
Sim Seng Loong @ Tai Seng	3	1	-	-	-	-	4
Ir. Chow Kai Hoon	3	1	-	-	-	-	4
Christine Toh Hung Mei	3	1	-	-	-	-	4
Total	14	4	-	-	-	-	18

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART III - REMUNERATION (CONTINUED)

3.2 Remuneration of Directors (Continued)

The Group

Name of Directors	Fees (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in Kind (RM'000)	Other emoluments* (RM'000)	Total (RM'000)
Yap Chui Fan	5	1	–	–	–	–	6
Ai Boon Chen	–	–	720	–	25	95	840
Ai Sew Fuat	–	–	270	–	21	36	327
Lim Ay Yum	–	–	360	–	–	45	405
Sim Seng Loong @ Tai Seng	3	1	–	–	–	–	4
Ir. Chow Kai Hoon	3	1	–	–	–	–	4
Christine Toh Hung Mei	3	1	–	–	–	–	4
Total	14	4	1,350	–	46	176	1,590

Note:-

* Other emoluments include the Employees Provident Fund (EPF), Social Security Organisation (SOCSO), Employment Insurance System (EIS) and Human Resource Development Fund (HRDF).

3.3 Remuneration of Senior Management

The Board is of the view that disclosing Senior Management's remuneration on a named basis is not in the best interest of the Company, as it may affect the ability to attract and retain talent in the competitive human resources environment. The Board also considered the sensitivity and confidentiality of such information and has therefore opted not to disclose remuneration on a named basis or in bands of RM50,000. Instead, the aggregated remuneration of Senior Management, presented on an unnamed basis in bands of RM50,000, is disclosed in this Annual Report as follows:-

Range of Remuneration	No. of Senior Management Officer
RM100,000 to RM150,000	3
RM150,001 to RM200,000	2

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – ARMC

4.1 Effective and Independent ARMC

The Board entrusts the ARMC with a range of responsibilities, including, but not limited to, advising on and overseeing financial reporting, external audit functions, the internal control environment, internal audit processes, review of related party transactions, along with addressing conflict of interest situations.

The ARMC is chaired by Mr. Sim Seng Loong @ Tai Seng, an Independent Non-Executive Director who is distinct from the Chairperson of the Board. The majority of ARMC members are financially literate, and the Chairman of the ARMC is a member of the Malaysian Institute of Accountants.

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. Its composition complies with Rules 15.09 and 15.10 of the Listing Requirements of Bursa Securities and aligns with the recommendation of MCCG. None of the Independent Non-Executive Directors has appointed alternate directors.

None of the members of the ARMC were former key audit partners and to uphold utmost independence, the Board has no intention to appoint any former key audit partner as a member of the ARMC.

The ARMC members possess the necessary skills and knowledge to effectively discharge their responsibilities as outlined in the TOR of the ARMC. They have a thorough understanding of matters within the Committee's scope, including financial reporting processes.

Members are expected to dedicate sufficient time to keeping their knowledge and skills current through relevant continuing education programs. This ensures active engagement and informed participation in all deliberations. The ARMC members consistently stay updated on developments in accounting and auditing standards, practices, and regulations requirements.

4.2 Financial Reporting

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements of the Group comply with the Companies Act 2016 and applicable approved financial reporting standards in Malaysia.

The ARMC assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the Malaysian Financial Reporting Standards and the Listing Requirements. In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balanced and fair assessment of the Company's financial position and prospects. The ARMC reviews the Company's quarterly financial results and annual audited financial statements to ensure accuracy adequacy and completeness prior to presentation to the Board for its approval.

4.3 External Auditors

The Group maintains a transparent and effective relationship with the External Auditors, granting them direct communication authority. This enables the External Auditors to bring to the attention of the ARMC any matters requiring the Board's attention regarding compliance with accounting standards and related regulatory requirements.

Prior to the Listing, the Board established an Assessment Policy for the External Auditors, along with annual performance evaluation forms. This policy outlines guidelines and procedures for the ARMC to review, assess, and monitor the performance, suitability, and independence of the External Auditors.

Following the Listing, the ARMC conducted the annual performance assessment of the External Auditors in February 2026. The ARMC is satisfied with the performance, suitability, and independence of the External Auditors of the Company, Grant Thornton Malaysia PLT, and has recommended their re-appointment to the shareholders for approval at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management and Internal Control Framework

The Board recognises its overall responsibilities in establishing and maintaining a robust risk management framework and internal control system throughout the Group. This framework and system are structured to effectively manage the Group's risks within an acceptable risk appetite, rather than aiming to eliminate the risk of potential failure in achieving the Group's policies, goals, and objectives. They offer reasonable assurance against significant misstatements in financial information and records, as well as protection against financial losses or fraudulent activities.

The Company engages Internal Auditors to provide independent assessments of the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors report directly to the ARMC, and internal audit plans are tabled to the ARMC for review and approval by the Board to ensure adequate coverage.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

5.2 Internal Audit Function

In preparation for the Listing, the Group had engaged GovernanceAdvisory.com Sdn. Bhd. ("GA"), an independent internal audit consulting firm, as its Internal Control Consultant to review and report on the internal control and risk management systems, including key systems, procedures and controls of the Group.

Following its Listing on the ACE Market, the Group continued to entrust GA with the internal audit function, which reports to the ARMC and assists the ARMC in reviewing the adequacy and effectiveness of the Group's internal control and risk management systems. GA's representatives maintain objectivity and independence, devoid of any relationships or conflicts of interest that could compromise their integrity as internal auditors.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

The Board recognises the significance of promptly and equitably disseminating information regarding significant developments within the Group to shareholders, potential investors, and the public. Consequently, a Corporate Disclosure Policy was adopted on 1 December 2025.

The quarterly results, announcements and annual reports serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and developments.

The Company's corporate website at www.isf.com.my serves as one of the most convenient ways for shareholders, business partners and members of the public to gain access to corporate information, news and events relating to the Group.

The Company's AGM remains a primary platform for communication between the Group and its shareholders. During the AGM, shareholders will have the opportunity to pose questions regarding proposed resolutions and other matters concerning the Group's performance, developments, and future trajectory. The Board is committed to ensuring transparency and understanding by providing a comprehensive written explanation for each item of special business included in the meeting notice, facilitating shareholders' comprehension and evaluation of the resolutions and their implications.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

PART II – CONDUCT OF GENERAL MEETINGS

7.1 General Meetings

The Board will ensure that the Notice of the AGM is sent out at least twenty-eight (28) days prior to the meeting to allow sufficient time for the shareholders to go through the Annual Report and make necessary attendance and voting arrangements.

In line with Practice 13.1 of MCCG, the notice convening the 1st AGM of the Company will be issued to shareholders at least twenty-eight (28) days before the date of the AGM, which gives shareholders sufficient time to prepare themselves to attend the 1st AGM or to appoint a proxy to attend and vote on their behalf.

The Company's 1st AGM will be held physically and the venue of the meeting will be easily accessible. Board members, External Auditors, Company Secretaries, Sponsors, and relevant senior management personnel will be present to engage with shareholders and aid the Board in addressing any queries raised.

All resolutions set out in the Notice of the 1st AGM will be put to vote by poll. The outcome of all resolutions proposed at the general meetings will be announced to Bursa Securities at the end of the meeting day.

7.2 Effective Communication and Proactive Engagement

All Directors are required to be present at the 1st AGM, where they will be held accountable to shareholders for their oversight of the Company. Additionally, the Chairpersons of the Board Committees will also be present to respond to any queries from shareholders regarding the Company and the Group.

The AGM provides an important platform for the Board to engage directly with shareholders, gaining insights into their expectations and solicit feedback. The Board encourages shareholders to ask questions and share their views during the shareholders' meetings and afterwards, ensuring that their queries are addressed thoroughly.

The Board will ensure that appropriate infrastructure and tools are in place to facilitate the smooth conduct of the AGM and to support meaningful engagement with the shareholders. A summary of the key matters discussed at the AGM will be made available on the Company's website for shareholders' information.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE STATEMENT

The Board has reviewed, deliberated, and approved this statement. The Board is satisfied that, to the best of its knowledge, the Company has complied with the principles and practices of the MCCG, the relevant provisions of the Listing Requirements of Bursa Securities on corporate governance, and all other applicable laws and regulations throughout FYE 2025.

The Board acknowledges that corporate governance is a continuous journey and remains committed to identifying opportunities for enhancement, ensuring that the Group continues to foster trust and confidence among its stakeholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires the Board of Directors (the “**Board**”) to establish a sound risk management framework and internal controls system to safeguard the shareholders’ investments and assets of the Company and its subsidiary (collectively referred to as the “**Group**”). Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”), the Board is pleased to present this Statement on Risk Management and Internal Control (“**Statement**”). The Statement encapsulates key features of the risk management and internal control system of the Group during the financial year under review.

This Statement has been prepared in accordance with the guidelines set out in the “Statement on Risk Management and Internal Control (**SORMIC**): Guidelines for Directors of Listed Companies” (“**SORMIC Guide 2025**”), issued by the Institute of Internal Auditors Malaysia, which emphasises Board accountability, outcome-based disclosures and the articulation of assurance supporting the Board’s conclusion.

BOARD’S RESPONSIBILITY

The Board is responsible for and committed to maintaining a sound and effective risk management and internal control system for the Group. Risk management is integrated into our business planning, investment decisions, internal control and day-to-day operations to enhance ownership and agility in managing risks. The Board has reviewed the adequacy and effectiveness of the Group’s risk management and internal control systems during the financial year.

The system encompasses risk management, organisation policies and processes, corporate governance, financial information integrity, operational and regulatory controls. The Board recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group’s policies and achieving goals and objectives within the risk tolerance established by the Board and Management. Therefore, the system provides reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss, or fraud.

MANAGEMENT’S RESPONSIBILITY

Management is responsible for executing the risk and internal control policies and procedures established by the Board. Management’s responsibilities include the following:

- Identifying and evaluating risks relevant to the Group’s business, and the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks in accordance with the Group’s strategic and overall risk appetite;
- Designing, implementing, and monitoring the implementation of an effective risk management and internal control system;
- Implementing policies approved by the Board;
- Implementing remedial actions to address compliance deficiencies as directed by the Board; and
- Providing the Board with prompt updates regarding shifting risk landscapes, emerging threats, and the specific actions taken to mitigate them.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has established a comprehensive risk management and internal control system, guided by the Group's Risk Management and Internal Control Framework. This framework aligns with recognised international standards to safeguard the Group's business interests from risk events that may impede the achievement of its business strategies and growth opportunities, besides providing assurances to stakeholders.



This Framework sets out the governing elements and processes as the foundation of risk management practices to identify, treat, monitor and evaluate risk for the Group. The said governance document defines the roles of the Board, Management and the rest of the organisation in fulfilling our aim of building a high-performing sustainable organisation.

The Board has overall responsibility for the oversight of risk management, supported by the Audit and Risk Management Committee ("**ARMC**"). Management is responsible for implementing the risk management framework and ensuring that risks are identified, evaluated, and managed appropriately within the approved risk appetite.

Key risks, including strategic, operational, financial, regulatory, and technology risks, are identified through periodic risk assessments and documented in risk registers.

Risk assessment exercises are conducted quarterly to ensure that the Group's risk exposures are appropriately mitigated and updated. This process ensures our risk profile remains responsive to the evolving business environment and potential external shifts.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

INTERNAL CONTROL SYSTEM

The Board is further supported by a structured internal control environment designed to promote operational efficiency, financial reliability and regulatory compliance. The Group's internal controls system comprises the following key elements:

- An organisational structure with clearly defined roles and reporting lines provides a robust framework for checks and balances. This ensures informed decision-making at appropriate management levels and identifies matters requiring Board-level approval.
- The ARMC and the Board meet at least quarterly to evaluate financial performance, annual statements, and internal audit findings. These sessions involve rigorous dialogue with Management to determine and track the necessary actions to resolve identified control issues.
- The ARMC and the Board actively review external and internal audit findings related to accounting and internal controls, engaging Management in proactive discussions to ensure all issues are effectively remediated.
- Comprehensive internal policies and procedures guide employees across all key business units. These frameworks are periodically updated to remain aligned with evolving operational requirements, market conditions, and statutory reporting obligations.
- There is an ongoing process for identifying, evaluating and managing the significant risks in line with the Group's business objectives, approved strategy and risk appetite.
- The Group has implemented Anti-Bribery and Anti-Corruption Policy to prohibit bribery and corruption in all business dealings and a Whistleblowing Policy to provide a secure and confidential channel to report any suspected misconduct or unethical behavior.

INTERNAL AUDIT

In preparation for the Listing, the Group had engaged GovernanceAdvisory.com Sdn. Bhd. ("GA"), an independent internal audit consulting firm, as its Internal Control Consultant to review and report on the internal control and risk management systems, including key systems, procedures, policies and controls of the Group. Key findings and recommendations are reported and tabled to the Board, and Management is responsible for implementing corrective actions. Based on the review conducted, no material control weaknesses were identified that resulted in material losses to the Group.

Following its listing on the ACE Market, the Group continued to entrust GA with the internal audit function, which reports to the ARMC and assists the ARMC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

Internal audit provides an independent assessment of the effectiveness and efficiency of internal controls utilising global audit methodologies and tools to support the corporate governance framework, including International Professional Practices Framework ("IPPF") and an efficient and effective risk management framework to provide assurance to the ARMC.

MANAGEMENT ASSURANCE

The Board has received assurances from the Managing Director and Executive Directors that the Group's risk management and internal control system is operating effectively in all material aspects based on the processes as approved by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

REVIEW OF THIS STATEMENT

Pursuant to rule 15.23 of the Listing Requirements, the External Auditors have performed a limited assurance review on this Statement in accordance with Audit and Assurance Practice Guides 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report 2025, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by the SORMIC Guide 2025, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The External Auditors do not assume responsibility to any person other than the Board in respect of any aspect of this Statement.

CONCLUSION

The Board is of the view that the system of risk management and internal control in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, and the interests of customers, regulators, employees, and other stakeholders.

This Statement is made in accordance with the resolution of the Board on 22 April 2026.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee (“**ARMC**” or “**the Committee**”) of ISF Group Berhad (“**the Company**”) is pleased to present the ARMC Report for the financial year ended 31 December 2025 (“**FYE 2025**”).

1. OBJECTIVES

The ARMC was established to assist the Board of Directors of the Company (“**Board**”) in effectively fulfilling its statutory and fiduciary responsibilities. By conducting impartial and independent assessments, the Committee provides additional assurance to the Board concerning the effectiveness of financial, operational, and administrative controls and procedures, thereby enhancing governance and risk management practices within the Company and its subsidiary (collectively referred to as “**the Group**”).

2. COMPOSITION OF ARMC

The ARMC comprises the following members, all of whom are Independent Non-Executive Directors:

Name of Committee members	Designation and Directorship
Sim Seng Loong @ Tai Seng	Chairperson, Independent Non-Executive Director
Christine Toh Hung Mei	Member, Independent Non-Executive Director
Ir. Chow Kai Hoon	Member, Independent Non-Executive Director

The composition of the ARMC complied with Rule 15.09 of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as well as Practices 9.1 and Practice 9.4 of the Malaysia Code of Corporate Governance.

The Chairperson of ARMC, Mr. Sim Seng Loong @ Tai Seng is a Chartered Accountant and member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Certified Practising Accountants of Australia. In this respect, the composition of ARMC complies with Rule 15.09(1)(c) of the Listing Requirements of Bursa Securities.

The authorities and duties of the ARMC are governed by the Terms of Reference of the ARMC, which can be accessed on <https://isf.com.my>.

3. SUMMARY OF WORKS OF THE ARMC FOR THE FYE 2025

During the FYE 2025, no ARMC meetings were held, as the Company was listed on the ACE Market of Bursa Securities on 28 January 2026 (“**Listing**”). Nevertheless, the Committee undertook the following actions prior to the Listing:

- (a) Reviewed the Accountants’ Report of the Company and Pro Forma Combined Statements of Financial Position of the Company as at 31 July 2025 for inclusion in the Company’s Prospectus in conjunction with the Listing; and
- (b) Reviewed and adopted the Internal Auditors’ Assessment Policy and Internal Auditors’ Annual Evaluation Form.

4. INTERNAL AUDIT FUNCTION

In preparation for the Listing, the Group had engaged GovernanceAdvisory.com Sdn. Bhd. (“**GA**”), an independent internal audit consulting firm, as its Internal Control Consultant to review and report on the internal control and risk management systems, including key systems, procedures, policies and controls of the Group.

Following its Listing on the ACE Market, the Group continued to entrust GA with the internal audit function, which reports to the ARMC and assists the ARMC in reviewing the adequacy and effectiveness of the Group’s internal control and risk management systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. GA’s representatives maintain objectivity and independence, devoid of any relationships or conflicts of interest that could compromise their integrity as internal auditors.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONTINUED)

4. INTERNAL AUDIT FUNCTION (CONTINUED)

The ARMC will annually review the adequacy of scope, functions, competency and resources of the Internal Auditors to ensure that they are able to fully discharge their responsibilities. Detailed information regarding GA's resources and qualifications is provided in the Corporate Governance Report, accessible on the Company's website.

5. FINANCIAL REPORTING

The ARMC will review the unaudited consolidated quarterly financial results and annual audited financial statements of the Group to verify their material accuracy, adequacy, validity, timeliness, and compliance with relevant financial reporting standards for disclosure to shareholders. These reports, providing a balanced and fair evaluation of the Group's financial standing and future outlook, will then be presented to the Board for approval and subsequently disclosed to Bursa Securities.

6. RELATIONSHIP WITH AUDITORS

The Group maintains transparent and appropriate relationships with both External and Internal Auditors, enabling access to professional guidance regarding compliance and corporate governance matters. The Group's internal audit function is outsourced to an independent third party, providing direct and regular reports to the ARMC. Both External and Internal Auditors have direct reporting lines to the ARMC, ensuring independent, objective, and impartial resolution of highlighted issues, free from undue influence from Management.

The Board, through the ARMC, shall maintain appropriate, formal and transparent relationships with the External and Internal Auditors. Where necessary, the ARMC meets with the Auditors in the absence of Management to reinforce their independence and objectivity.

Meetings with the External Auditors will be held to discuss the Group's audit plans, audit findings, and financial statements, as well as to seek their professional advice on other related matters.

7. EVALUATION OF THE PERFORMANCE OF THE AUDITORS

In accordance with the Terms of Reference of the ARMC, the Board, prior to Listing, established an Assessment Policy for both External and Internal Auditors, together with their respective annual performance evaluation forms. This policy outlines guidelines and procedures for the ARMC to review, assess, and monitor the performance, suitability, and independence of both the External and Internal Auditors. These Auditors are restricted from providing any services that may compromise their independence or conflict with their roles.

The ARMC shall obtain assurance from the External and Internal Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

In addition, the ARMC shall carry out an annual performance evaluation of the External and Internal Auditors and may request the Executive Directors and Finance Manager to participate in the assessment process.

The annual evaluation form includes a checklist for the ARMC to formally review the independence, effectiveness and efficiency of the External and Internal Auditors of the Company. Some criteria for annual review by the ARMC include:

- (a) Calibre of the Audit Firm;
- (b) Quality of the Audit Engagement Team;
- (c) Quality of communication and interaction with the audit team;
- (d) Audit Scope and Quality Processes;
- (e) Audit Governance and Independence; and
- (f) Audit Fee.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (“IPO”)

ISF Group Berhad (“the Company”) was listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 28 January 2026 (“Listing”). As at 31 December 2025, the Company’s Listing was pending completion and therefore, the proceeds had not been raised or utilised.

For information purposes, the Company undertook a public issuance of 185,299,000 new ordinary shares at an issue price of RM0.33 per ordinary share in conjunction with the Listing, raising a total gross proceeds of approximately RM61.15 million (“IPO Proceeds”).

As disclosed in the Company’s prospectus dated 8 January 2026, the Company expects to utilise the IPO Proceeds in the following manner:-

Purposes	RM’000	%	Estimated timeframe for utilisation (from the Listing date)
Establish and expand operational facilities	11,350	18.56	Within 36 months
Develop the existing business activities	2,050	3.35	Within 24 months
Expand workforce	1,850	3.03	Within 24 months
Loan repayments	1,200	1.96	Within 6 months
Working capital	39,899	65.25	Within 24 months
Estimated listing expenses	4,800	7.85	Within 3 months
Total	61,149	100.00	

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the External Auditors, Grant Thornton Malaysia PLT and its local affiliate for services rendered by them to the Company and its subsidiary (collectively referred to as the “Group”) for the financial year ended 31 December 2025 are as follows:

Type of Services	Company RM’000	Group RM’000
Audit	60	140
Non-Audit ⁽¹⁾	75	135
Total	135	275

Note:-

⁽¹⁾ Non-Audit services comprise of review of Statement of Risk Management and Internal Control, professional fees for tax compliance and advisory services and fees for special audit relating to the Company’s listing exercise.

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

3. MATERIAL CONTRACTS

Save as below disclosed in the Company's prospectus dated 8 January 2026, the Group has not entered into any material contracts which involved the interests of the Directors, chief executive and/or major shareholders, either still subsisting at the end of the financial year ended 31 December 2025 or entered into since the end of the previous financial year:-

- (a) sale and purchase agreement entered between YPSB and Prinsip Alpha Sdn. Bhd. dated 30 May 2025 in respect of the acquisition of a unit of service apartment identified as Parcel No. B-29-07, Storey No. 29, Building No. B, Land Parcel No. 947 with accessory parcel No. A381 in a housing development known as "Residensi Ponderosa" erected on all that piece of freehold land held under the master title GRN 457227, Lot 181427, Mukim Plentong, District of Johor Bahru, State of Johor, measuring approximately 49.45 sq. m. at the consideration of RM480,000. The consideration is payable by way of progressive payments based on construction milestones. The development is expected to be completed in 2029;
- (b) sale and purchase agreement entered between YPSB and Prinsip Alpha Sdn Bhd dated 17 October 2025 in respect of the acquisition of a unit of service apartment identified as Parcel No. B-29-08, Storey No. 29, Building No. B, Land Parcel No. 948 with accessory parcel No. A247 in a housing development known as "Residensi Ponderosa" erected on all that piece of freehold land held under the master title GRN 457227, Lot 181427, Mukim Plentong, District of Johor Bahru, State of Johor, measuring approximately 63.31 sq. m. at the consideration of RM594,000. The consideration is payable by way of progressive payments based on construction milestones. The development is expected to be completed in 2029;
- (c) placement agreement dated 10 December 2025 entered into between the Company, Ai Boon Chen, Ai Sew Fuat, Lim Ay Yum and Alliance Islamic Bank Berhad in connection with the initial public offering ("IPO") of the Company. The IPO was completed, following the listing of the Company on the ACE Market of Bursa Securities on 28 January 2026; and
- (d) underwriting agreement dated 10 December 2025, entered into between the Company and Alliance Islamic Bank Berhad pursuant to the IPO of the Company. The IPO was completed, following the listing of the Company on the ACE Market of Bursa Securities on 28 January 2026.

4. RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE ("RRPT")

The Group did not seek any mandate on RRPT from its shareholders. The RRPT of revenue or trading in nature incurred by the Group for the financial year under review did not exceed the threshold prescribed under Rule 10.09(1) of the Listing Requirements of Bursa Securities.

5. EMPLOYEES' SHARE SCHEME

The Company did not establish any employee share scheme and does not have any subsisting employee share scheme during the financial year under review.

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

6. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

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

(a) Group Total Income and Total Assets

Total Income	Remarks	Group	
		FYE 2025 RM'000	FYE 2024 RM'000
Revenue		98,545	54,669
Other income		832	1,527
Total		99,377	56,196
Total Assets		71,481	50,774

(b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		FYE 2025 RM'000	FYE 2024 RM'000
Interest income	Conventional	17	8
Conventional banking & finance and related services	Cash rebate from conventional credit card	2	1
Other Shariah non-compliant activities to be determined by the SAC	Interest income from investment	–	603
Total		19	612

(c) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		FYE 2025 RM'000	FYE 2024 RM'000
Cash at bank (exclude cash in hand)		1,208	1,780
Deposits with licensed banks		18,768	6,269
Money market instruments		–	2,503
Cash in hand (under Islamic account/instruments only)		9	9
Total		19,985	10,561

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

6. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D)

(c) Component of Financial Position (Cont'd)

(i) Cash Component (Cont'd)

Conventional Account/Instruments	Remarks	Group	
		FYE 2025 RM'000	FYE 2024 RM'000
Cash at bank (exclude cash in hand)		10	9
Deposits with licensed banks		471	365
Total		481	374

(ii) Debt Component

Islamic Financing	Remarks	Group	
		FYE 2025 RM'000	FYE 2024 RM'000
Current			
Term financing		101	152
Bankers' acceptances		3,573	677
Non-Current			
Term financing		1,173	1,274
Total		4,847	2,103

Conventional Borrowing	Remarks	Group	
		FYE 2025 RM'000	FYE 2024 RM'000
Current			
Hire purchase payables		765	459
Term loans		95	442
Non-Current			
Hire purchase payables		2,267	1,580
Term loans		–	95
Total		3,127	2,576

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors ("**the Board**") is responsible for the preparation of the financial statements, which have been made in accordance with applicable laws, regulations and approved accounting standards to give a true and fair view of the financial position, financial performance and cash flows of the Company and its subsidiary (collectively, "**the Group**") for each financial year.

In preparing the financial statements for the financial year ended 31 December 2025, the Directors have:-

- (a) adopted and consistently applied appropriate accounting policies;
- (b) made judgements and estimates that are prudent and reasonable;
- (c) ensured applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (d) acknowledges that the Group and the Company have prepared the financial statements on a going concern basis as the Board has a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Board is also responsible for ensuring that the Group and the Company maintain accounting records that accurately reflect the financial position of the Group and of the Company, thereby enabling the preparation of financial statements in compliance with the Companies Act 2016.

Furthermore, the Board has the overall responsibility for taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and of the Company, to prevent and detect fraud and other irregularities.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year/period ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company was incorporated on 25 March 2025 under the Companies Act 2016 in Malaysia as a private limited company and domiciled in Malaysia. The Company was subsequently converted into a public limited company on 4 June 2025. On 28 January 2026, the Company was successfully admitted to the Official List of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the Company’s entire enlarged issued and paid up capital comprising 1,000,000,000 ordinary shares were listed and quoted on the ACE Market of Bursa Securities.

The Company is principally engaged in investment holding.

The principal activities and details of the subsidiary are disclosed in Note 5 to the Financial Statements.

There have been no significant changes in the natures of these activities of the Company and its subsidiary during the financial year/period.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year/period	25,340,463	(232,919)
Attributable to owners of the Company	25,340,463	(232,919)

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the date of incorporation.

RESERVES AND PROVISIONS

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

EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are disclosed in Note 32 to the Financial Statements.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors who held office since the beginning of the financial period and up to the date of this report are:-

Ai Boon Chen (First director, appointed on 25 March 2025)*
 Ai Sew Fuat (First director, appointed on 25 March 2025)*
 Lim Ay Yum (First director, appointed on 25 March 2025)*
 Yap Chui Fan (Appointed on 6 June 2025)
 Sim Seng Loong @ Tai Seng (Appointed on 6 June 2025)
 Ir. Chow Kai Hoon (Appointed on 6 June 2025)
 Christine Toh Hung Mei (Appointed on 6 June 2025)

* Directors of the Company and its subsidiary.

DIRECTORS' BENEFITS

During the financial year/period, the salaries, fees and other benefits received and receivable by the Directors of the Company are as follows:-

	Incurred by the Company RM	Incurred by the subsidiary RM	Total RM
Directors' fees	18,000	–	18,000
Directors' other benefits *	–	46,250	46,250
Directors' emoluments	–	1,526,055	1,526,055

* Included in directors' other benefits are benefits-in-kind (based on estimated money value) of RM46,250 (2024: RM25,000).

During and at the end of the financial year/period, no arrangement subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire any benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial period in shares of the Company during the financial period were as follows:-

	Date of incorporation	NUMBER OF ORDINARY SHARES		At 31.12.2025
		Acquired	Sold	
Ai Boon Chen	700	570,290,000	–	570,290,700
Ai Sew Fuat	200	162,940,000	–	162,940,200
Lim Ay Yum	100	81,470,000	–	81,470,100

Other than as disclosed above, none of the other directors have any interest in shares in the Company and its related corporation during the financial period.



DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- (a) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group or of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

In the opinion of the Directors:-

- (a) no contingent liability 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/period which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year/ period were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 31 to the Financial Statements; and
- (c) there has not arisen in the interval between the end of the financial year/period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year/period in which this report is made other than as disclosed in Note 32 to the Financial Statements.

DIRECTORS' REPORT (CONTINUED)

ISSUE OF SHARES AND DEBENTURES

On the date of incorporation, the Company issued 1,000 new ordinary shares at an issue price of RM1.00 per ordinary share as subscribers' shares for cash. During the financial period, the Company has increased its issued and fully paid-up ordinary share capital by way of issuance of:-

- (a) 814,700,000 new ordinary shares at an issue price of RM0.018 per ordinary share, totalling RM14,664,600 as the purchase consideration for the acquisition of Yeo Plumber Sdn. Bhd., during the financial period.

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial period.

INDEMNITIES AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year/period, for any person who is or has been the Director or officer of the Group and of the Company.

AUDITORS

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

The amount of audit and other fees paid or payable to the Auditors and its local affiliate by the Group and the Company for the financial year/period ended 31 December 2025 amounted to RM274,800 and RM135,000 respectively. Further details are disclosed in Note 20 to the Financial Statements.

To the extent permitted by law, the Group and the Company have agreed to indemnify its Auditors, Grant Thornton Malaysia PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year/period ended 31 December 2025.

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

AI BOON CHEN
Director

Johor Bahru

22 April 2026

LIM AY YUM
Director



STATEMENT BY DIRECTORS

In the opinion of the Directors, the accompanying financial statements together with the notes attached thereto are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of its financial performance and cash flows for the financial year/period then ended.

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

AI BOON CHEN

Johor Bahru
22 April 2026

LIM AY YUM

STATUTORY DECLARATION

I, AI BOON CHEN, being the Director primarily responsible for the financial management of ISF GROUP BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements together with the notes attached thereto are 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 AI BOON CHEN at)
Johor Bahru in the State of Johor)
on 22 April 2026)

AI BOON CHEN

Before me,

VASANTHI A/P VADIVELLOO
No. J 258
Commissioner for Oaths

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2025

	Note	2025 RM	Group 2024* RM	Company 2025 RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	3	8,522,097	4,310,576	–
Investment property	4	–	3,085,940	–
Investment in subsidiary	5	–	–	14,664,600
Deferred tax assets	6	265,482	169,869	–
		8,787,579	7,566,385	14,664,600
CURRENT ASSETS				
Trade receivables	7	20,791,509	19,562,865	–
Other receivables	8	947,799	506,178	–
Prepayment		2,976,423	1,146,450	59,916
Contract assets	9	17,512,434	10,954,613	–
Fixed deposits with licensed banks	10	19,239,125	9,136,511	–
Cash and bank balances	11	1,226,594	1,798,379	50,123
Total current assets		62,693,884	43,104,996	110,039
Non-current asset classified as held for sale	12	–	102,828	–
TOTAL ASSETS		71,481,463	50,774,209	14,774,639

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

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	2025 RM	Group 2024* RM	Company 2025 RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	14,665,600	–	14,665,600
Invested equity	13	–	1,000,000	–
Merger deficit	14	(13,664,600)	–	–
Retained profits/(Accumulated losses)		27,005,074	13,664,611	(232,919)
TOTAL EQUITY		28,006,074	14,664,611	14,432,681
NON-CURRENT LIABILITIES				
Lease liabilities	15	7,431	6,809	–
Loans and borrowings	16	3,440,365	2,949,471	–
		3,447,796	2,956,280	–
CURRENT LIABILITIES				
Trade payables	17	10,544,446	10,360,922	–
Other payables	18	2,458,429	1,464,806	341,958
Contract liabilities	9	19,558,553	17,869,433	–
Tax payables		2,928,198	1,697,832	–
Lease liabilities	15	4,485	29,881	–
Loans and borrowings	16	4,533,482	1,730,444	–
		40,027,593	33,153,318	341,958
TOTAL LIABILITIES		43,475,389	36,109,598	341,958
TOTAL EQUITY AND LIABILITIES		71,481,463	50,774,209	14,774,639

* As disclosed in Note 31 (a) to the Financial Statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented.

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year/period ended 31 December 2025

	Note	Group 1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024* RM	Company 25.3.2025 to 31.12.2025 RM
REVENUE	19	98,544,673	54,669,618	-
Cost of sales		(53,248,307)	(34,483,421)	-
GROSS PROFIT		45,296,366	20,186,197	-
Other operating income		831,654	1,526,971	205
General and administrative expenses		(10,023,289)	(7,681,728)	(233,124)
Other operating expenses		(1,854,689)	(963,968)	-
Finance cost		(378,804)	(366,374)	-
PROFIT/(LOSS) BEFORE TAX	20	33,871,238	12,701,098	(232,919)
Income tax expense	21	(8,530,775)	(3,065,010)	-
PROFIT/(LOSS) FOR THE YEAR/PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		25,340,463	9,636,088	(232,919)
PROFIT/(LOSS) FOR THE YEAR/PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD ATTRIBUTABLE TO:-				
- Owners of the Company		25,340,463	9,636,088	(232,919)
Earnings per share attributable to owners of the Company				
- Basic and diluted	23	0.03	0.01	

* As disclosed in Note 31 (a) to the Financial Statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented.

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year/period ended 31 December 2025

	Note	Attributable to owners of the Company				Total equity RM
		Share capital RM	Invested equity RM	Merger deficit RM	Retained profits RM	
Group						
At 1 January 2024*		-	1,000,000	-	14,028,523	15,028,523
Profit and total comprehensive income for the year		-	-	-	9,636,088	9,636,088
Transactions with owners of the Company:-						
Dividends to the owners of the Company	24	-	-	-	(10,000,000)	(10,000,000)
At 31 December 2024/ 1 January 2025		-	1,000,000	-	13,664,611	14,664,611
Merger of the Company		1,000	-	-	-	1,000
Profit and total comprehensive income for the year		-	-	-	25,340,463	25,340,463
Transactions with owners of the Company:-						
Dividends to the owners of the Company	24	-	-	-	(12,000,000)	(12,000,000)
Issue of shares pursuant to acquisition of a subsidiary	13	14,664,600	-	-	-	14,664,600
Acquisition of a subsidiary	13	-	(1,000,000)	(13,664,600)	-	(14,664,600)
		14,664,600	(1,000,000)	(13,664,600)	(12,000,000)	(12,000,000)
At 31 December 2025		14,665,600	-	(13,664,600)	27,005,074	28,006,074

* As disclosed in Note 31 (a) to the Financial Statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented.

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Share capital RM	Accumulated losses RM	Total equity RM
Company				
At date of incorporation		1,000	–	1,000
Loss and total comprehensive loss for the period		–	(232,919)	(232,919)
Transactions with owners of the Company:-				
Issue of shares pursuant to acquisition of a subsidiary	13	14,664,600	–	14,664,600
At 31 December 2025		14,665,600	(232,919)	14,432,681

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

STATEMENTS OF CASH FLOWS

for the financial year/period ended 31 December 2025

	Note	Group		Company
		1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024* RM	25.3.2025 to 31.12.2025 RM
OPERATING ACTIVITIES				
Profit/(Loss) before tax		33,871,238	12,701,098	(232,919)
Adjustments for:-				
Depreciation of investment property		-	2,571	-
Depreciation of property, plant and equipment		987,373	648,174	-
Gain on disposal of asset held for sale		(17,172)	-	-
Gain on disposal of investment property		-	(239,767)	-
Gain on disposal of property, plant and equipment		(22,399)	(226,297)	-
Gain on early termination of lease		(1,338)	(456)	-
Interest expenses		378,804	366,374	-
Interest income from investment		-	(603,578)	-
Loss on property, plant and equipment written off		68,927	-	-
Net changes of impairment loss on trade receivables		867,316	292,279	-
Other interest income		(737,696)	(292,594)	(205)
Reversal of provision for future project losses		-	(8,550)	-
Operating profit/(loss) before changes in working capital		35,395,053	12,639,254	(233,124)
Receivables		(4,688,350)	(11,716,962)	(59,916)
Payables		1,437,647	2,411,482	92,428
Contract assets		(6,557,821)	(4,985,356)	-
Contract liabilities		1,689,120	7,952,932	-
Cash generated from/(used in) operations		27,275,649	6,301,350	(200,612)
Tax paid		(7,396,022)	(2,590,438)	-
Net cash generated from/(used in) operating activities		19,879,627	3,710,912	(200,612)
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	A	(587,664)	(417,050)	-
Interest received		737,696	292,594	205
Placement of fixed deposits		(95,000)	(456,500)	-
Proceeds from disposal of asset held for sale		120,000	-	-
Proceeds from disposal of property, plant and equipment		32,000	1,000	-
Withdrawal of fixed deposits		-	948,463	-
Net cash generated from investing activities		207,032	368,507	205

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

STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	Group		Company
		1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024* RM	25.3.2025 to 31.12.2025 RM
FINANCING ACTIVITIES				
Amount due to a subsidiary		–	–	249,530
Dividends paid	E	(12,000,000)	(1,180,449)	–
Interest paid		(378,804)	(366,374)	–
Issuance of shares		1,000	–	–
Repayment of principal portion of lease liabilities	B	(22,754)	(78,298)	–
Proceeds from loans and borrowings	D	16,677,100	7,563,088	–
Repayment of loans and borrowings	D	(14,998,638)	(8,915,155)	–
Net cash (used in)/generated from financing activities		(10,722,096)	(2,977,188)	249,530
CASH AND CASH EQUIVALENTS				
Net changes		9,364,563	1,102,231	49,123
At beginning of financial year/Date of incorporation		8,110,403	7,008,172	1,000
At end of financial year/period	C	17,474,966	8,110,403	50,123

NOTES TO THE STATEMENTS OF CASH FLOWS

A. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024* RM	25.3.2025 to 31.12.2025 RM
Aggregate cost of property, plant and equipment acquired	2,207,083	2,057,810	–
Amount financed under hire purchase liabilities	(1,604,500)	(1,545,400)	–
Addition through increase in lease liabilities	(14,919)	(95,360)	–
Amount discharged by cash	587,664	417,050	–

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

STATEMENTS OF CASH FLOWS (CONTINUED)

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

B. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024* RM	25.3.2025 to 31.12.2025 RM
Included in net cash generated from/(used in) operating activities:-			
Payment relating to short-term leases	690,346	870,137	-
Included in net cash (used in)/generated from financing activities:-			
Payment of lease liabilities – principal portion	22,754	78,298	-
Interest paid in relation to lease liabilities	936	3,542	-
	714,036	951,977	-

C. CASH AND CASH EQUIVALENTS

	Group		Company
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024* RM	25.3.2025 to 31.12.2025 RM
Cash and bank balances	1,226,594	1,798,379	50,123
Fixed deposits with licensed banks	19,239,125	9,136,511	-
	20,465,719	10,934,890	50,123
Less: Fixed deposits pledged to licensed banks	(2,990,753)	(2,824,487)	-
	17,474,966	8,110,403	50,123

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

STATEMENTS OF CASH FLOWS (CONTINUED)

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

D. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities RM	← Loans and borrowings →			Total RM
		Term loans RM	Bankers' acceptance RM	Hire purchase liabilities RM	
At 1 January 2024*	45,185	3,648,879	–	835,546	4,529,610
Acquisition of property, plant and equipment	95,360	–	–	1,545,400	1,640,760
Additions	–	–	7,563,088	–	7,563,088
Interest payable	–	–	2,157	–	2,157
Early termination of lease	(25,557)	–	–	–	(25,557)
Repayments	(78,298)	(1,684,790)	(6,888,236)	(342,129)	(8,993,453)
At 31 December 2024/ 1 January 2025	36,690	1,964,089	677,009	2,038,817	4,716,605
Acquisition of property, plant and equipment	14,919	–	–	1,604,500	1,619,419
Additions	–	–	16,677,100	–	16,677,100
Interest payable	–	–	10,970	–	10,970
Early termination of lease	(16,939)	–	–	–	(16,939)
Repayments	(22,754)	(595,471)	(13,792,120)	(611,047)	(15,021,392)
At 31 December 2025	11,916	1,368,618	3,572,959	3,032,270	7,985,763

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

STATEMENTS OF CASH FLOWS (CONTINUED)

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

E. DIVIDENDS PAID

Dividends paid to owners of the Group in prior year were used to offset the proceeds from disposal of property, plant and equipment, investment properties and novation of agreement.

	Group		Company
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024* RM	25.3.2025 to 31.12.2025 RM
Proceeds receivable from disposal of property, plant and equipment	–	351,000	–
Proceeds receivable from disposal of investment properties	–	6,100,000	–
Proceeds receivable from novation of agreement	–	2,369,551	–
Total proceeds receivable	–	8,820,551	–
Offsetting with dividends declared and payable	–	(8,819,551)	–
Net proceeds received	–	1,000	–
Total dividends declared and payable during the year	12,000,000	10,000,000	–
Offsetting with proceeds receivable from disposal of property, plant and equipment, investment properties and novation of agreement	–	(8,819,551)	–
Total dividends paid during the year	12,000,000	1,180,449	–

* As disclosed in Note 31 (a) to the Financial Statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in Malaysia in accordance with the Companies Act 2016 as a private limited company on 25 March 2025. On 4 June 2025, the Company was converted to a public limited company and assumed its current name of ISF Group Berhad. On 28 January 2026, the Company was successfully admitted to the Official List of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the Company’s entire enlarged issued and paid up capital comprising 1,000,000,000 ordinary shares were listed and quoted on the ACE Market of Bursa Securities.

The addresses of the registered office and principal place of business of the Company are as follows:-

Registered office

Third Floor, No. 77, 79 & 81,
Jalan SS21/60, Damansara Utama,
47400 Petaling Jaya,
Selangor

Principal place of business

763 Taman Anggerik,
Jalan Parit Mesjid,
82000 Pontian,
Johor

The Company is principally engaged in investment holding.

The principal activities and details of the subsidiary are disclosed in Note 5 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary during the financial year/period.

The financial statements were authorised for issue by the Board of Directors on 22 April 2026.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“**MFRSs**”), IFRS Accounting Standards and the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless as otherwise indicated in the Notes to the Financial Statements.

The Group and the Company have prepared the financial statements on the basis that they will continue to operate as a going concern.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of Measurement (Cont'd)

A fair value measurement of a non-financial market 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 MFRSs

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

The Group and the Company have applied the following amendments to published standards approved by the Malaysian Accounting Standards Board ("MASB") for the first time for the financial year/period beginning on 1 January 2025:-

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

The adoption of the above amendments to published standards did not have any material impact on the financial statements of the Group and of the Company since it is not applicable to the Group's and the Company's operation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (Cont'd)

2.4.2 Standards Issued but Not Yet Effective

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

Effective for financial period beginning on or after 1 January 2026

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

Effective for financial period beginning on or after 1 January 2027

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

Amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associate and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* Not applicable to the Group's and the Company's operations

The initial application of the accounting standards and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company upon their first adoption, except for:-

MFRS 18 – Presentation and Disclosure in Financial Statements

On 14 June 2024, MASB issued new standard MFRS 18 which replaces MFRS 101, MFRS 18 continues the general requirements from MFRS 101, enhancing guidance for grouping information through aggregation and disaggregation across all primary financial statements and notes. The standard provides structured summaries of assets, liabilities, equity, income, expenses, and cash flows.

In the statement of profit or loss, MFRS 18 introduces two new defined subtotals: operating profit and profit before financing and income taxes. Additionally, it categorises income and expenses into operating, investing, financing, income taxes, and discontinued operations.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (Cont'd)

2.4.2 Standards Issued but Not Yet Effective (Cont'd)

MFRS 18 – Presentation and Disclosure in Financial Statements (Cont'd)

Limited changes are introduced to specific requirements for the statement of cash flows and the statement of financial position. There are no changes to the specific requirements for the statement of comprehensive income and the statement of changes in equity.

The notes to the financial statements will include material information that supplements the primary financial statements, with new and amended disclosures such as management-defined performance measures and specified expenses by nature. Other disclosures carried forward from MFRS 101 include material accounting policies, sources of estimation uncertainty, capital management and debts covenants. The information presented in the primary financial statement and notes will be clearly linked to ensure consistency and transparency.

MFRS 18 must be applied retrospectively and are applicable for annual period beginning on or after 1 January 2027 with earlier application permitted.

The Group and the Company are currently assessing the impact of the MFRSs to determine the impact they will have on the Group's and the Company's financial statements' disclosures.

2.5 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.5.1 Depreciation of Property, Plant and Equipment and Investment Property

The costs of an item of the property, plant and equipment and investment property are depreciated using the straight-line method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and investment property may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment and investment property,

2.5.2 Measurement of Income Tax Expenses

Estimates are required in determining the Group's provision for current and deferred taxes because the ultimate tax liability for the Group is uncertain. When the final outcome of the taxes payable is determined by the tax authorities, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group will adjust for the differences as over- or under-provision of current or deferred taxes in the current period in which those differences arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

2.5.3 Impairment of Financial Assets

The Group recognises impairment losses for financial assets measured at amortised cost using the expected credit loss model. Individually significant financial assets measured at amortised cost are tested for impairment separately by estimating the cash flows expected to be recoverable. All other financial assets measured at amortised cost are categorised into credit risk classes and tested for impairment collectively, using the Group's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual losses may be different from the allowances made and these may affect the Group's financial position and results.

2.5.4 Revenue Recognition

For contract revenue where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development construction to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the construction work. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the construction work.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total contract revenue and costs. In making the judgement, the Group evaluates based on past experience of completed projects and recently obtained quotations.

Significant judgement is also involved in variable consideration arising from variation orders and liquidated ascertained damages ("LAD").

Revenue from variation orders are included only when it is highly probable that the revenue will not be reversed. There is a risk that the actual payment of variation orders may differ from the estimated amount.

LAD are penalties for not achieving defined milestones on time and are deducted from the consideration. LAD is assessed based on experience from similar LAD situations and also status of negotiations with customers as well as depends on assessment of client relationship. Significant judgement is required to determine whether LAD is probable when the project does not meet the defined milestone.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Building RM	Equipment, furniture and fittings RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Leased buildings RM	Total RM
Cost								
At 1 January 2024	-	1,705,803	377,510	1,362,599	1,035,997	4,710	253,647	4,740,266
Additions	-	-	87,373	748,458	1,126,619	-	95,360	2,057,810
Disposals	-	(181,072)	(7,263)	(12,000)	-	-	-	(200,335)
Written off	-	-	-	(34,000)	-	-	-	(34,000)
Full settlement of lease liabilities	-	-	-	-	-	-	(135,003)	(135,003)
Early termination of lease liabilities	-	-	-	-	-	-	(46,258)	(46,258)
At 31 December 2024/ 1 January 2025	-	1,524,731	457,620	2,065,057	2,162,616	4,710	167,746	6,382,480
Additions	-	-	187,140	1,509,363	495,661	-	14,919	2,207,083
Disposals	-	-	-	(72,010)	-	-	-	(72,010)
Written off	-	-	-	-	(84,400)	-	-	(84,400)
Early termination of lease liabilities	-	-	-	-	-	-	(132,868)	(132,868)
Reclassification from investment property	3,085,940	-	-	-	-	-	-	3,085,940
At 31 December 2025	3,085,940	1,524,731	644,760	3,502,410	2,573,877	4,710	49,797	11,386,225

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)	Freehold land RM	Building RM	Equipment, furniture and fittings RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Leased buildings RM	Total RM
Accumulated depreciation								
At 1 January 2024	-	197,290	180,581	800,951	299,030	3,296	208,374	1,689,522
Charge for the year	-	(29,853)	50,343	275,665	273,385	471	78,163	648,174
Disposals	-	(57,820)	(7,262)	(12,000)	-	-	-	(77,082)
Written off	-	-	-	(32,550)	-	-	-	(32,550)
Full settlement of lease liabilities	-	-	-	-	-	-	(135,003)	(135,003)
Early termination of lease liabilities	-	-	-	-	-	-	(21,157)	(21,157)
At 31 December 2024/								
1 January 2025	-	109,617	223,662	1,032,066	572,415	3,767	130,377	2,071,904
Charge for the year	-	13,705	72,769	479,619	398,264	471	22,545	987,373
Disposals	-	-	-	(62,409)	-	-	-	(62,409)
Written off	-	-	-	-	(15,473)	-	-	(15,473)
Early termination of lease liabilities	-	-	-	-	-	-	(117,267)	(117,267)
At 31 December 2025	-	123,322	296,431	1,449,276	955,206	4,238	35,655	2,864,128
Net carrying amount								
At 31 December 2024	-	1,415,114	233,958	1,032,991	1,590,201	943	37,369	4,310,576
At 31 December 2025	3,085,940	1,401,409	348,329	2,053,134	1,618,671	472	14,142	8,522,097

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.1 Security

As at 31 December 2025, the following net carrying amount of assets are subject to registered charges to secure borrowings granted to the Group (see Note 16):-

	2025 RM	Group 2024 RM
Freehold land	3,085,940	–
Building	1,401,409	1,415,114
	4,487,349	1,415,114

As at 31 December 2025, the net carrying amount of the property, plant and equipment under hire purchase arrangements in the Group RM3,375,310 (2024: RM2,326,158).

3.2 Right-of-use assets

Included in the property, plant and equipment are right-of-use assets as follows:-

Group	Leased buildings RM
Net carrying amount	
At 1 January 2024	45,273
Addition	95,360
Early termination of lease	(25,101)
Depreciation charges	(78,163)
	37,369
At 31 December 2024/1 January 2025	14,919
Addition	(15,601)
Early termination of lease	(22,545)
Depreciation charges	(22,545)
	14,142
At 31 December 2025	14,142

Leased buildings relate to rental of building premises. Refer to Note 15 to the Financial Statements for more information.

The Group has chosen to disclose right-of-use assets with property, plant and equipment. In addition, the Group has assessed assets acquired under hire purchase to be owned by the Group at inception and therefore not classified as right-of-use assets, in line with prevailing practice. The corresponding hire purchase liabilities are thus presented under loans and borrowings instead of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Material accounting policy information

(a) Recognition and measurement

Property, plant and equipment are recognised as an asset when, and only when, it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably. Property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment from the date that they are available for use. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Freehold land is not depreciated.

The estimated useful lives and annual rates of depreciation for the current and comparative periods are as follows:-

Building	1.34 %
Equipment, furniture and fittings	10 - 20 %
Motor vehicles	20 %
Plant and machinery	10 - 20 %
Renovation	10 %
Leased buildings	1- 3 years

4. INVESTMENT PROPERTY

	Freehold land RM	Building RM	Total RM
Group			
Cost			
At 1 January 2024	8,946,173	128,536	9,074,709
Disposal	(5,860,233)	-	(5,860,233)
Transfer to non-current asset classified as held for sale	-	(128,536)	(128,536)
At 31 December 2024/1 January 2025	3,085,940	-	3,085,940
Transfer to property, plant and equipment	(3,085,940)	-	(3,085,940)
At 31 December 2025	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. INVESTMENT PROPERTY (CONT'D)

	Freehold land RM	Building RM	Total RM
Group (Cont'd)			
Accumulated depreciation			
At 1 January 2024	–	23,137	23,137
Charge for the year	–	2,571	2,571
Transfer to non-current asset classified as held for sale	–	(25,708)	(25,708)
<hr/>			
At 31 December 2024/1 January 2025/31 December 2025	–	–	–
<hr/>			
Net carrying amount			
31 December 2024	3,085,940	–	3,085,940
<hr/>			
31 December 2025	–	–	–
<hr/>			

Fair value information

Fair value of investment property is categorised as follows:-

	Group	
	2025 RM	2024 RM
Freehold land	–	3,086,000
<hr/>		

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Level 3 fair values of the freehold land is estimated by Directors by making reference to the asking price of comparable properties in close proximity while also taking into consideration of the differences in key attributes such as property location, land area and present market demand. The significant unobservable inputs include adjustments to price per square feet at comparable properties.

Security

The following net carrying amount of asset is subject to registered charges to secure borrowings granted to the Group (see Note 16):-

	Group	
	2025 RM	2024 RM
Freehold land	–	3,085,940
<hr/>		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. INVESTMENT PROPERTY (CONT'D)

Group as a lessor

As at 31 December 2024, the Group has entered into operating leases on its freehold land and shop office. These leases had terms of 2 to 3 years. Rental income recognised by the Group during the year is RM2,000 (1.1.2024 to 31.12.2024: RM54,200). The shop office was disposed off and freehold land was transferred to property, plant and equipment during the financial year ended 31 December 2025.

The following are recognised in profit or loss in respect of investment property:-

	Group	
	1.1.2025	1.1.2024
	to	to
	31.12.2025	31.12.2024
	RM	RM
Rental income	2,000	54,200
Direct operating expenses		
- Income generating investment properties	-	2,305
- Non-income generating investment properties	-	3,437

Material accounting policy information

(a) Recognition and measurement

Investment property is stated at cost less accumulated depreciation and impairment losses.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of the investment property from the date they are available for use. The annual rate of depreciation for the prior period for building is 2%. Freehold land is not depreciated.

5. INVESTMENT IN SUBSIDIARY

(a) Investment in subsidiary

	Company
	2025
	RM
Unquoted shares, at cost:-	
Yeo Plumber Sdn. Bhd.	14,664,600

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. INVESTMENT IN SUBSIDIARY (CONT'D)

(a) Investment in subsidiary (Cont'd)

The particulars of the subsidiary are as follows:-

Name of Company	Percentage of issued shares capital held by the Company		Principal activities
	2025	2024	
Yeo Plumber Sdn. Bhd. ("YPSB")	100%	-	Supply and installation of piping systems for end-user premises as well as piping for water supply and sewer infrastructure and maintenance and repair of piping systems.

(b) Acquisition of subsidiary

On 28 May 2025, the Company had entered into a Conditional Share Sale Agreement to acquire the entire issued share capital of YPSB comprising 1,000,000 ordinary shares for a total purchase consideration of RM14,664,600 which will be fully satisfied via the issuance of 814,700,000 new ordinary shares in the Company at an issue price of RM0.018 per share. The acquisition was completed on 13 November 2025.

(c) Amount due to a subsidiary

Information regarding the amount due to a subsidiary is disclosed in Note 18 to the Financial Statements.

Material accounting policy information

Investment in subsidiary is measured at cost less any impairment losses in the Company's separate financial statements.

Acquisition from entity under common control

Business combinations arising from transfers of interest in entities that are under the control of the shareholders that control the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised in the Group's financial statements at the carrying amount recognised previously. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity. The acquisitions of YPSB resulted in a business combination involving common control entities since the management of all the entities which took part in the acquisition were controlled by common directors.

On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit difference is adjusted against the merger reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. DEFERRED TAX ASSETS

Deferred tax assets are attributable to the following:-

	2025	Group
	RM	2024
		RM
At 1 January	169,869	35,329
Recognised in profit or loss (Note 21)	95,613	134,540
At 31 December	265,482	169,869

The balances in the deferred tax assets are made up of temporary differences arising from:-

	2025	Group
	RM	2024
		RM
Allowance for impairment losses on trade receivables	316,520	181,831
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(51,038)	(11,962)
	265,482	169,869

Material accounting policy information

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

7. TRADE RECEIVABLES

	2025	Group
	RM	2024
		RM
Trade receivables		
Third parties	8,484,058	11,998,245
Retention sums	13,932,400	8,322,253
	22,416,458	20,320,498
Less: Allowance for impairment losses	(1,624,949)	(757,633)
	20,791,509	19,562,865

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TRADE RECEIVABLES (CONT'D)

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of cash on delivery to 120 days (2024: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original certified or invoiced amounts which represent their fair value on initial recognition.

Allowance for impairment losses

The movement in the allowance for impairment losses of trade receivables during the year is as follows:-

	2025 RM	Group 2024 RM
At 1 January	757,633	465,354
Net changes of impairment loss on trade receivables	867,316	292,279
At 31 December	1,624,949	757,633

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

An impairment analysis is performed at each reporting date using a provision of matrix to measure expected credit losses ("ECL"). Information regarding the Group's exposure to the credit risk and ECLs for trade receivables is disclosed in Note 25.2.2 to the Financial Statements.

8. OTHER RECEIVABLES

	2025 RM	Group 2024 RM
Third parties	281,101	123,177
Related party	8,693	-
Deposits	384,444	161,808
Advance payment to third parties	273,561	221,193
	947,799	506,178

Related party

Related party refers to a company in which certain directors have substantial financial interests.

The amount due from a related party in non-trade nature is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. CONTRACT ASSETS/(LIABILITIES)

	2025 RM	Group 2024 RM
Contract assets	17,512,434	10,954,613
Contract liabilities	(19,558,553)	(17,869,433)
Net	(2,046,119)	(6,914,820)
At beginning of year	(6,914,820)	(3,947,244)
Revenue recognised during the year	98,044,832	53,409,418
Progress billing during the year	(93,176,131)	(56,376,994)
At end of year	(2,046,119)	(6,914,820)

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

Contract liabilities primarily relate to the Group's billings in advance at the reporting date. Contract liabilities are reversed and revenue is recognised as work is completed.

Impairment assessment on contract assets

Credit risk on contract assets arose from projects undertaken up by the Group. As at end of the reporting period, the maximum exposure to credit risk arising from contract assets is represented by the carrying amount in the statements of financial position. Management has taken reasonable steps to ensure the contract assets are not credit impaired.

10. FIXED DEPOSITS WITH LICENSED BANKS

	2025 RM	Group 2024 RM
Fixed deposits with licensed banks:-		
- tenure of 3 months or less	16,248,372	6,312,024
- tenure of more than 3 months	2,990,753	2,824,487
	19,239,125	9,136,511

Fixed deposits with licensed banks carry interest rates ranging from 2.05% to 3.55% (2024: 2.45% to 2.90%) per annum. Included in the fixed deposits is an amount of RM2,990,753 (2024: RM2,824,487) pledged for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. FIXED DEPOSITS WITH LICENSED BANKS (CONT'D)

Material accounting policy information

Fixed deposits with licensed banks with a tenure of 3 months or less are cash equivalents which have an insignificant risk of changes in fair value and are used by the Group in the management of their short-term commitments rather than for investment.

11. CASH AND BANK BALANCES

	2025 RM	Group 2024 RM	Company 2025 RM
Cash on hand	9,415	9,114	1,000
Cash at banks	1,217,179	1,789,265	49,123
	1,226,594	1,798,379	50,123

Material accounting policy information

Cash and cash equivalents comprise cash on hand, bank balances and short-term highly liquid deposits with original maturities of three months or less, that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents exclude fixed deposits pledged to banks for credit facilities (Note 10).

12. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

Group	Building RM
Net carrying amount	
At 1 January 2024	–
Transfer from investment property	102,828
At 31 December 2024/1 January 2025	102,828
Disposal	(102,828)
At 31 December 2025	–

On 29 December 2024, the Group entered into a sale and purchase agreement with one of its directors to dispose of a shop office, for which the disposal is expected to be completed before the end of the next financial year. On this basis, the Group reclassified the shop office on its Statements of Financial Position from “investment property” to “non-current asset classified as held for sale” at the lower of its net carrying amount and fair value less cost to sell.

The disposal was completed on 26 November 2025.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SHARE CAPITAL/INVESTED EQUITY

(i) Share Capital

	Number of shares Unit	Amount RM
Group		
Ordinary shares (Issued and fully paid-up with no par value)		
At 1 January 2024/31 December 2024/1 January 2025	–	–
Merger of the Company	1,000	1,000
Issue of shares pursuant to acquisition of a subsidiary	814,700,000	14,664,600
At 31 December 2025	814,701,000	14,665,600
Company		
Ordinary shares (Issued and fully paid-up with no par value)		
At date of incorporation	1,000	1,000
Issue of shares pursuant to acquisition of a subsidiary	814,700,000	14,664,600
At 31 December 2025	814,701,000	14,665,600

On the date of incorporation, the Company issued 1,000 new ordinary shares at an issue price of RM1.00 per ordinary share as subscribers' shares for cash. During the financial period, the Company has increased its issued and fully paid-up ordinary share capital by way of issuance of:-

- a) 814,700,000 new ordinary shares at an issue price of RM0.018 per ordinary share, totalling RM14,664,600 as the purchase consideration for the acquisition of YPSB during the financial period.

(ii) Invested Equity

Invested equity comprised the share capital of the subsidiary acquired. The amount has been reversed against the merger deficit as disclosed in Note 14 to the Financial Statements.

14. MERGER DEFICIT

The merger deficit represents the differences between the nominal value of the shares issued and the nominal value of shares in the subsidiary acquired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LEASE LIABILITIES

Group as lessee

The Group leased building premises with initial lease terms of 1 to 3 years (2024: 0.5 to 3 years) with extension option of another 3 years (2024: 1 to 3 years) at the end of the initial term.

Lease liabilities are presented in the statements of financial position as follows:-

	Group	
	2025 RM	2024 RM
Current	4,485	29,881
Non-current	7,431	6,809
	11,916	36,690

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

	Group	
	2025 RM	2024 RM
At beginning of the year	36,690	45,185
Addition	14,919	95,360
Early termination of lease	(16,939)	(25,557)
Accretion of interest	936	3,542
Principal paid	(22,754)	(78,298)
Interest paid	(936)	(3,542)
At end of the year	11,916	36,690

The maturity analysis of lease liabilities are disclosed in Note 25.2.3 to the Financial Statements.

Lease payment not recognised as liabilities

The Group elected not to recognise lease liabilities for short-term leases (lease with expected lease term of 12 months or less) and leases where the lease liabilities are not significant. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liabilities is as follows:-

	Group	
	2025 RM	2024 RM
Lease payments not recognised as liabilities:-		
- Short-term leases	690,346	870,137

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LEASE LIABILITIES (CONT'D)

Group as lessee (Cont'd)

Lease payment not recognised as liabilities (Cont'd)

The Group had various lease contracts that are in effect as at reporting year that are expensed off rather than capitalised as right-of-use assets with corresponding lease liabilities. The future lease payments for these non-cancellable lease contracts are as follows:-

	2025	Group
	RM	2024
		RM
Within one year	102,720	107,500
Two to five years	51,200	-
	153,920	107,500

Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:-

	2025	Group
	RM	2024
		RM
Gain on early termination of lease	(1,338)	(456)
Depreciation of right-of-use assets	22,545	78,163
Interest expense on lease liabilities	936	3,542
Expenses relating to short-term leases (included in cost of sales)	577,665	705,507
Expenses relating to short-term leases (included in general and administrative expenses)	112,681	164,630
	712,489	951,386

The Group had non-cash additions to right-of-use assets and lease liabilities of RM14,919 (2024: RM95,360).

Material accounting policy information

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

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. LOANS AND BORROWINGS

	2025 RM	Group 2024 RM
<u>Current</u>		
Secured:-		
Bankers' acceptance	3,572,959	677,009
Hire purchase liabilities	764,734	459,000
Term loans	195,789	594,435
	4,533,482	1,730,444
<u>Non-current</u>		
Secured:-		
Hire purchase liabilities	2,267,536	1,579,817
Term loans	1,172,829	1,369,654
	3,440,365	2,949,471
Total loans and borrowings	7,973,847	4,679,915

The bankers' acceptance are for working capital purpose and bore effective interest ranging from 4.25% to 5.34% (2024: 4.79% to 5.34%) per annum.

The term loans bear effective interest rates ranging from 4.10% to 11.45% (2024: 4.35% to 11.70%) per annum and repayable on a monthly basis with a maturity between year 2026 to 2037 (2024: 2025 to 2037).

Security

The bank loans are secured against the Group's properties (see Note 3) and investment property (see Note 4) and are guaranteed jointly and severally by the directors.

Hire purchase liabilities

	2025 RM	Group 2024 RM
Future minimum payments of hire purchase liabilities:-		
Payable within one year	918,078	569,832
Payable between two and five years	2,462,947	1,742,806
Less: Future finance charges	(348,755)	(273,821)
Carrying amount	3,032,270	2,038,817
Carrying amount of hire purchase liabilities:-		
Payable within one year	764,734	459,000
Payable between two and five years	2,267,536	1,579,817
	3,032,270	2,038,817

The hire purchase contracts of motor vehicles of the Group generally have a term of 5 to 6 years (2024: 3 to 6 years). The hire purchase liabilities bear effective interest rates ranging from 3.86% to 6.72% (2024: 4.55% to 6.72%) per annum. Interest rates are either fixed or variable at the inception of hire purchase liabilities arrangements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. TRADE PAYABLES

	2025	Group
	RM	2024
		RM
Third parties	9,548,929	10,191,135
Retention sums	995,517	169,787
	10,544,446	10,360,922

Trade payables

These amounts are non-interest bearing. Trade payables are generally on terms of cash on delivery to 150 days (2024: cash on delivery to 135 days).

18. OTHER PAYABLES

	2025	Group	2024	Company
	RM		RM	2025
				RM
Related party	9,800		-	-
Subsidiary	-		-	249,530
Third parties	161,630		430,959	4,428
Accruals	1,283,091		968,657	88,000
Advance from customers	499,908		54,890	-
Deposit received	504,000		10,300	-
	2,458,429		1,464,806	341,958

Related party

Related party refers to a company in which certain directors have substantial financial interest. Amount due to a related party is unsecured, interest free and repayable on demand.

Subsidiary

Subsidiary refers to YPSB. Amount due to a subsidiary is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. REVENUE

	Group	
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024 RM
Type of services		
Construction contracts	98,044,832	53,409,418
Maintenance and repair services	499,841	1,260,200
	98,544,673	54,669,618
Timing of revenue recognition		
Transferred over time	98,044,832	53,409,418
Transferred at a point in time	499,841	1,260,200
	98,544,673	54,669,618

The remaining performance obligations (unsatisfied or partially unsatisfied) as at reporting periods are, as follows:-

	Group	
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024 RM
Construction contracts	127,228,023	131,128,799

The remaining performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date will be satisfied over the remaining duration of the contracts of 1 to 3 years.

The following information reflects the typical transactions of the Group:-

	Timing and method of revenue recognition	Variable element in consideration	Warranty
Construction contracts	Over time measured by actual cost incurred over the estimated total contract cost.	Variation orders to customers and liquidated ascertained damages.	Defect liability period varying from 12 to 36 months from date of certificate of practical completion.
Maintenance and repair services	At a point in time when the maintenance and repair services is completed.	Not applicable.	Warranty granted for a maximum 12 months depending on the scope of service, covering workmanship defects only.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting) amongst other, the following items:-

	Group		Company
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024 RM	25.3.2025 to 31.12.2025 RM
After charging/(crediting):-			
Auditors' remuneration related to:-			
Grant Thornton Malaysia PLT ("GTM"):-			
- Statutory audit	140,000	60,000	60,000
- Assurance related service	75,000	-	75,000
Local affiliate of GTM:-			
- Other service	59,800	13,000	-
Depreciation of investment property	-	2,571	-
Depreciation of property, plant and equipment	987,373	648,174	-
Gain on disposal of asset held for sale	(17,172)	-	-
Gain on disposal of investment property	-	(239,767)	-
Gain on disposal of property, plant and equipment	(22,399)	(226,297)	-
Gain on early termination of lease	(1,338)	(456)	-
Government grant – wage subsidies received	-	(8,630)	-
Interest expenses on:-			
- Bankers' acceptance	106,624	29,121	-
- Bank overdraft	-	6	-
- Lease liabilities	936	3,542	-
- Term loans interest	119,890	241,711	-
- Hire purchase interest	151,354	91,994	-
Interest income from investment	-	(603,578)	-
Lease expenses relating to:-			
- Short term leases	690,346	870,137	-
Loss on property, plant and equipment written off	68,927	-	-
Net changes of impairment loss on trade receivables	867,316	292,279	-
Other interest income	(737,696)	(292,594)	(205)
Rental income	(2,000)	(54,200)	-
Reversal of provision for future project losses	-	(8,550)	-
Sales of oil palm fresh fruit bunches	-	(64,447)	-
Sundry income	(51,049)	(28,452)	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. INCOME TAX EXPENSE

	Group		Company
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024 RM	25.3.2025 to 31.12.2025 RM
<u>Current tax expense</u>			
Current year	8,514,458	3,088,000	–
Prior year	20,021	111,550	–
	8,534,479	3,199,550	–
Real property gains tax	91,909	–	–
<u>Deferred tax expense</u> (Note 6)			
Current year	(136,159)	(79,743)	–
Prior year	40,546	(54,797)	–
	(95,613)	(134,540)	–
	8,530,775	3,065,010	–

The numerical reconciliation between the tax expense at the statutory tax rate and tax expense at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024 RM	25.3.2025 to 31.12.2025 RM
Profit/(Loss) before tax	33,871,238	12,701,098	(232,919)
Tax calculated at statutory income tax rate of 24%	8,129,096	3,048,264	(55,901)
Real property gains tax	91,909	–	–
Under provision of current tax in prior year	20,021	111,550	–
Over/(Under) provision of deferred tax assets in prior year	40,546	(54,797)	–
Non-taxable income	(4,121)	(120,619)	–
Expenses not deductible for tax purposes	253,324	125,612	55,901
Differential between statutory income tax rate and SME tax rate	–	(45,000)	–
Total income tax expense	8,530,775	3,065,010	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. EMPLOYEE BENEFITS EXPENSES

The employee benefits expenses of the Group and of the Company are as follows:-

	Group 1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024 RM	Company 25.3.2025 to 31.12.2025 RM
<u>Directors</u>			
<u>Non-executive Directors:-</u>			
Directors' fees	18,000	-	18,000
<u>Executive Directors:-</u>			
Directors' other emoluments	1,350,000	900,000	-
Defined contribution plans	159,600	108,000	-
Social security contributions	2,955	1,998	-
Other employee benefits	13,500	9,000	-
	1,526,055	1,018,998	-
Total Directors' remuneration	1,544,055	1,018,998	18,000
<u>Other key senior management</u>			
Wages, salaries and bonus	640,634	729,164	-
Defined contributions plans	77,781	95,768	-
Social security contributions	7,042	6,573	-
Other employee benefits	124,900	114,026	-
Total other key senior management's remuneration	850,357	945,531	-
<u>Other employees</u>			
Wages, salaries and bonus	8,067,731	5,790,287	-
Defined contribution plans	434,337	294,281	-
Social security contributions	161,253	95,772	-
Other employee benefits	571,164	382,318	-
Total other employees' remuneration	9,234,485	6,562,658	-
Total employee benefits expenses	11,628,897	8,527,187	18,000

The estimated monetary value of benefits provided to the Directors of the Group during the financial year/period by way of usage of the Group's assets amounted to RM46,250 (2024: RM25,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. EARNINGS PER SHARE

Basic earnings per share

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

	Group	
	1.1.2025 to 31.12.2025	1.1.2024 to 31.12.2024
Profit attributable to owners of the Company (RM)	25,340,463	9,636,088
Number of ordinary shares (units)	814,701,000	814,701,000*
Basic earnings per share (RM)	0.03	0.01

* The Group acquired a subsidiary under common control, which control is deemed to have existed from the beginning of the financial year. Accordingly, earnings per share have been calculated based on the issued share capital of 814,701,000 ordinary shares, being the number of shares in issue after the completion of the acquisition of the subsidiary but before the public issue.

Diluted earnings per share

Diluted earnings per share equals basic earnings per share because there are no potential dilutive instruments in existence at the reporting date.

24. DIVIDENDS

During the financial year, the following dividends have been declared by the Group to the owners of the Company:-

	2025 RM
<u>In respect of the year ended 31 December 2025</u>	
First interim single tier dividend of RM12.00 per ordinary share, totalling RM12,000,000 in respect of the financial year ended 31 December 2025	12,000,000
<hr/>	
	2024 RM
<u>In respect of the year ended 31 December 2024</u>	
First interim single tier dividend of RM2.50 per ordinary share, totalling RM2,500,000 in respect of the financial year ended 31 December 2024	2,500,000
Second interim single tier dividend of RM7.50 per ordinary share, totalling RM7,500,000 in respect of the financial year ended 31 December 2024	7,500,000
	<hr/> 10,000,000 <hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS

25.1 Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC").

Group	Carrying Amount RM	AC RM
2025		
<u>Financial Assets</u>		
Trade receivables	20,791,509	20,791,509
Other receivables	674,238	674,238
Fixed deposits with licensed banks	19,239,125	19,239,125
Cash and bank balances	1,226,594	1,226,594
	41,931,466	41,931,466
<u>Financial Liabilities</u>		
Trade payables	10,544,446	10,544,446
Other payables	1,945,571	1,945,571
Loans and borrowings	7,973,847	7,973,847
	20,463,864	20,463,864
2024		
<u>Financial Assets</u>		
Trade receivables	19,562,865	19,562,865
Other receivables	284,985	284,985
Fixed deposits with licensed banks	9,136,511	9,136,511
Cash and bank balances	1,798,379	1,798,379
	30,782,740	30,782,740
<u>Financial Liabilities</u>		
Trade payables	10,360,922	10,360,922
Other payables	1,402,299	1,402,299
Loans and borrowings	4,679,915	4,679,915
	16,443,136	16,443,136

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 Categories of Financial Instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC") (Cont'd).

	Carrying Amount RM	AC RM
Company		
2025		
<u>Financial Asset</u>		
Cash and bank balances	50,123	50,123
<hr/>		
<u>Financial Liability</u>		
Other payables	341,958	341,958
<hr/>		

Net (Losses)/Gains Arising from Financial Instruments

	Group 1.1.2025 to 31.12.2025 RM	Group 1.1.2024 to 31.12.2024 RM	Company 25.3.2025 to 31.12.2025 RM
Financial assets measured at amortised cost	(129,611)	603,085	205
Financial liabilities measured at amortised cost	(377,868)	(350,045)	-
	(507,479)	253,040	205
<hr/>			

Included in gains/(losses) on financial instruments measured at amortised cost are:-

	Group 1.1.2025 to 31.12.2025 RM	Group 1.1.2024 to 31.12.2024 RM	Company 25.3.2025 to 31.12.2025 RM
Total interest income for financial assets	737,696	896,172	205
Total interest expenses for financial liabilities	(377,868)	(362,832)	-
<hr/>			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management

The Group and the Company are exposed to various risks in relation to financial instruments. The main types of risks are interest rate risk, credit risk and liquidity risk.

Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and of the Company's businesses whilst managing its interest rate risk, credit risk and liquidity risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

25.2.1 Interest rate risk

The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in short/long term funding rates for short/long term investments in fixed deposits.

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

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to the risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Interest rate sensitivity

The Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

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

	2025 RM	Group 2024 RM
Fixed rate instruments		
<u>Financial asset</u>		
Fixed deposits with licensed banks	19,239,125	9,136,511
<u>Financial liabilities</u>		
Bankers' acceptance	(3,572,959)	(677,009)
Hire purchase liabilities	(2,657,719)	(2,038,817)
	(6,230,678)	(2,715,826)
Net financial assets	13,008,447	6,420,685
Floating rate instruments		
<u>Financial liabilities</u>		
Hire purchase liabilities	(374,551)	-
Term loans	(1,368,618)	(1,964,089)
	(1,743,169)	(1,964,089)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (Cont'd)

25.2.1 Interest rate risk (Cont'd)

Interest rate sensitivity (Cont'd)

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments are not affected by changes in interest rates. Assuming all other variables are held constant, a 25 basis points ("bp") increase or decrease in interest rates would have equally decreased or increased the profits of the Group, which illustrated as follows:-

	Group Effect on profit	
	+ 25 bp RM	-25 bp RM
2025		
(Decrease)/Increase in profit for the financial year	(4,358)	4,358
2024		
(Decrease)/Increase in profit for the financial year	(4,910)	4,910

25.2.2 Credit risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Group and the Company. The Group's and the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:-

	2025 RM	Group 2024 RM	Company 2025 RM
Classes of financial assets and contract assets:-			
Trade receivables	20,791,509	19,562,865	-
Other receivables	674,238	284,985	-
Contract assets	17,512,434	10,954,613	-
Fixed deposits with licensed banks	19,239,125	9,136,511	-
Cash and bank balances	1,226,594	1,798,379	50,123
	59,443,900	41,737,353	50,123

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (Cont'd)

25.2.2 Credit risk (Cont'd)

The Group and the Company continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into their credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's and the Company's policy is to deal only with creditworthy counterparties. Receivable balances and contract assets are monitored on an ongoing basis.

Deposits, cash and bank balances and other receivables

The Group and the Company have credit risk exposure on deposits, cash and bank balances and other receivables. Other receivables are considered to have low risk of default. Deposits, cash and bank balances are placed with creditworthy financial institutions. While these financial instruments are subject to the impairment requirement of MFRS 9, and the Group and the Company assessed these as having low credit risk at the end of the year and the identified impairment loss is negligible.

Trade receivables and contract assets

The Group applies simplified credit losses which uses expected loss allowance for trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as trade receivables for the same types of contracts. Hence, the Group concluded that the expected loss for trade receivables are a reasonable approximation of the expected loss for contract assets.

The Group evaluated the expected credit loss of each customer individually based on their financial information and past trends of payments. Any receivables having significant balances past due more than 270 days, which are deemed to have higher default risk, are monitored individually. Retention sums receivable more than 2 years outstanding from the end of the defect liability period are deemed to be credit impaired. Most of the Group's customers have low risk of default as they have a strong capacity to meet their debts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (Cont'd)

25.2.2 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

The ageing analysis of trade receivables and contract assets of the Group is as follows:-

	Gross RM	← Allowance for impairment losses →		Total RM	Net RM
		Expected credit loss (individually impaired) RM	Expected credit loss (collectively impaired) RM		
Group					
2025					
Contract assets	17,512,434	-	-	-	17,512,434
Trade receivables:-					
Within terms	18,475,084	-	(82,168)	(82,168)	18,392,916
Past due 1 to 30 days	318,944	-	(17,199)	(17,199)	301,745
Past due 31 to 60 days	121,297	-	(3,004)	(3,004)	118,293
Past due 61 to 90 days	668,251	-	(57,786)	(57,786)	610,465
Past due 91 to 120 days	85,301	-	(7,215)	(7,215)	78,086
Past due 121 to 150 days	140,925	-	(3,495)	(3,495)	137,430
Past due 151 to 180 days	1,367,507	-	(450,980)	(450,980)	916,527
Past due 181 to 210 days	84,982	-	(17,480)	(17,480)	67,502
Past due 211 to 240 days	55,259	-	(25,940)	(25,940)	29,319
Past due 241 to 270 days	205,636	-	(112,486)	(112,486)	93,150
Past due more than 270 days	893,272	(306,110)	(541,086)	(847,196)	46,076
	22,416,458	(306,110)	(1,318,839)	(1,624,949)	20,791,509

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (Cont'd)

25.2.2 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

The ageing analysis of trade receivables and contract assets of the Group is as follows (Cont'd):-

	Gross RM	← Allowance for impairment losses →		Total RM	Net RM
		Expected credit loss (individually impaired) RM	Expected credit loss (collectively impaired) RM		
Group (Cont'd)					
2024					
Contract assets	10,954,613	–	–	–	10,954,613
Trade receivables:-					
Within terms	14,026,031	–	–	–	14,026,031
Past due 1 to 30 days	241,019	–	(4,093)	(4,093)	236,926
Past due 31 to 60 days	1,064,828	–	(4,827)	(4,827)	1,060,001
Past due 61 to 90 days	83,765	–	(11,150)	(11,150)	72,615
Past due 91 to 120 days	–	–	–	–	–
Past due 121 to 150 days	1,604,315	–	(38,347)	(38,347)	1,565,968
Past due 151 to 180 days	1,018,508	–	(19,453)	(19,453)	999,055
Past due 181 to 210 days	278,386	–	(47,122)	(47,122)	231,264
Past due 211 to 240 days	914,549	–	(82,438)	(82,438)	832,111
Past due 241 to 270 days	465,164	–	(74,550)	(74,550)	390,614
Past due more than 270 days	623,933	–	(475,653)	(475,653)	148,280
	20,320,498	–	(757,633)	(757,633)	19,562,865

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2024: three) customers which constituted approximately 47% (2024: 64%) of its trade receivables (including related parties) at the end of the reporting period.

25.2.3 Liquidity risk

Liquidity risk is the risk arising from the Group and the Company not being able to meet its obligations due to shortage of funds.

In managing their exposures to liquidity risk, the Group and the Company maintain a level of cash and cash equivalents and bank credit facilities deemed adequate by the management to ensure that they will have sufficient liquidity to meet their liabilities as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (Cont'd)

25.2.3 Liquidity risk (Cont'd)

Maturity analysis

The following table shows the maturity profile of the Group's and of the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:-

	Current Less than 1 year RM	Non-current Between 2 to 5 years RM	More than 5 years RM
Group			
2025			
<i>Non-derivative financial liabilities and lease liabilities</i>			
Trade payables	10,544,446	-	-
Other payables	1,945,571	-	-
Lease liabilities	7,800	4,550	-
Loans and borrowings	4,769,116	3,063,955	1,051,686
Total undiscounted financial liabilities and lease liabilities	17,266,933	3,068,505	1,051,686
2024			
<i>Non-derivative financial liabilities and lease liabilities</i>			
Trade payables	10,360,922	-	-
Other payables	1,402,299	-	-
Lease liabilities	31,660	6,960	-
Loans and borrowings	1,958,179	2,480,202	1,218,544
Total undiscounted financial liabilities and lease liabilities	13,753,060	2,487,162	1,218,544
Company			
2025			
<i>Non-derivative financial liability</i>			
Other payables	341,958	-	-
Total undiscounted financial liability	341,958	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities and lease liabilities at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RELATED PARTIES DISCLOSURES

The related parties transactions recorded during the financial year/period are as follows:-

	Group		Company
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024 RM	25.3.2025 to 31.12.2025 RM
<u>Related parties</u>			
Dividends	-	2,547,250	-
Novation of agreement	-	2,369,551	-
Rental expenses	-	9,400	-
Accommodation services provided by	49,000	-	-
Subcontractor services provided by	-	3,672	-
<hr/>			
<u>Subsidiary company</u>			
Expenses paid on behalf by	-	-	249,530
<hr/>			
<u>Directors</u>			
Disposal of asset held for sale	120,000	-	-
Disposal of property, plant and equipment and investment properties	-	6,450,000	-
Dividends	12,000,000	7,452,750	-
Rental expenses	-	2,000	-

The terms and conditions of outstanding balances arising from related parties transactions as at reporting date are disclosed in Notes 8 and 18 to the Financial Statements.

Related parties refer to:-

- (a) a company in which certain directors have substantial financial interests;
- (b) a sole proprietorship that is managed by an owner who is related to the Group; and
- (c) a shareholder of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. CAPITAL MANAGEMENT OBJECTIVE

The primary capital management objective of the Group is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to sustain future development of the business. There is no change to the objectives in the financial years ended 31 December 2025 and 31 December 2024.

The Group manages its capital by regularly monitoring its current and expected liquidity requirement and modify the combination of equity and borrowings from time to time to meet the needs. Shareholders' equity and gearing ratio of the Group are as follows:-

	2025 RM	Group 2024 RM
Total debts*	7,973,847	4,679,915
Total equity	28,006,074	14,664,611
Debt-to-equity ratio	0.28	0.32

* Excluding lease liabilities arising from right-of-use assets.

28. FAIR VALUE MEASUREMENT

The carrying amounts of financial assets and financial liabilities of the Group and of the Company as at the reporting date are approximately at their fair values due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value hierarchy

As at the reporting date, the Group and the Company have not designated any financial instrument at fair value through profit or loss or fair value through other comprehensive income and hence fair value hierarchy is not presented.

29. CAPITAL COMMITMENTS

The capital expenditure in respect of the following is not provided for in the financial statements:-

	2025 RM	Group 2024 RM
Authorised and contracted for:-		
- Plant and machinery	257,750	-
- Investment properties	1,043,780	-
	1,301,530	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. OPERATING SEGMENTS

The Group primarily operates in Malaysia within the piping industry. The chief operating decision maker regards the Group as a single reportable segment; hence the Group does not present its results by geographical area or product and services segment.

Information on major customers

The following is the top major customers with revenue equal or more than 10% of the Group's total revenue:-

	Group	
	1.1.2025 to 31.12.2025 RM	1.1.2024 to 31.12.2024 RM
Revenue		
Customer A	*	11,236,825
Customer B	*	6,452,661
Customer C	39,447,558	6,202,267
	39,447,558	23,891,753

* Revenue is less than 10% of the Group's total revenue.

31. SIGNIFICANT EVENTS DURING THE PERIOD

- (a) On 28 May 2025, the Company entered into a Conditional Share Sale Agreement to acquire the entire issued share capital of YPSB comprising 1,000,000 ordinary shares for a total purchase consideration of RM14,664,600 which will be fully satisfied via the issuance of 814,700,000 new ordinary shares in the Company at an issue price of RM0.018 per share. The acquisition was completed on 13 November 2025.
- (b) On 25 September 2025 and 2 October 2025 respectively, the Company has obtained the approvals from Bursa Securities and Securities Commission Malaysia in relation to the proposed listing on ACE Market of Bursa Securities. The Company has launched its initial public offering prospectus in conjunction with its listing on the ACE Market of Bursa Securities comprising:-
 - (i) Public issue of 185,299,000 new ordinary shares in the Company at an issue price of RM0.33 per ordinary share; and
 - (ii) Offer for sale of 90,000,000 existing ordinary shares of the Company at an offer price of RM0.33 per ordinary share.

32. EVENTS AFTER THE REPORTING PERIOD

- (a) On 20 January 2026, ASF Eternity Sdn. Bhd. ("**ASF**") acquired 60% of the issued share capital of the Company. Consequently, ASF became the holding company of the Company.
- (b) On 28 January 2026, the Company was successfully admitted to the Official List of Bursa Securities and the Company's entire enlarged issued and paid up capital comprising 1,000,000,000 ordinary shares were listed and quoted on the ACE Market of Bursa Securities.



INDEPENDENT AUDITORS' REPORT

to the members of ISF Group Berhad

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ISF GROUP BERHAD, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year/period then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 99 to 145.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and their cash flows for the financial year/period then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirement 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 opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year/period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition for construction contracts

The risk

There are significant accounting judgements involved including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion method made by management in applying the Group's revenue recognition policies to construction contracts entered into by the Group. The nature of these judgements resulted in them being susceptible to management bias.

Contract revenue comprises the transaction price agreed in the underlying contract (including contract sum or customer purchase orders), together with approved variation orders and omissions of work, to the extent that such amounts are expected to be recoverable and can be measured reliably.

Refer to Note 19 to the Financial Statements, total revenue from construction contracts was RM98,044,832 which represents 99.49% of the Group's revenue in this financial year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISF GROUP BERHAD (CONTINUED)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Revenue recognition for construction contracts (Cont'd)

Our response

Our procedures included, amongst others, the following:-

- Evaluated the design and operating effectiveness of key controls over revenue recognition and contract cost estimation;
- Reviewed signed contracts and approved variation orders to assess the agreed transaction price and relevant terms affecting revenue recognition;
- Tested revenue on a sample basis against supporting documents to ensure recognition in accordance with MFRS 15 Revenue from Contracts with Customers;
- Evaluated the reasonableness of the estimates made on total contract costs and assessed whether these estimates showed any evidence of management bias, based on historical accuracy of management's estimates in prior year;
- Performed site visits on a sample basis to evaluate the reasonableness of the stage of completion; and
- Reviewed approved extensions of time and assessed the potential impact of liquidated ascertained damages.

There is no key audit matter to be communicated in our report in relation to our audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for other information. The other information comprises the information included in annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed, 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.

Responsibilities of the Directors for the Financial Statements

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

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISF GROUP BERHAD (CONTINUED)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISF GROUP BERHAD (CONTINUED)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

From the matters communicated with the Directors, we determined those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year/period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulations 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 communications.

Other Matters

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
Chartered Accountants (AF 0737)

Johor Bahru

22 April 2026

WONG WEN TAK
03043/04/2027 J
Chartered Accountant

LIST OF PROPERTIES

As at 31 December 2025

No.	Title details/ Property address	Description/ Existing use/ Category of land use / Tenure	Date of Acquisition/ Revaluation	Land/ Gross built-up area (sq. ft.)	Approximate age of Building	Net Book Value as at 31.12.2025 (RM'000)
1.	<p>Title details: HS(M) 3225, PTD 13797, Mukim Rimba Terjun, Daerah Pontian, Negeri Johor.</p> <p>Property address: PTD 13797, Kampung Parit Selangor, 82000 Pontian, Johor.</p>	<p>Description: A piece of vacant land</p> <p>Existing use: Vacant</p> <p>Category of land use: Industry</p> <p>Tenure: Freehold</p>	08.08.2017	<p>Land area: 118,413.78</p> <p>Gross built-up area: Not applicable</p>	Not applicable	3,086
2.	<p>Title details: HS(D) 546453, PTD 7683, Mukim Jelutong, Tempat Presin SILC, Daerah Johor Bahru, Negeri Johor.</p> <p>Property address: 45, 45-01, 45-02, Jalan SILC 2/10, Kawasan Perindustrian SILC, 79200 Iskandar Puteri, Johor.</p>	<p>Description: A unit of three (3) storey shop office</p> <p>Existing use: Ground floor as branch office, first and second floor as workers' accommodation</p> <p>Category of land use: Building</p> <p>Tenure: Freehold</p>	15.11.2016	<p>Land area: 1,540.09</p> <p>Gross built-up area: 4,620.27</p>	11 years	1,401

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2026

Class of equity securities	:	Ordinary Shares ("Shares")
Total number of issued Shares	:	1,000,000,000 Shares
Voting rights	:	One (1) vote for every ordinary share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same registered holder)

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	9	0.41	190	0.00
100 - 1,000 shares	353	15.92	172,110	0.02
1,001 - 10,000 shares	841	37.92	4,795,100	0.48
10,001 - 100,000 shares	769	34.67	27,051,900	2.70
100,001 - less than 5% of issued shares	244	11.00	243,279,700	24.33
5% and above of issued shares	2	0.09	724,701,000	72.47
Total	2,218	100.00	1,000,000,000	100.00

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Ai Boon Chen	125,054,800	12.51	⁽¹⁾ 600,800,000	60.08
Ai Sew Fuat	–	–	⁽²⁾ 725,854,800	72.59
Lim Ay Yum	–	–	⁽³⁾ 725,854,800	72.59
Yap Chui Fan	300,000	0.03	–	–
Sim Seng Loong @ Tai Seng	300,000	0.03	–	–
Ir. Chow Kai Hoon	300,000	0.03	–	–
Christine Toh Hung Mei	300,000	0.03	–	–

Notes:

- ⁽¹⁾ Deemed interested by virtue of his direct shareholdings in ASF Eternity Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("Act").
- ⁽²⁾ Deemed interested by virtue of his direct shareholdings in ASF Eternity Sdn. Bhd. pursuant to Section 8 of the Act, as well as his son Ai Boon Chen's direct shareholdings in the Company.
- ⁽³⁾ Deemed interested by virtue of her spouse's and son's shareholdings in ASF Eternity Sdn. Bhd. pursuant to Section 8 of the Act, as well as her son Ai Boon Chen's direct shareholdings in the Company.

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2026 (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
ASF Eternity Sdn. Bhd.	600,800,000	60.08	–	–
Ai Boon Chen	125,054,800	12.51	⁽¹⁾ 600,800,000	60.08
Ai Sew Fuat	–	–	⁽²⁾ 725,854,800	72.59
Lim Ay Yum	–	–	⁽³⁾ 725,854,800	72.59

Notes:

- ⁽¹⁾ Deemed interested by virtue of his direct shareholdings in ASF Eternity Sdn. Bhd. pursuant to Section 8 of the Act.
- ⁽²⁾ Deemed interested by virtue of his direct shareholdings in ASF Eternity Sdn. Bhd. pursuant to Section 8 of the Act, as well as his son Ai Boon Chen's direct shareholdings in the Company.
- ⁽³⁾ Deemed interested by virtue of her spouse's and son's shareholdings in ASF Eternity Sdn. Bhd. pursuant to Section 8 of the Act, as well as her son Ai Boon Chen's direct shareholdings in the Company.

30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS

(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares	%
1.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR ASF ETERNITY SDN BHD (7008170)	600,000,000	60.00
2.	AI BOON CHEN	124,701,000	12.47
3.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD (TSTAC/CLNT)	22,021,600	2.20
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (MAYBANK 2)	12,223,500	1.22
5.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAKMUR	10,734,800	1.07
6.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	10,000,000	1.00
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA PUBLIC TAKAFUL BHD	8,120,900	0.81
8.	YEOH YEW CHOO	8,113,500	0.81
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR KAF ISLAMIC DIVIDEND INCOME FUND (290411)	7,241,700	0.72
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	6,680,000	0.67
11.	YEO HWEE HWEE	6,358,600	0.64

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2026 (CONTINUED)

30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (CONTINUED)

(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares	%
12.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD (TSTAC/CLNTT)</i>	5,725,500	0.57
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD (OMNIBUS TRUST ACCOUNT FOR CLIENTS)</i>	5,199,700	0.52
14.	TYAH JUN HAO	5,119,100	0.51
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MTRUSTEE BERHAD FOR ETHEREAL CAPITAL SDN. BHD. (GROWTH FUND) (445788)</i>	4,050,000	0.41
16.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)</i>	3,978,000	0.40
17.	BIMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SENTOSA JAYA CAPITAL SDN BHD FOR YAYASAN GERBANG BANDAR TUN RAZAK (MGNM83402)</i>	3,200,000	0.32
18.	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>RHB TRUSTEES BERHAD FOR KAF VISION FUND</i>	3,000,000	0.30
19.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHAI LEE LEE (MY2254)</i>	3,000,000	0.30
20.	TA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE SWAN CHOO</i>	3,000,000	0.30
21.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD <i>KAF DANA ADIB</i>	2,750,000	0.28
22.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TAN YAT KIANG (MY1469)</i>	2,600,000	0.26
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SB. (SC KAF)</i>	2,500,000	0.25
24.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN YAT TENG (E-SJA)</i>	2,485,000	0.25
25.	KENANGA INVESTMENT BANK BERHAD <i>EXEMPT AN FOR SENTOSA JAYA CAPITAL SDN BHD</i>	2,451,800	0.25
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEO PUI MENG</i>	2,400,000	0.24
27.	KAF TRUSTEE BERHAD <i>KIFB FOR ALTIMA, INC</i>	2,333,300	0.23
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (KENANGAESG)</i>	2,246,100	0.22
29.	SEE CHIN SIEW	2,000,000	0.20
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR AHAM EQUITY FUND (930090)</i>	1,973,700	0.20



NOTICE OF 1ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the First Annual General Meeting (“1st AGM” or “Meeting”) of ISF GROUP BERHAD (“ISF” or “the Company”) will be held at Dewan Inderaputera, Pulau Springs Resort, 20KM Jalan Pontian Lama, 81110 Pulau, Johor, Malaysia on Monday, 15 June 2026 at 2:00 p.m. or at any adjournment thereof, to transact the following businesses, with or without modifications:-

AGENDA

AS ORDINARY BUSINESS:

- | | | |
|------|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon. | PLEASE REFER TO
EXPLANATORY NOTE 1 |
| 2. | To approve the payment of Directors’ fees and/or benefits of up to RM259,000.00 for the period from the date immediately after the 1 st AGM until the next Annual General Meeting (“AGM”) of the Company. | ORDINARY RESOLUTION 1 |
| 3. | To re-elect the following Directors who retire in accordance with Clause 92 of the Company’s Constitution: | |
| i. | Yap Chui Fan | ORDINARY RESOLUTION 2 |
| ii. | Ai Boon Chen | ORDINARY RESOLUTION 3 |
| iii. | Ai Sew Fuat | ORDINARY RESOLUTION 4 |
| iv. | Lim Ay Yum | ORDINARY RESOLUTION 5 |
| v. | Sim Seng Loong @ Tai Seng | ORDINARY RESOLUTION 6 |
| vi. | Ir. Chow Kai Hoon | ORDINARY RESOLUTION 7 |
| vii. | Christine Toh Hung Mei | ORDINARY RESOLUTION 8 |
| 4. | To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | ORDINARY RESOLUTION 9 |

AS SPECIAL BUSINESS:

To consider and if thought fit, pass with or without modifications, the following resolution:

- | | | |
|----|---|-------------------------------|
| 5. | GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”) | ORDINARY RESOLUTION 10 |
|----|---|-------------------------------|

“THAT subject always to the Constitution of the Company, the Act, the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“Shares”) to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time (“Mandate”) AND the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND such authority shall continue in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

NOTICE OF 1ST ANNUAL GENERAL MEETING (CONTINUED)

AND THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, *rank pari passu* in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares.”

6. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC No.: 201908001272)
LIM KEE SAN (MAICSA 7067348) (SSM PC No.: 202308000295)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
30 April 2026

Notes:

- a) A member who is entitled to present, participate, speak and to vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- b) A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- c) The instrument appointing a proxy shall be in writing signed by the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or signed by an officer or attorney so authorised.
- d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- f) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 66(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 8 June 2026. Only members whose names appear in the General Meeting Record of Depositors as at 8 June 2026 shall be regarded as members and entitled to attend, speak and vote at the Meeting.



NOTICE OF 1ST ANNUAL GENERAL MEETING (CONTINUED)

Notes: (continued)

- g) To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned meeting:
- (i) In hardcopy form
The proxy form shall be deposited at the Share Registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - (ii) By electronic means
The proxy form shall be electronically lodged via fax to +603-2094 9940 or by email to info@sshshb.com.my.
- h) All the resolutions set out in this Notice of Meeting will be put to vote by poll.
- i) Kindly check Bursa Securities' website and the Company's website at <https://isf.com.my> for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2025

The Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 (“Act”) does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 2 of the Agenda – Directors' Fees and/or Benefits

Pursuant to Section 230(1) of the Act, the directors' fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees to the Non-Executive Directors and the payment of benefits to all Directors, for the period from the date immediately after the 1st AGM until the next AGM of the Company. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for the shortfall.

3. Item 3 of the Agenda – Re-election of Directors

Clause 92 of the Company's Constitution provides that at the first annual general meeting of the Company, all the Directors shall retire from office and an election of Directors shall take place each year at the annual general meeting in every subsequent year where one-third (1/3) of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Following thereto, all the Directors will retire pursuant to Clause 92 of the Company's Constitution (collectively referred to as “Retiring Directors”). The Retiring Directors being eligible, have offered themselves for re-election at the 1st AGM.

The Board has endorsed the Nomination Committee's recommendation to seek shareholders' approval to re-elect the Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value. The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the Retiring Directors are provided in the Board of Directors' Profile contained in the Company's Annual Report 2025.

NOTICE OF 1ST ANNUAL GENERAL MEETING (CONTINUED)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS (CONTINUED)

4. Item 4 of the Agenda – Re-appointment of Auditors

The Audit and Risk Management Committee (“**ARMC**”) has undertaken an annual assessment of the suitability, effectiveness, and independence of Grant Thornton Malaysia PLT as Auditors. Based on the outcome of the assessment, the ARMC is satisfied that Grant Thornton Malaysia PLT has maintained its independence and has performed its duties effectively. Accordingly, the ARMC recommended to the Board that Grant Thornton Malaysia PLT be re-appointed as the Auditors of the Company.

The Board has endorsed the ARMC’s recommendation and will seek shareholders’ approval for the re-appointment of Grant Thornton Malaysia PLT as Auditors for the financial year ending 31 December 2026, and to hold office until the conclusion of the next AGM.

5. Item 5 of the Agenda – General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 10 proposed under item 5 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, is to empower the Directors to issue and allot new Shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such new Shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of new Shares for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding current and/or future project(s), working capital, acquisitions, investments and/or for issuance of shares as a form of settlement of purchase consideration or repayment of borrowings or debt settlement/repayment or such other applications as the Directors may deem fit and expedient in the best interest of the Company.

This is the first general mandate to be sought by the Company since its listing on the ACE Market of Bursa Malaysia Securities Berhad on 28 January 2026. As at the date of this notice, there is no decision to issue new Shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities. Should there be a decision to issue new Shares after the general mandate is sought, the Company will make an announcement in respect thereof.

ADMINISTRATIVE NOTES

ADMINISTRATIVE NOTES FOR THE FIRST ANNUAL GENERAL MEETING OF ISF GROUP BERHAD ("ISF" OR "THE COMPANY") ("1ST AGM" OR "MEETING")

Day and Date : Monday, 15 June 2026
Time : 2:00 p.m. or at any adjournment thereof
Meeting Venue : Dewan Inderaputera, Pulau Springs Resort, 20KM Jalan Pontian Lama, 81110 Pulai, Johor, Malaysia

APPOINTMENT OF PROXY OR CORPORATE REPRESENTATIVE

1. A member who is entitled to participate and vote at the Meeting is entitled to appoint more than one (1) proxy to participate and vote in his/her stead. If you are not able to participate in the 1st AGM, you are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form.
2. The appointment of a proxy may be made in a hardcopy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof:
 - (i) In hardcopy form
The proxy form shall be deposited at the Share Registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - (ii) By electronic form
The proxy form shall be electronically lodged via fax to +603-2094 9940 or by email to info@sshshb.com.my.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

3. If you wish to participate in the Meeting yourself, please do not submit any proxy form for the Meeting. You will not be allowed to participate in the 1st AGM together with the proxy(ies) appointed by you.
4. If you have submitted your Proxy Form prior to the Meeting and subsequently decide to personally participate in the Meeting, please write in to info@sshshb.com.my to revoke the earlier appointment of your proxy(ies) at least forty-eight (48) hours before the commencement of the Meeting. Upon revocation, your proxy(ies) will not be allowed to participate in the 1st AGM. In such event, kindly advise your proxy(ies) accordingly.
5. Any corporate member who wishes to appoint a representative instead of a proxy to attend the 1st AGM should submit the original Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority, under the corporation's seal to the Company's Share Registrar's office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia at any time before the time appointed for holding the 1st AGM or to the registration staff on the meeting day for the Company's records.

ADMINISTRATIVE NOTES (CONTINUED)

PROCEDURES OF THE MEETING

- (a) The date of Record of Depositors for the 1st AGM is 8 June 2026. As such, only members whose names appear in the Company's Record of Depositors as at 8 June 2026 shall be entitled to attend the 1st AGM and participate, speak and vote thereat.
- (b) Members are encouraged to appoint the Chairman of the Meeting (or any other person) to act as proxy to attend and vote at the Meeting on their behalf by submitting the proxy form with predetermined voting instructions.
- (c) The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting.

(d) **Recording/Photography**

By participating in this 1st AGM, you agree that no part of the Meeting proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

Shareholders are advised to check Bursa Malaysia Securities Berhad's website and the Company's website at <https://isf.com.my> for the latest updates on the status of the Meeting.

ENQUIRY

If you have any enquiry regarding the 1st AGM, please contact our Share Registrar during office hours from 8:30 a.m. to 5:30 p.m. on Monday to Friday (except public holidays) prior to the Meeting: -

Securities Services (Holdings) Sdn. Bhd.

Contact Person: Mr. Wong Piang Yoong /
Puan Norhasliliwati Binti Abdullah Hashim /
Cik Nur Suhaila Binti Che Ani
Telephone No.: +603 2084 9000
Email: info@sshbs.com.my

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ISF GROUP BERHAD
202501012740 (1614154-H)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	No. of shares held

I/We * _____ NRIC/Passport/Registration No.* _____
(Full name in block)

of _____
(full address)

with email address _____ mobile phone no. _____

being a member/members* of ISF GROUP BERHAD ("the Company") hereby appoint(s):-

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and/or* (delete as appropriate)

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the First Annual General Meeting ("1st AGM" or "Meeting") of the Company to be held at Dewan Inderaputera, Pulau Springs Resort, 20KM Jalan Pontian Lama, 81110 Pulau, Johor, Malaysia on Monday, 15 June 2026 at 2:00 p.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her* discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and/or benefits of up RM259,000.00 for the period from the date immediately after the 1 st AGM until the next Annual General Meeting ("AGM") of the Company.		
2.	To re-elect Yap Chui Fan as a Director of the Company.		
3.	To re-elect Ai Boon Chen as a Director of the Company.		
4.	To re-elect Ai Sew Fuat as a Director of the Company.		
5.	To re-elect Lim Ay Yum as a Director of the Company.		
6.	To re-elect Sim Seng Loong @ Tai Seng as a Director of the Company.		
7.	To re-elect Ir. Chow Kai Hoon as a Director of the Company.		
8.	To re-elect Christine Toh Hung Mei as a Director of the Company.		
9.	To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company.		
10.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

*delete whichever is not applicable

Dated this _____ day of _____ 2026

Signature of Member(s) / Common Seal



Notes:

- a) A member who is entitled to present, participate, speak and to vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- b) A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- c) The instrument appointing a proxy shall be in writing signed by the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or signed by an officer or attorney so authorised.
- d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

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AFFIX
STAMP

The Share Registrar

ISF GROUP BERHAD
(Registration No. 202501012740 (1614154-H))

c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

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- f) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 66(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 8 June 2026. Only members whose names appear in the General Meeting Record of Depositors as at 8 June 2026 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- g) To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned meeting:
 - (i) In hardcopy form
The proxy form shall be deposited at the Share Registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - (ii) By electronic means
The proxy form shall be electronically lodged via fax to +603-2094 9940 or by email to info@sshsb.com.my.
- h) All the resolutions set out in this Notice of Meeting will be put to vote by poll.
- i) Kindly check Bursa Securities' website and the Company's website at <https://isf.com.my> for the latest updates on the status of the Meeting.

Fold This Flap For Sealing



ISF GROUP BERHAD
(Registration No. 202501012740 (1614154-H))



763, Taman Anggerik, Jalan Parit Mesjid
82000 Pontian, Johor



(07) 687 3041



info@isf.com.my

www.isf.com.my