



Wonderful Lite Sdn Bhd 2025

Illustrative Financial Statements for
MFRS Accounting Standards applying MFRS 19



Updated March 2025

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KPMG in Malaysia

Foreword



Wonderful Lite Sdn Bhd 2025 is KPMG PLT's Illustrative Financial Statements for financial statements prepared in accordance with MFRS Accounting Standards. Our publication encompasses the most recent amendments to disclosure requirements, specifically for financial statements ending on 31 December 2025.

The primary focus of this edition revolves around the early adoption of MFRS 19, *Subsidiaries without Public Accountability: Disclosures* which will be effective on or after 1 January 2027. This publication illustrates the possible scenario of reduced disclosures for eligible subsidiaries.

MFRS 19 offers eligible subsidiaries a practical way of reducing time and effort in preparing disclosures for financial statements.

We aim for this digital guide to serve as an invaluable resource and starting point, simplifying the process of understanding and adhering to the disclosure requirements for your upcoming annual financial statements.

Foong Mun Kong
Partner, Head of Audit
December 2024

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About this publication

This set of Illustrative Financial Statements has been produced by KPMG PLT.

The purpose of this publication is to assist entities in Malaysia which are eligible to apply MFRS 19, *Subsidiaries without Public Accountability: Disclosures* under the MFRS Accounting Standards issued by the Malaysian Accounting Standards Board ("MASB") in preparing their financial statements. It illustrates one possible format for full financial statements applying MFRS 19 and MFRS Accounting Standards, based on a fictitious multi-national corporation involved in general business for the financial year ending 31 December 2025. The corporation is not a first-time adopter of MFRS Accounting Standards.

Key highlights

This set of Illustrative Financial Statements applies MFRS 19, *Subsidiaries without Public Accountability: Disclosures* which is early adopted for annual reporting period ending on 31 December 2025.

In accordance to paragraph 7 of MFRS 19, an entity may elect to apply MFRS 19 voluntarily in its consolidated, separate or individual financial statements if, and only if, at the end of the reporting period:

- it is a subsidiary
- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Standards covered

This publication reflects MFRS Accounting Standards in issue as of 30 November 2024 that are required to be applied by an entity with an annual period beginning on 1 January 2025 (currently effective requirements) including the early adoption of MFRS 19.

This publication does not illustrate the requirements of all MFRS Accounting Standards, as well as all the requirements of an individual MFRS Accounting Standard. For example, MFRS Accounting Standards that are not illustrated include MFRS 6, *Exploration for and Evaluation of Mineral Resources*, MFRS 8, *Operating Segments*, MFRS 14, *Regulatory Deferral Accounts*, MFRS 17, *Insurance Contracts*, MFRS 126, *Accounting and Reporting by Retirement Benefit Plans*, MFRS 134, *Interim Financial Reporting*, MFRS 133, *Earnings per Share*, MFRS 141, *Agriculture* and the requirements of investment entities in accordance to MFRS 10.

This publication also reflects the disclosure requirements of the Companies Act 2016.

While this publication is up to date at the time of issuance, accounting standards and their interpretations change over time. Accordingly, this Illustrative Financial Statements should not be used as a substitute for referring to the standards and interpretations themselves, particularly when a specific requirement is not addressed in this publication or when there is uncertainty regarding the correct interpretations of the MFRS Accounting Standards.

MFRS Accounting Standards and IFRS Accounting Standards

MFRS Accounting Standards are issued by the MASB and are equivalent or fully comply with the IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"). These terms may be used interchangeably in this publication and have equivalent requirements.

Need for judgement

This publication specifically focuses on compliance with MFRS Accounting Standards. Although it is not exhaustive, this guide illustrates the disclosures required for a hypothetical reporting entity, merely for illustrative purposes. The information contained herein is of a general nature and is not intended to address the circumstances of any particular entity.

The preparation and presentation of financial statements requires the preparer to exercise judgement – e.g. in terms of the choice of accounting policies, the ordering of notes to the financial statements, tailoring the disclosures to reflect the reporting entity's specific circumstances, and the relevance of disclosures considering the needs of the users.

If an entity is not an eligible subsidiary in accordance to paragraph 7 of MFRS 19, users may refer to the latest publication of *Illustrative financial statements, Wonderful Malaysia Berhad*.

About this publication (continued)

Materiality

Materiality is relevant to the presentation and disclosure of items in the financial statements. Preparers need to consider whether the financial statements include all of the information that is relevant to understanding an entity's financial position at the reporting date and its financial performance during the reporting period.

Preparers also need to take care not to reduce the understandability of their financial statements by obscuring material information with immaterial information or by aggregating material items that are different by nature or function. Individual disclosures that are not material to the financial statements do not need to be presented – even if they are a specific requirement of an accounting standard. Preparers need to consider the appropriate level of disclosure based on materiality for the reporting period.

Specific guidance on materiality and its application to the financial statements is included in paragraph 31 of MFRS 101, *Presentation of Financial Statements* and paragraph 6 of MFRS 19. In addition, paragraph B13 of MFRS 19 and paragraphs 117A–117E of MFRS 101 include guidance on the application of materiality to disclosure of accounting policies.

Reporting date

A number of terms are used, either in MFRS Accounting Standards or in practice, to describe the end of an entity's financial year, including 'reporting date', 'end of the reporting period', 'statement of financial position date', 'year end' and 'financial year end'. Generally, these terms are used interchangeably and have the same meaning.

Other KPMG publications and resource centres

We have a range of publications and resource centres that can assist you further, including:



References and abbreviations

References are included to the left-hand margin of each item disclosed. For example, the reference 19.42 means paragraph 42 of MFRS 19. Generally the references relate only to presentation and disclosure requirements.

The marking in the left-hand margin indicates the following:

Updates made to March 2025 version

The symbols in this publication are interactive buttons designed for viewing on a desktop or laptop. Please note that when accessed via a browser application or mobile devices, the interactive functions might not perform as intended. Below are their listed functions:

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Back to the respective primary statements (i.e. Statements of financial position "SOFP", Statements of profit or loss and other comprehensive income "SOPLOCI", Statements of changes in equity "SOCIE" and Statements of cash flows "SOCF")

or [#]

Explanatory note

The following abbreviations are used often in this publication.

CGU	Cash-generating unit
ECL	Expected credit losses
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
IASB	International Accounting Standards Board
IC	Issues Committee Interpretation issued by the IASB
IFRS Accounting Standards	IFRS Accounting Standards issued by the IASB
MASB	Malaysian Accounting Standards Board
MFRS Accounting Standards	MFRS Accounting Standards issued by the MASB
NCI	Non-controlling interests
OCI	Other comprehensive income
Sxxx(x)	Section of the Companies Act 2016
WLSB	Wonderful Lite Sdn Bhd

Reference **Statements of financial position[#]**101.10(a),
113, 19.B5 **As at 31 December 2025**

	Note		Group		Company	
			31.12.2025 RM'000	31.12.2024 RM'000	1.1.2024 RM'000	31.12.2025 RM'000
			Restated	Restated	Restated	
Assets						
101.54(a)	Property, plant and equipment	3	250,400	294,030	342,110	-
16.47(a)	Right-of-use assets ²	4	21,404	21,821	16,460	-
101.54(b), 16.48	Investment properties ²	5	93,290	99,060	94,220	-
101.54(c)	Intangible assets	6	59,120	47,410	54,910	-
101.55	Investments in subsidiaries	7	-	-	-	280,180
101.54(e)	Investments in associates	8	20,250	15,580	10,910	-
101.55	Other investments	9	37,530	36,714	34,200	-
101.54(o), 56	Deferred tax assets ³	10	1,513	20,416	12,120	-
101.54(h)	Trade and other receivables ⁴	11	-	-	-	31,210
101.60	Total non-current assets¹		483,507	535,031	564,930	311,390
						215,300
101.54(g)	Inventories ⁵	12	145,796	141,190	113,130	-
15.105	Contract assets ⁶	13.1	3,607	2,855	2,960	-
101.55	Contract costs	13.2	1,083	1,635	1,712	-
101.54(h)	Trade and other receivables ⁴	11	129,212	174,960	161,138	2,876
101.54(n)	Current tax assets ³		2,478	1,150	2,600	-
101.55	Prepayments and other assets		280	702	250	60
101.55	Derivative financial assets	14	2,234	3,251	4,050	-
101.55	Other investments	9	5,400	5,605	7,320	-
101.54(i)	Cash and cash equivalents	15	10,412	18,500	18,000	14,980
			300,502	349,848	311,160	17,916
5.38, 101.54(j)	Assets classified as held for sale ⁷	16	144,100	-	-	-
101.60	Total current assets¹		444,602	349,848	311,160	17,916
	Total assets		928,109	884,879	876,090	329,306
						234,220

Reference **Statements of financial position[#] (continued)**101.10(a),
113, 19.B5
As at 31 December 2025

	Note		Group		Company	
			31.12.2025 RM'000	31.12.2024 RM'000	1.1.2024 Restated	31.12.2025 RM'000
						31.12.2024 RM'000
Equity						
101.54(r), 19.B9(f)		Share capital	196,550	180,500	180,500	196,550
101.54(r), 19.B9(f)		Reserves	193,218	132,129	82,257	48,540
Equity attributable to owners of the Company		17	389,768	312,629	262,757	245,090
101.54(q), 10.22		Non-controlling interests	12,335	8,420	6,010	-
Total equity			402,103	321,049	268,767	245,090
Liabilities						
101.54(m)		Loans and borrowings	18	197,151	185,930	232,441
16.47(b)		Lease liabilities ²		20,133	23,814	19,204
119.63, 19.B9(e)		Employee benefits	19	23,470	21,100	23,570
101.55, 120.24		Deferred income	20	14,620	15,000	15,000
101.54(l)		Provisions	21	9,100	4,000	2,349
101.54(o), 56		Deferred tax liabilities ³	10	25,166	22,194	7,858
101.60		Total non-current liabilities¹		289,640	272,038	300,422
						67,356
101.55		Loans and borrowings	18	43,490	43,990	53,831
16.47(b)		Lease liabilities ²		4,371	3,752	3,000
101.54(l)		Provisions	21	7,600	12,000	12,000
101.54(k)		Trade and other payables	22	134,213	228,999	235,290
15.105		Contract liabilities ⁶	13.1	1,400	1,300	1,680
101.55		Derivative financial liabilities	14	1,192	1,751	1,100
				192,266	291,792	306,901
5.38, 101.54(p)		Liabilities classified as held for sale ⁷	16	44,100	-	-
101.60		Total current liabilities¹		236,366	291,792	306,901
Total liabilities				526,006	563,830	607,323
Total equity and liabilities				928,109	884,879	876,090
						329,306
						234,220

The notes on pages 14 to 84 are an integral part of these financial statements.

Reference **Statements of profit or loss and other comprehensive income[#]**101.10(b),
10A **For the year ended 31 December 2025**

	Note	Group		Company	
		2025 RM'000	2024 RM'000 Restated	2025 RM'000	2024 RM'000
		Continuing operations			
101.82(a), 103	Revenue ¹	23 1,006,520	966,360	16,560	6,150
101.99, 103	Cost of sales	(554,750)	(561,860)	-	-
101.103, 85-85A	Gross profit	451,770	404,500	16,560	6,150
101.99, 103	Other income	11,190	3,680	390	100
101.99, 103	Distribution expenses	(179,400)	(170,120)	-	-
101.99, 103	Administrative expenses	(171,315)	(146,614)	(11,321)	(3,533)
101.99, 19.266	Research and development expenses	(11,090)	(6,970)	-	-
101.82(ba)	Net loss on impairment of financial instruments and contract assets	28 (105)	(1,076)	(97)	(7)
101.99, 103	Other expenses	(12,308)	-	-	-
101.85-85A	Results from operating activities²	88,742	83,400	5,532	2,710
101.82(a)(i)	Finance income	24 8,966	4,800	4,260	1,650
101.82(b), 16.49	Finance costs ³	25 (17,875)	(16,760)	(3,892)	-
101.85-85A	Net finance (costs)/income	(8,909)	(11,960)	368	1,650
IC 17.15	<i>Fair valuation gains/(losses) arising from distribution of non-cash assets to owners⁴</i>	XXX	XXX	XXX	XXX
101.82(aa)	<i>Gains/(Losses) arising from derecognition of financial assets measured at amortised cost</i>	XXX	XXX	XXX	XXX
101.82(ca)	<i>Gains/(Losses) arising from reclassification of financial assets measured at amortised cost to fair value through profit or loss</i>	XXX	XXX	XXX	XXX
101.82(cb)	<i>Gains/(Losses) arising from reclassification of financial assets measured at fair value through other comprehensive income to fair value through profit or loss</i>	XXX	XXX	XXX	XXX
101.82(c)	Share of profit of equity-accounted associates/joint venture, net of tax	4,670	5,870	-	-
101.85-85A	Profit before tax	84,503	77,310	5,900	4,360
101.82(d), 112.77	Tax expense	26 (23,257)	(18,000)	(940)	(410)
101.85-85A	Profit from continuing operations	61,246	59,310	4,960	3,950
Discontinued operation					
5.33(a), 101.82(ea), 19.40	Profit/(Loss) from discontinued operation, net of tax ⁵	27 3,790	(4,220)	-	-
101.81A(a)	Profit for the year	28 65,036	55,090	4,960	3,950

Reference **Statements of profit or loss and other comprehensive income[#] (continued)**101.10(b),
10A **For the year ended 31 December 2025**

	Note	Group		Company	
		2025 RM'000	2024 RM'000 Restated	2025 RM'000	2024 RM'000
		Other comprehensive income, net of tax⁶			
101.82A(a)(i) Items that will not be reclassified subsequently to profit or loss					
101.85-85A, 119.57(d)		820	(150)	-	-
101.85-85A, 116.39		1,800	-	-	-
19.56(a)(iv)		(1,234)	-	-	-
101.82A(b)(i)		<i>Share of other comprehensive income of equity-accounted associates/joint venture</i>	<i>XXX</i>	<i>XXX</i>	-
	29	1,386	(150)	-	-
101.82A(a)(ii) Items that are or may be reclassified subsequently to profit or loss					
101.85-85A, 19.62(b)		853	-	-	-
101.92, 94		<i>Costs of hedging reserve</i>	<i>XXX</i>	<i>XXX</i>	-
19.56(a)(v)		1,590	410	-	-
19.218(b)		2,669	2,472	-	-
101.82A(b)(ii)		<i>Share of other comprehensive income of equity-accounted associates/joint venture</i>	<i>XXX</i>	<i>XXX</i>	-
	29	5,112	2,882	-	-
101.81A(b)		Other comprehensive income for the year, net of tax	6,498	2,732	-
101.81A(c)		Total comprehensive income for the year	71,534	57,822	4,960
Profit attributable to:					
101.81B(a)(ii)		Owners of the Company	61,276	52,900	4,960
101.81B(a)(i)		Non-controlling interests	3,760	2,190	-
Profit for the year					
Total comprehensive income attributable to:					
101.81B(b)(ii)		Owners of the Company	67,504	55,412	4,960
101.81B(b)(i)		Non-controlling interests	4,030	2,410	-
Total comprehensive income for the year					
		71,534	57,822	4,960	3,950

The notes on pages 14 to 84 are an integral part of these financial statements.

Reference **Consolidated statement of changes in equity**

101.10(c) **For the year ended 31 December 2025**

19.218(b)	Group	Note	Attributable to owners of the Company												Non-control- ling interests	Total equity
			Non-distributable													
			Share capital ¹	Treasury shares	Capital reserve	Transla- tion reserve	Cost of hedging reserve	Hedging reserve	Fair value reserve	Revalua- tion reserve	Share option reserve	Retained earnings	Total	RM'000	RM'000	RM'000
At 1 January 2024			180,500	-	-	(630)	XXX	-	1,080	-	8,000	73,807	262,757	6,010	268,767	
Remeasurement of defined benefit liability ²			-	-	-	-	-	-	-	-	-	(150)	(150)	-	(150)	
Debt instrument measured at FVOCI ¹			-	-	-	-	-	-	410	-	-	-	410	-	410	
Foreign currency translation differences for foreign operations ²			-	-	-	2,252	-	-	-	-	-	-	2,252	220	2,472	
101.106(d)(ii) Total other comprehensive income for the year ²			-	-	-	2,252	-	-	410	-	-	(150)	2,512	220	2,732	
101.106(d)(i) Profit for the year			-	-	-	-	-	-	-	-	-	52,900	52,900	2,190	55,090	
101.106(a) Total comprehensive income for the year			-	-	-	2,252	-	-	410	-	-	52,750	55,412	2,410	57,822	
Contributions by and distributions to owners of the Company:																
132.33 - Own shares acquired ³	17		-	(2,800)	-	-	-	-	-	-	-	-	(2,800)	-	(2,800)	
132.33 - Share-based payment transactions ⁴	19		-	-	-	-	-	-	-	-	2,500	-	2,500	-	2,500	
101.107 - Dividends to owners of the Company	30		-	-	-	-	-	-	-	-	-	(5,240)	(5,240)	-	(5,240)	
101.106(d)(iii) Total transactions with owners of the Company			-	(2,800)	-	-	-	-	-	-	2,500	(5,240)	(5,540)	-	(5,540)	
At 31 December 2024			180,500	(2,800)	-	1,622	XXX	-	1,490	-	10,500	121,317	312,629	8,420	321,049	

Reference **Consolidated statement of changes in equity (continued)**

101.10(c) **For the year ended 31 December 2025**

Group	Note	Attributable to owners of the Company												Non-controlling interests				Total equity
		Non-distributable												Distributable				
		Share capital ¹	Treasury shares	Capital reserve	Transla-tion reserve	Cost of hedging reserve	Hedg-ing reserve	Fair value	Reval-uation reserve	Share option reserve	Reserve of disposal group held for sale	Retained earnings	Total	Non-control-ling inter-ests				
At 1 January 2025		180,500	(2,800)	-	1,622	XXX	-	1,490	-	10,500	-	121,317	312,629	8,420	321,049			
Remeasurement of defined benefit liability ²		-	-	-	-	-	-	-	-	-	-	820	820	-	820			
Revaluation of property, plant and equipment upon transfer of properties to investment properties ²		-	-	-	-	-	-	-	1,800	-	-	-	1,800	-	1,800			
Net change in fair value of equity investment designated at FVOCI		-	-	-	-	-	-	(1,234)	-	-	-	-	(1,234)	-	(1,234)			
Cash flow hedge ²		-	-	-	-	XXX	853	-	-	-	-	-	853	-	853			
Debt investments measured at FVOCI ²		-	-	-	-	-	-	1,590	-	-	-	-	1,590	-	1,590			
Foreign currency translation differences for foreign operations ²		-	-	-	2,179	-	-	-	-	-	220	-	2,399	270	2,669			
101.106(d)(ii) Total other comprehensive income for the year ²		-	-	-	2,179	XXX	853	356	1,800	-	220	820	6,228	270	6,498			
101.106(d)(i) Profit for the year		-	-	-	-	-	-	-	-	-	-	61,276	61,276	3,760	65,036			
101.106(a) Total comprehensive income for the year		-	-	-	2,179	XXX	853	356	1,800	-	220	62,096	67,504	4,030	71,534			

Reference **Consolidated statement of changes in equity (continued)**

101.10(c) For the year ended 31 December 2025

Group	Note	Attributable to owners of the Company												Non-controlling interests			Total equity				
		Non-distributable						Distributable													
		Share capital ¹	Treasury shares	Capital reserve	Transla- tion reserve	Costs of hedging reserve	Hedg- ing reserve	Fair value reserve	Reval- uation reserve	Share option reserve	Reserve of disposal group held for sale	Retained earnings	Total								
Contributions by and distributions to owners of the Company:																					
- Share options exercised	17, 19	450	-	-	-	-	-	-	-	-	-	-	450	-	450						
- Share-based payment transactions ⁴	19	-	-	-	-	-	-	-	-	4,000	-	-	4,000	-	4,000						
- Issue of ordinary shares	17	15,600	-	-	-	-	-	-	-	-	-	-	15,600	-	15,600						
132.33 - Own shares sold ³	17	-	220	-	-	-	-	-	-	-	-	80	300	-	300						
132.28 - Issue of convertible notes, net of tax		-	-	1,800	-	-	-	-	-	-	-	-	1,800	-	1,800						
101.107 - Dividends to owners of the Company	30	-	-	-	-	-	-	-	-	-	-	(12,430)	(12,430)	-	(12,430)						
101.106(d)(iii) Changes in ownership interests in a subsidiary	35	16,050	220	1,800	-	-	-	-	-	4,000	-	(12,350)	9,720	-	9,720						
101.106(d)(iii)		-	-	-	-	-	-	-	-	-	-	(85)	(85)	(115)	(200)						
Total transactions with owners of the Company		16,050	220	1,800	-	-	-	-	-	4,000	-	(12,435)	9,635	(115)	9,520						

Reference **Consolidated statement of changes in equity (continued)**

101.10(c) For the year ended 31 December 2025

Group	Note	Attributable to owners of the Company												Non-controlling interests			Total equity
		Non-distributable												Distributable			
		Share capital ¹	Treasury shares	Capital reserve	Transla- tion reserve	Cost of hedging reserve	Hedg- ing reserve	Fair value	Reval- uation reserve	Share option reserve	Reserve of disposal group held for sale	Retained earnings	Total	Non- control- ling inter- ests	Total		
Group	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Transfer upon the disposal of equity investment designated at FVOCI		-	-	-	-	-	-	(343)	-	-	-	343	-	-	-	-	
Reclassification arising from disposal group held for sale	5.38	-	-	-	100	-	-	-	-	-	(100)	-	-	-	-	-	
At 31 December 2025		196,550	(2,580)	1,800	3,901	XXX	853	1,503	1,800	14,500	120	171,321	389,768	12,335	402,103		

The notes on pages 14 to 84 are an integral part of these financial statements.

Reference Statement of changes in equity

101.10(c) For the year ended 31 December 2025

	Note	Attributable to owners of the Company					
		Non-distributable			Distributable		
		Share capital	Treasury shares	Capital reserve	Share option reserve	Retained earnings	Total equity
Company		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024		180,500	-	-	8,000	43,500	232,000
101.106(a) Profit and total comprehensive income for the year		-	-	-	-	3,950	3,950
Contributions by and distributions to owners of the Company:							
132.33 - Own shares acquired ³	17	-	(2,800)	-	-	-	(2,800)
132.33 - Share-based payment transactions ⁴	19	-	-	-	2,500	-	2,500
101.107 - Dividends to owners of the Company	30	-	-	-	-	(5,240)	(5,240)
101.106(d)(iii) Total transactions with owners of the Company		-	(2,800)	-	2,500	(5,240)	(5,540)
At 31 December 2024/1 January 2025		180,500	(2,800)	-	10,500	42,210	230,410
101.106(a) Profit and total comprehensive income for the year		-	-	-	-	4,960	4,960
Contributions by and distributions to owners of the Company:							
- Share options exercised	17, 19	450	-	-	-	-	450
- Share-based payment transactions ⁴	19	-	-	-	4,000	-	4,000
- Issue of ordinary shares	17	15,600	-	-	-	-	15,600
132.33 - Own shares sold	17	-	220	-	-	80	300
132.28 - Issue of convertible notes, net of tax		-	-	1,800	-	-	1,800
101.107 - Dividends to owners of the Company	30	-	-	-	-	(12,430)	(12,430)
101.106(d)(iii) Total transactions with owners of the Company		16,050	220	1,800	4,000	(12,350)	9,720
At 31 December 2025		196,550	(2,580)	1,800	14,500	34,820	245,090

The notes on pages 14 to 84 are an integral part of these financial statements.

Reference **Statements of cash flows**101.10(d),
111 **For the year ended 31 December 2025**

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities^{1,2}					
107.18, 16.50(c)		Profit/(Loss) before tax from: ¹			
		- continuing operations	84,503	77,310	5,900
107.20	27	- discontinued operation	(1,620)	(4,660)	-
			82,883	72,650	5,900
19.165		Adjustments for:			
	20	Amortisation of government grant	(380)	-	-
	5	Change in fair value of investment properties	(6,540)	(1,020)	-
	3	Depreciation of property, plant and equipment	50,010	51,220	-
	4	Depreciation of right-of-use assets	1,108	1,039	-
		Dividend income	(3,600)	(3,180)	(16,560)
	19	Equity settled share-based payment transactions	4,000	2,500	-
	24	Finance income	(8,966)	(4,800)	(4,260)
	25	Finance costs	17,875	16,760	3,892
		Gain on disposal of property, plant and equipment	(260)	(1,000)	-
		Gain on disposal of other investments	(334)	-	-
		Net impairment loss on financial assets	105	1,076	97
	6	Net impairment loss on intangible assets	160	2,850	-
	3	(Reversal of)/Impairment loss on property, plant and equipment	(3,930)	11,230	-
		Share of profit of equity-accounted associates/ <i>joint venture</i> , net of tax	(4,670)	(5,870)	-
		Others	269	(2,167)	-
Operating profit/(loss) before changes in working capital					
			127,730	141,288	(10,931)
		Change in employee benefits, provisions and deferred income	3,770	(7,000)	-
		Change in inventories	(21,896)	(20,290)	-
		Change in trade and other payables	(37,435)	(5,320)	(1,689)
		Change in trade and other receivables, prepayments and other financial assets	(23,768)	(14,551)	4,387
		Change in contract assets ⁴	(374)	105	-
		Change in contract costs ⁴	552	77	-
		Change in contract liabilities ⁴	85	380	-
Cash generated from/(used in) operations					
107.31		Dividends received ⁵	48,664	94,689	(8,233)
107.31		Interest received ⁵	3,600	3,180	16,560
107.31, 32, 16.50(b)		Interest paid ⁵	8,981	4,800	4,260
107.35		Tax paid ⁶	(19,368)	(16,260)	(3,025)
107.10		Net cash from operating activities	(1,630)	(10,070)	(210)
			40,247	76,339	9,352
					8,130

Reference **Statements of cash flows (continued)**101.10(d),
111 **For the year ended 31 December 2025**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
107.21 Cash flows from investing activities^{2,3}					
107.16(a)	Acquisition of investment properties	5	(5,050)	(4,370)	-
107.16(c)	Acquisition of other investments		(11,000)	(389)	-
107.16(a)	Acquisition of property, plant and equipment	3	(158,510)	(14,880)	-
107.39	Acquisition of subsidiary, net of cash and cash equivalents acquired ⁷	35.1	(21,250)	-	(25,000)
107.16(c)	Increase in investments in subsidiaries		-	-	(64,820)
107.16(a)	Development costs	6	(12,720)	(5,150)	-
107.16(e)	Loans to subsidiaries		-	-	(5,760)
107.39	Disposal of discontinued operation ⁸				(2,000)
	- Proceeds from disposal, net of cash and cash equivalents disposed of	27	108,900	-	-
	- Tax paid on gain on disposal	27	(3,300)	-	-
107.16(b)	Proceeds from disposal of investment properties		24,800	1,680	-
107.16(d)	Proceeds from disposal of other investments		11,079	-	-
107.16(b)	Proceeds from disposal of property, plant and equipment		11,770	4,810	-
107.10	Net cash used in investing activities		(55,281)	(18,299)	(95,580)
107.21 Cash flows from financing activities^{2,3}					
107.42A	Acquisition of non-controlling interests		(200)	-	-
107.31, 34	Dividends paid to owners of the Company ⁵	30	(12,430)	(5,240)	(12,430)
107.17(c)	Proceeds from issue of convertible notes		48,000	-	48,000
	Equity-settled share-based payment transactions reimbursed by subsidiaries		-	-	4,100
107.17(c)	Proceeds from issue of redeemable preference shares		19,948	-	19,948
107.17(a)	Proceeds from issue of share capital		16,050	-	15,950
107.17(c)	Proceeds from loan from subsidiaries		-	-	13,850
	Proceeds from sale of treasury shares		300	-	300
107.17(d)	Repayment of other borrowings		(40,969)	(49,482)	-
16.50(a), 107.17(e)	Payment of lease liabilities		(3,753)	(1,038)	-
107.17(d)	Repayment of loan from associate		(20,000)	-	-
107.17(b)	Repurchase of treasury shares		-	(2,800)	-
107.10	Net cash from/(used in) financing activities		6,946	(58,560)	89,718
					(5,540)

Reference **Statements of cash flows (continued)**

101.10(d),
 111 **For the year ended 31 December 2025**

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
		Net (decrease)/increase in cash and cash equivalents		(8,088)	(520)
107.28		Effect of exchange rate fluctuations on cash held		(520)	1,200
		Cash and cash equivalents at 1 January		15,680	15,000
	15	Cash and cash equivalents at 31 December		7,072	15,680
19.115(f)		(a) Cash outflows for leases as a lessee			
	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
		Included in net cash from operating activities:			
	28	Payment relating to short-term leases	1,500	1,470	-
	28	Payment relating to leases of low-value assets	5,100	5,100	-
	28	<i>Payment relating to variable lease payments not included in the measurement of lease liabilities</i>	<i>XXX</i>	<i>XXX</i>	-
	25	Interest paid in relation to lease liabilities	1,378	382	-
		Included in net cash from financing activities:			
		Payment of lease liabilities	3,753	1,038	-
		Total cash outflows for leases⁹	11,731	7,990	-

Reference **Statements of cash flows (continued)**

For the year ended 31 December 2025

19.166

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities¹⁰

Group	At 1 January 2024	Net changes from financing cash flows	Acquisition of new lease	At 31 December 2024/ 1 January 2025		Acquisition of new lease	Changes arising from obtaining control of subsi- diaries	Foreign exchange movement	Other changes	At 31 December 2025
				RM'000	RM'000					
				RM'000	RM'000					
Bank loans	161,424	(50,494)	-	110,930	(45,810)	-	5,000	XXX	-	70,120
Bonds	94,402	598	-	95,000	861	-	-	-	-	95,861
Convertible notes	-	-	-	-	48,000	-	-	-	(1,778)	46,222
Redeemable preference shares	-	-	-	-	19,948	-	-	-	-	19,948
Lease liabilities	22,204	(1,038)	6,400	27,566	(3,753)	691	-	-	-	24,504
Loan from associate	20,000	-	-	20,000	(20,000)	-	-	XXX	-	-
Other bank facilities	756	414	-	1,170	3,980	-	-	-	-	5,150
Total liabilities from financing activities	298,786	(50,520)	6,400	254,666	3,226	691	5,000	XXX	(1,778)	261,805

Company		At 31 December 2024/ 1 January 2025		Other changes	At 31 December 2025
		RM'000	Net changes from financing cash flows		
		RM'000	RM'000		
Convertible notes		-	48,000	(1,778)	46,222
Redeemable preference shares		-	19,948	-	19,948
Loans from subsidiaries		-	13,850	-	13,850
Total liabilities from financing activities		-	81,798	(1,778)	80,020

The notes on pages 14 to 84 are an integral part of these financial statements.

Reference

Notes to the financial statements

101.10(e),
 51(a),
 19.B18(a),
 B19

Wonderful Lite Sdn Bhd is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Wisma Extremely Wonderful
 Jalan Hartamas
 50490 Kuala Lumpur
 Malaysia

Registered office

Wisma Wonderful
 1505, Jalan Bintang Sinar
 46200 Petaling Jaya
 Selangor, Malaysia

101.51(b),
 (c), 19.B19,
 240(a)

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates *and joint venture*. The financial statements of the Company as at and for the financial year ended 31 December 2025 also include joint operations.

19.B18(b)

The Company is principally engaged in investment holding activities while the other Group entities are primarily involved in the manufacture and sale of paper and paper products.

19.226

The immediate holding company which is also the ultimate holding company during the financial year was Wonderful Lite Group Berhad, a company incorporated in Malaysia.

19.188

These financial statements were authorised for issue by the Board of Directors on 24 April 2026.

101.112(a),
 19.B19
 19.20,
 MY20.1

1. Basis of preparation
(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards, including the reduced disclosure requirements of MFRS 19, *Subsidiaries without Public Accountability: Disclosures* and IFRS 19, *Subsidiaries without Public Accountability: Disclosures*, and the requirements of the Companies Act 2016 in Malaysia.

19.180,
 181

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – 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*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2026 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2026, and
- from the annual period beginning on 1 January 2027 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the accounting standards, interpretations or amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

Reference

Notes to the financial statements

1. Basis of preparation (continued)

101.112(a),
 19.B19

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Derivative financial instruments	Fair value
Non-derivative financial instruments at FVTPL	Fair value
Debt and equity securities at FVOCI	Fair value
Investment properties	Fair value
Liabilities for cash-settled share-based payment arrangements	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less the present value of the defined benefit obligation
<i>Contingent consideration in a business combination</i>	<i>Fair value</i>

101.51(d)
 -(e),
 19.B19

(c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

19.B14, B15

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- note 4 – extension options and incremental borrowing rate in relation to leases entered into during the year
- note 5 – valuation of investment properties
- note 6 – measurement of the recoverable amounts of cash-generating units
- note 7 – control assessment in relation to investments in certain subsidiaries
- note 21 – provisions: key assumptions on the likelihood and magnitude of an outflow of resources
- note 23 – revenue recognition
- note 31 – measurement of expected credit losses ("ECL") and fair value of unquoted shares
- note 33 – contingencies: key assumptions on the likelihood and magnitude of an outflow of resources
- note 35 – business combinations: fair value of the considerations transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.

Reference

Notes to the financial statements

19.178

2. Changes in material accounting policies

2.1 Disclosures for subsidiaries without public accountability

The Group and the Company have early adopted MFRS 19, *Subsidiaries without Public Accountability: Disclosures* which specifies the reduced disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other MFRS Accounting Standards. As a result of applying MFRS 19, the financial statements disclosures (including comparatives) of the Group and the Company have been reduced in accordance with MFRS 19.

Reference Notes to the financial statements

3. Property, plant and equipment

19.B9(a)	Group	Note	Land	Buildings	Plant and equipment	Fixtures and fittings	Asset under construction	Total
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost								
19.200(d)	At 1 January 2025		20,000	55,210	283,380	61,350	-	419,940
19.200(e)(iii)	Acquisitions through business combinations	35.1	-	1,850	15,800	1,900	-	19,550
19.200(e)(i)	Other additions		-	17,500	95,440	6,570	39,000	158,510
19.225	Borrowing costs capitalised at 6% per annum		-	-	-	-	2,000	2,000
19.200(e)(viii)	Transfer to investment property:							
	- Offset of accumulated depreciation		-	(3,000)	-	-	-	(3,000)
	- Revaluation of property transferred	3.4	-	2,000	-	-	-	2,000
	- Transfer of carrying amount	5	-	(7,000)	-	-	-	(7,000)
19.200(e)(ii)	Transfer to assets held for sale	16	-	-	(92,220)	-	-	(92,220)
19.200(e)(ii)	Disposals		-	-	(119,720)	(21,000)	-	(140,720)
19.200(e)(viii)	Effect of movements in exchange rates		-	-	140	1,270	-	1,410
19.200(d)	At 31 December 2025		20,000	66,560	182,820	50,090	41,000	360,470

Reference Notes to the financial statements

3. Property, plant and equipment (continued)

19.B9(a)	Group	Note	Land	Buildings	Plant and equipment	Fixtures and fittings	Asset under construction	Total RM'000			
			RM'000	RM'000	RM'000	RM'000	RM'000				
Depreciation and impairment loss											
At 1 January 2025											
Accumulated depreciation			-	8,160	85,950	17,570	-	111,680			
Accumulated impairment loss			-	-	14,230	-	-	14,230			
			-	8,160	100,180	17,570	-	125,910			
19.200(e)(vii) Depreciation for the year			-	1,200	41,400	7,410	-	50,010			
19.200(e)(v) Impairment loss			XXX	XXX	XXX	XXX	XXX	XXX			
19.200(e)(vi) Reversal of impairment loss	3.1		-	-	(3,930)	-	-	(3,930)			
19.200(e)(viii) Offset of accumulated depreciation on property transferred to investment property			-	(3,000)	-	-	-	(3,000)			
19.200(e)(ii) Transfer to assets held for sale	16		-	-	(10,580)	-	-	(10,580)			
19.200(e)(ii) Disposals			-	-	(38,080)	(11,270)	-	(49,350)			
19.200(e)(viii) Effect of movements in exchange rates			-	-	630	380	-	1,010			
At 31 December 2025											
Accumulated depreciation			-	6,360	79,320	14,090	-	99,770			
Accumulated impairment loss			-	-	10,300	-	-	10,300			
			-	6,360	89,620	14,090	-	110,070			
Carrying amounts											
At 1 January 2025			20,000	47,050	183,200	43,780	-	294,030			
At 31 December 2025			20,000	60,200	93,200	36,000	41,000	250,400			

19.250(a)-(b). **3.1 Impairment loss and subsequent reversal**

252(a)

In 2024, the Group tested the product line in the Standard Paper division for impairment and recognised an impairment loss of RM11,230,000 with respect to plant and equipment. In 2025, RM3,930,000 of the loss was reversed. The impairment loss and subsequent reversal were recognised in cost of sales in the statements of profit or loss and other comprehensive income. [See note 6](#) for further details of the impairment loss and subsequent reversal.

19.201(a). **3.2 Security**

At 31 December 2025, land and buildings with a carrying amount of RM50,000,000 (2024: RM47,000,000) are subject to a registered debenture to secure bank loans granted to the Group ([see note 18](#)).

Reference

Notes to the financial statements

3. Property, plant and equipment (continued)

19.184

3.3 Change in estimates

During the financial year ended 31 December 2025, the Group conducted an operational efficiency review at one of its plants, which resulted in changes in the expected usage of certain items of plant and equipment. Certain dye equipment, which management previously intended to sell after five years of use, is now expected to remain in production for twelve years from the date of purchase. As a result, the expected useful lives of these assets increased and their estimated residual values decreased. The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods are as follows:

Group	2025	2026	2027	2028	2029	Later
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(Decrease)/Increase in depreciation expense	(2,560)	(2,560)	(1,130)	1,500	1,500	3,000

3.4 Transfer to investment properties

140.57

During the financial year ended 31 December 2025, one building was transferred to investment properties because it was no longer used by the Group and it was leased to a third party.

140.61

19.95(c)

Immediately before the transfer, the Group remeasured the property at fair value and recognised a gain of RM2,000,000 in other comprehensive income. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment properties at the reporting date (see note 5).

3.5 Plant and equipment subject to operating lease

19.121(a)

The Group leases some of its plant and equipment to third parties. Each of the leases contains an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee.

19.121(b)

The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires two months of advanced rental payments from the lessee. These leases do not include residual value guarantees.

19.125

The Group has recognised variable lease income that do not depend on an index or a rate amounting to RMXXX (2024: RMXXX) in the statement of profit or loss and other comprehensive income.

19.124

The operating lease payments to be received are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Less than one year	370	300
One to two years	150	250
Total undiscounted lease payments	520	550

3.6 Material accounting policy information**(a) Recognition and measurement**116.29, 30,
19.200(a)

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation19.200(b),
116.55

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

19.200(c)

The estimated useful lives for the current and comparative periods are as follows:

• buildings	40 years
• plant and equipment	4 - 12 years
• fixtures and fittings	5 - 10 years
• major components	3 - 5 years
• <i>spare parts, stand-by equipment and servicing equipment</i>	<i>xx years</i>

Reference Notes to the financial statements

4. Right-of-use assets

16.47, 19.127	Group	Note	Land	Buildings	Plant and equipment	Total RM'000
			RM'000	RM'000	RM'000	
	At 1 January 2024		2,061	2,886	11,513	16,460
19.115(g)	Addition		-	-	6,400	6,400
19.115(a)	Depreciation		(284)	(441)	(314)	(1,039)
	<i>Impairment loss</i>		(XXX)	(XXX)	(XXX)	(XXX)
	<i>Reversal of impairment loss</i>		XXX	XXX	XXX	XXX
19.115(i)	At 31 December 2024/1 January 2025		1,777	2,445	17,599	21,821
19.115(g)	Addition		-	-	691	691
19.115(a)	Depreciation		(284)	(441)	(383)	(1,108)
	<i>Derecognition*</i>		-	-	(XXX)	(XXX)
	<i>Impairment loss</i>	4.7	(XXX)	(XXX)	(XXX)	(XXX)
	<i>Reversal of impairment loss</i>	4.7	XXX	XXX	XXX	XXX
19.115(i)	At 31 December 2025		1,493	2,004	17,907	21,404

*Derecognition of the right-of-use assets during 2025 is as a result of entering into a finance sublease.

19.120(a) The Group leases a number of warehouse and factory facilities that run between 1 year and 10 years, with an option to renew the lease after that date. Lease payments are increased every five years to reflect current market rentals.

4.1 Variable lease payments based on sales

19.120(b)(i),
16.B49, IE9 Some leases of retail stores contain variable lease payments that are based on sales that the Group makes at the store. Those payments are common in retail stores in the country where the Group operates. Fixed and variable rental payments for the year ended 31 December were as follows.

Group					Estimated annual impact on rent of a 1% increase in sales
	Fixed payments	Variable payments	Total payments		
	RM'000	RM'000	RM'000	RM'000	
2025					
Leases with lease payments based on sales	XXX	XXX	XXX	XXX	
2024					
Leases with lease payments based on sales	XXX	XXX	XXX	XXX	

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

Reference Notes to the financial statements

4. Right-of-use assets (continued)

4.2 Extension options

19.120(b)(ii),
 16.B50, IE10 Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Group	Lease liabilities recognised (discounted)	RM'000	Potential future lease payments not included in lease liabilities (discounted)	Historical rate of exercise of extension options
			RM'000	
2025			2,628	620
Buildings				28
2024			2,949	740
Buildings				28

19.B14, 182 **4.3 Significant judgements and assumptions in relation to leases entered into during the year**

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.4 Residual value guarantees

19.120(b)(iii),
 16.B51 *The Group leases equipment, with lease terms of 3 to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.*

The Group monitors the use of these equipment, and reassesses the estimated amount payable under the residual value guarantees at the reporting date to remeasure lease liabilities and right-of-use assets. As at 31 December 2025, the Group estimates that the expected amount payable under the residual guarantees is RMXXX (2024: RMXXX).

4.5 Sale and leaseback

19.120(d),
 16.B52 *In 2008, the Group sold one of its office buildings and leased the building back for 20 years. The Group has an option to repurchase the building at its market value at the end of the contract term. This sale and leaseback transaction enabled the Group to access more capital while continuing to use the office building. The rent is adjusted every five years to reflect increases in local market rents for similar properties.*

4.6 Restriction imposed by leases

19.120(c) *The lease contracts for IT equipments restrict the Group's ability to sublease the leased assets in the respective contracts.*

4.7 Impairment loss and subsequent reversal

19.252(a) *In 2024, the Group tested the product line in the Standard Paper division for impairment and recognised an impairment loss of RMXXX with respect to the right-of-use asset. In 2025, RMXXX of the loss was reversed. The impairment loss and subsequent reversal were recognised in cost of sales in the statements of profit or loss and other comprehensive income. See note XX for further details of the impairment loss and subsequent reversal.*

Reference Notes to the financial statements

4. Right-of-use assets (continued)

4.8 Material accounting policy information

(a) Lease and non-lease components

16.12, 15 At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) Recognition exemption

16.5, 6, 8 The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

16.B58 When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

Reference Notes to the financial statements

5. Investment properties

		Group RM'000
	Note	
19.269	At 1 January 2025	
19.269(a)	Additions	99,060
19.269(b)	<i>Acquisition through business combination</i>	5,050
19.269(c)	Disposal	XXX
19.269(d)	Change in fair value recognised in profit or loss	(24,800)
19.269(e)	Transfer from property, plant and equipment	6,540
19.269(f)	Effect of movements in exchange rates	3
19.269	At 31 December 2025	7,000
		440
		93,290

Included in the above are:

	Group 2025 RM'000
At fair value	92,290
19.270 At cost - building under construction	1,000
	93,290

5.1 Nature of leasing activities

19.121(a) Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 10 years, with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average renewal periods are 4 years. The Group does not charge variable lease payments that do not depend on an index or rate.

19.121(b)

5.2 Property transferred to investment properties

140.57(c) During the financial year, a property has been transferred from property, plant and equipment to investment properties (see note 3), since the building was no longer used by the Group and it was leased to a third party.

5.3 Restrictions on investment properties

19.268(d) Investment properties of the Group amounting to RM15,000,000 (2024: RM15,000,000) have been charged to secure banking facilities granted to the Group (see note 18).

5.4 Investment property under construction

19.270(a)-(b) A commercial office building is currently under construction and the fair value of the property is unable to be determined as there are uncertainties in estimating its fair value. The building has only started its construction during the year. The estimated range of fair value is highly likely to be within a range of RM1,500,000 and RM2,000,000.

5.5 Variable lease income

19.125 *The Group has recognised variable lease income that do not depend on an index or a rate amounting to RMXXX (2024: RMXXX) in the statement of profit or loss and other comprehensive income.*

Reference

Notes to the financial statements

5. Investment properties (continued)

19.124

5.6 Maturity analysis of operating lease payments

	Group	
	2025 RM'000	2024 RM'000
Less than one year	14,690	8,530
One to two years	15,780	2,625
Two to three years	12,210	2,625
Three to four years	11,300	2,625
Four to five years	7,440	2,625
More than five years	35,500	9,510
Total undiscounted lease payments	96,920	28,540

5.7 Fair value information

19.95(a),(b),
182

Fair value of investment properties are categorised as follows:

Group

	2025			2024		
	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
	10,000	82,290	92,290	9,000	90,060	99,060

Level 2 fair value

19.95(c)

Level 2 fair values of buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

19.95(d)(i)

The changes in fair value from investment properties measured at fair value within Level 3 amounting to RM5,540,000 (2024: RM520,000) were recognised in other income in the statement of profit or loss and other comprehensive income.

19.95(c)

The valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models are as follows:

- Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs. secondary), tenant credit quality and lease terms.
- Sales comparison approach: Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

19.268(b)

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

5.8 Material accounting policy information

140.35,
19.268(a)

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

Reference Notes to the financial statements

6. Intangible assets

19.37, 263(e)	Group	Note	Patents and trademarks			Development costs	Total
			Goodwill	RM'000	trademarks	RM'000	RM'000
Cost							
19.263(c)	At 1 January 2025			49,690	10,930	45,510	106,130
19.37(a), 263(e)(i)	Acquisitions through business combinations	35.1		1,500	3,270	-	4,770
19.263(e)(i)	Other additions			-	-	12,720	12,720
19.225	Borrowing costs capitalised at 6% per annum			-	-	100	100
19.263(e)(vii)	Effect of movements in exchange rates			-	1,860	1,000	2,860
19.263(c)	At 31 December 2025			51,190	16,060	59,330	126,580
Amortisation and impairment loss							
19.263(c)	At 1 January 2025			-	6,210	33,660	39,870
	Accumulated amortisation			15,000	-	3,850	18,850
	Accumulated impairment loss			15,000	6,210	37,510	58,720
19.263(e)(vi)	Amortisation for the year	6.1		-	1,390	6,410	7,800
19.37(c), 263(e)(iv)	Impairment loss	6.3		1,160	-	-	1,160
19.263(e)(v)	Reversal of impairment loss	6.2		-	-	(1,000)	(1,000)
19.263(e)(vii)	Effect of movements in exchange rates			-	610	170	780
19.263(c)	At 31 December 2025			-	8,210	40,240	48,450
	Accumulated amortisation			16,160	-	2,850	19,010
	Accumulated impairment loss			16,160	8,210	43,090	67,460
Carrying amounts							
	At 1 January 2025			34,690	4,720	8,000	47,410
	At 31 December 2025			35,030	7,850	16,240	59,120

Reference Notes to the financial statements

6. Intangible assets (continued)

6.1 Amortisation

19.263(d) The amortisation of patents and trademarks and development costs is allocated to the cost of inventory and is recognised in cost of sales as inventory is sold.

6.2 Impairment loss and subsequent reversal

19.250(a),(b) The impairment loss and its subsequent reversal was allocated *pro rata* to the individual assets constituting the production line (part of the Standard Paper division) as follows:

	Group	
	Reversal in 2025	Impairment loss in 2024
	RM'000	RM'000
Plant and equipment	(3,930)	11,230
Capitalised development costs	(1,000)	2,850
	(4,930)	14,080

19.250(a),(b) The impairment loss and subsequent reversal were recognised in cost of sales in the statements of profit or loss and other comprehensive income.

19.182 6.3 Impairment testing for cash-generating units containing goodwill

136.80 For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

19.254(a) The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2025	2024
	RM'000	RM'000
European standard paper manufacturing and distribution	22,850	21,350
New Zealand standard paper manufacturing and distribution	9,600	10,760
	32,450	32,110
19.255(a) Multiple units without significant goodwill	2,580	2,580
	35,030	34,690

European standard paper manufacturing and distribution

19.254(c),
 254(e) The European standard paper manufacturing and distribution cash-generating unit's impairment test was based on fair value less costs of disposal estimated using the market approach. The same method has been used in the previous financial year also. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation techniques used.

In the past year, competing businesses in the same sector and of generally similar size were bought and sold by companies in the industry as part of the ongoing industry consolidation. The sales prices for these units were used to derive a price to earnings ratio that was applied to the earnings of the unit to determine recoverable amount. Price to earnings ratios in the industry ranged from 21 to 25. The Group used a lower range estimate of 21 to estimate the recoverable amount of the unit. Unit earnings were determined for purposes of this calculation to be RM33,750,000 based on the unit's actual operating results, adjusted for allocation of the Group's borrowing costs and income tax expense. The estimated recoverable amount significantly exceeds the carrying amount of the unit (including goodwill). Management considers that it is not reasonably possible for the assumed price to earnings ratio to change so significantly as to eliminate this excess.

Reference Notes to the financial statements

6. Intangible assets (continued)

6.3 Impairment testing for cash-generating units containing goodwill (continued)

New Zealand standard paper manufacturing and distribution

19.252(a),
 254(c), B15

The recoverable amount of the New Zealand standard paper manufacturing and distribution unit was based on its value in use, determined by discounting future cash flows to be generated by the New Zealand standard paper manufacturing and distribution unit. The carrying amount of the unit amounting to RM26,760,000 was determined to be higher than its recoverable amount of RM25,600,000 and an impairment loss of RM1,160,000 (2024: nil) was recognised. The impairment loss was allocated fully to goodwill, and is included in cost of sales.

19.254(d)

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

19.254(d)(ii)

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for a further 20-year period were extrapolated using a constant growth rate of 4% (2024: 5%), which does not exceed the long-term average growth rate of the industry. Management believes that this 25-year forecast period was justified due to the long-term nature of the paper business.
- Revenue was projected at about RM22,000,000 in the first year of the business plan. The anticipated annual revenue growth included in the cash flow projections was between 5% and 7% for the years 2026 to 2030 based on average growth levels experienced over the five years.
- The paper price growth was assumed to be 1% per annum above inflation in the first 5 years which is in line with information obtained from external sources. The estimate was based on statistical analysis of long-term market price trends adjusted annually for actual experience.
- Environmental cost growth, based on past experience, was estimated to be 25% in 2026 and in line with inflation thereafter. This represents an increase over the 20% estimate used in the impairment testing in 2024, and reflects various regulatory developments in New Zealand where the unit operates.
- A pre-tax discount rate of 9.8% (2024: 10%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on an industry average weighted average cost of capital, which was based on a possible range of debt leveraging of 40% at a market interest rate of 7%.

19.254(d)(iii)

Following an impairment in the New Zealand standard paper manufacturing and distribution cash-generating units, the recoverable amount is equal to the carrying amount. Therefore, any adverse change in a key assumption may result in a further impairment loss.

6.4 Material accounting policy information

(a) Recognition and measurement

138.72, 74

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(b) Amortisation

19.263(b)

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

19.263(a)

The estimated useful lives for the current and comparative periods are as follows:

• patents and trademarks	10 - 20 years
• development costs	5 - 7 years

Reference Notes to the financial statements

19.75(a) 7. Investments in subsidiaries

127.10,
19.240

Cost of investment

Less: Impairment loss

	Company	
	2025 RM'000	2024 RM'000
Cost of investment	280,180	190,360
<i>Less: Impairment loss</i>	<i>XXX</i>	<i>XXX</i>
	280,180	190,360

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ <i>Country of incorporation</i>	Principal activities	Effective ownership interest and voting interest	
			2025	2024
Wonder Paper Sdn Bhd	Malaysia	Manufacture and sale of paper products and recycled paper	100%	100%
Wonder Vest Sdn Bhd	Malaysia	Construction	100%	100%
Wonder Ware Sdn Bhd	Malaysia	Purchase and sale of machines	100%	100%
Mermaid A/S#	Denmark	Manufacture and sale of paper used in printing industry	100%	100%
Lei Sure Limited#	New Zealand	Manufacture and sale of paper products	100%	100%
Daun Maple Inc#	Canada	Marketing of paper products	48%	48%
Silver Fir S.A.#	Spain	Manufacture and distribution of recycled paper	45%	45%
Sloan Bio-Research Co#	United Kingdom	Research and development of paper products	-	-
MayCo#	United States of America	Research and development of paper products	-	-

S266(2)(c)

#Not audited by KPMG PLT.

7.1 General information about the subsidiaries

19.76

The statutory financial year end of XXX Ltd., a newly acquired subsidiary was 30 November 2025 and it did not coincide with the Group. XXX Ltd. is in the midst of changing its statutory financial year end to conform with the Group.

19.182

7.2 Significant judgements in relation to control of subsidiary

19.B14(b)

Although the Group owns less than half of the ownership interest in Daun Maple Inc and Silver Fir S.A. and less than half of the voting power of these entities, the Directors have determined that the Group controls these two entities. The Group controls Daun Maple Inc by virtue of an agreement with its other investors; the Group has *de facto* control over Silver Fir S.A., on the basis that the remaining voting rights in the investee are widely dispersed and that there is no indication that all other shareholders exercise their votes collectively.

19.78

The Group does not hold any ownership interests in two structured entities, Sloan Bio-Research Co and MayCo. However, based on the terms of agreements under which these entities were established, the Group receives substantially all of the returns related to their operations and net assets (Sloan Bio-Research Co and MayCo perform research activities exclusively for the Group) and has the current ability to direct these entities' activities that most significantly affect their returns. Consequently, they are regarded as subsidiaries of the Group. The Group has issued guarantees to certain banks in respect of the credit facilities amounting to RM700,000 (2024: RM700,000) granted to these entities.

19.77

7.3 Restriction imposed by bank covenants

The covenants of a bank loan taken by Lei Sure Limited, a subsidiary of the Company, restricts the ability of the subsidiary to provide advances to other companies within the Group or to declare dividends to its shareholders until settlement of the loan.

7.4 Material accounting policy information

127.10,
19.240(b)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

Reference **Notes to the financial statements**

19.75(c) 8. Investments in associates

		Group	
		2025 RM'000	2024 RM'000
128.10, 16	Investment in shares	7,210	7,210
	Share of post-acquisition reserves	13,040	8,370
	<i>Less: Impairment loss</i>	(XXX)	(XXX)
		20,250	15,580
19.88(b)	<i>Fair value of quoted shares</i>		
19.95(b)	<i>Level 1</i>	XXX	XXX

The following table summarises the information of the Group's associate.

	Group's share of results for the year ended 31 December	2025 RM'000		2024 RM'000	
		Group's share of profit or loss from continuing operations	Group's share of profit or loss from discontinued operations	Group's share of profit or loss from discontinued operations	Group's share of profit or loss from discontinued operations
19.89		4,670		5,870	

8.1 Material accounting policy information

19.88(a) The carrying amount of the Group's interest in associates are accounted for using the equity method.

127.10,
19.240(b) *Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses.*

Reference **Notes to the financial statements**

19.75(b) 8. Investment in joint venture

	<i>Group</i>	
	2025 <i>RM'000</i>	2024 <i>RM'000</i>
128.10, 16	<i>Investment in shares</i>	
	XXX	XXX
	<i>Share of post-acquisition reserves</i>	
	XXX	XXX
	<i>Less: Impairment loss</i>	
	(XXX)	(XXX)
	XXX	XXX
19.88(b), 95(b)	<i>Fair value of quoted shares</i>	
	<i>Level 1</i>	
	XXX	XXX

19.B14(d) *Wonder Pulp AG (“Pulp”) is structured as a separate vehicle and provides the Group rights to the net assets of the entity. Accordingly, the Group has classified the investment in Pulp as a joint venture.*

19.91 *In accordance with the agreement under which Pulp is established, the Group and the other investor to the joint venture have agreed to make additional contribution in proportion to their interests to make up any losses, if required, up to a maximum amount of RMXXX. This commitment has not been recognised in the consolidated financial statements.*

19.89 *The following table summarises the financial information of Pulp.*

	<i>Group</i>	
	2025 <i>RM'000</i>	2024 <i>RM'000</i>
<i>Group’s share of results for year ended 31 December</i>		
	<i>Group’s share of profit or loss from continuing operations</i>	XXX
	<i>Group’s share of profit or loss from discontinued operations</i>	XXX

8.1 Material accounting policy information

19.88(a) *The carrying amount of the Group’s interest in its joint ventures are accounted for using the equity method.*

127.10,
19.240(b) *Investment in joint venture is measured in the Company’s statement of financial position at cost less any impairment losses.*

Reference Notes to the financial statements

9. Other investments

Group	Shares RM'000	Bonds RM'000	Deposits with licensed banks RM'000	Total RM'000			
				2025			
Non-current							
19.44(e)	Fair value through other comprehensive income	12,500	3,350	- 15,850			
19.44(a)	Fair value through profit or loss	2,670	-	- 2,670			
19.44(c)	Amortised cost	-	19,010	- 19,010			
		15,170	22,360	- 37,530			
Current							
19.44(a)	Fair value through profit or loss	5,400	-	- 5,400			
19.44(c)	Amortised cost	-	-	XXX -			
		5,400	-	XXX 5,400			
		20,570	22,360	XXX 42,930			
2024							
Non-current							
19.44(e)	Fair value through other comprehensive income	14,154	3,745	- 17,899			
19.44(c)	Amortised cost	-	18,815	- 18,815			
		14,154	22,560	- 36,714			
Current							
19.44(a)	Fair value through profit or loss	5,605	-	- 5,605			
19.44(c)	Amortised cost	-	-	XXX -			
		5,605	-	XXX 5,605			
		19,759	22,560	XXX 42,319			

9.1 Material accounting policy information

(a) Equity investments not held for trading

9.5.7.5-6 At initial recognition, the Group irrevocably elect to present subsequent changes in the fair value of the investments in other comprehensive income. This election is made on an investment-by-investment basis.

(b) Deposits with licensed banks

107.7 The Group classifies deposits with licensed banks not held for working capital purposes that has a maturity of more than three months as other investments.

Reference Notes to the financial statements

10. Deferred tax assets/(liabilities)

10.1 Recognised deferred tax assets/(liabilities)

19.194(f)(i) Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Property, plant and equipment	2,087	4,416	(41,205)	(23,014)	(39,118)	(18,598)
Right-of-use assets	-	-	(5,137)	(5,237)	(5,137)	(5,237)
Investment properties	-	-	(5,330)	(2,750)	(5,330)	(2,750)
Trade receivables	322	104	-	-	322	104
Inventories	830	410	-	-	830	410
Contract assets	-	-	(164)	(99)	(164)	(99)
Contract costs	-	-	(4)	(23)	(4)	(23)
Loans and borrowings	-	-	(1,276)	-	(1,276)	-
Lease liabilities	5,881	6,616	-	-	5,881	6,616
Employee benefit plans	11,570	8,250	-	-	11,570	8,250
Provisions	5,570	5,280	-	-	5,570	5,280
Contract liabilities	-	-	(67)	(11)	(67)	(11)
Tax losses	4,360	3,860	-	-	4,360	3,860
Other items	770	2,390	(1,860)	(1,970)	(1,090)	420
Tax assets/(liabilities)	31,390	31,326	(55,043)	(33,104)	(23,653)	(1,778)
Set-off of tax	(29,877)	(10,910)	29,877	10,910	-	-
Net tax assets/(liabilities)	1,513	20,416	(25,166)	(22,194)	(23,653)	(1,778)
Company						
Loans and borrowings	-	-	(1,186)	-	(1,186)	-

19.194(e) **10.2 Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2025 RM'000	2024 RM'000
Tax losses	130	3,890
Other deductible temporary differences	1,030	2,000
	1,160	5,890
Tax losses for which no deferred tax asset was recognised expire as follows:		
Expiring in 2027	10	50
Expiring in 2028	20	30

19.195

In some of the countries in which the Group operates, local tax laws provide that gains on the disposal of certain assets are tax exempted, provided that the gains are not distributed. At 31 December 2025, the total tax exempt reserves amounted to RM600,000 (2024: RM540,000) would result in a tax liability of RM198,000 (2024: RM178,000) should the subsidiaries pay dividends from these reserves. This tax liability has not been provided for.

Reference Notes to the financial statements

19.194(f)(i)-(ii) 10. Deferred tax assets/(liabilities) (continued)

10.3 Movement of temporary differences during the year

Group	Recognised in other comprehensive income (note 29)			Recognised in other comprehensive income (note 29)			Arising from business combinations (note 35)		Included in disposal group held for sale and discontinued operation (note 16 and note 27)		At 31 December 2025
	At 1 January 2024	Recognised in profit or loss (note 26)	RM'000	At 31 December 2024/1 January 2025	Recognised in profit or loss (note 26)	RM'000	Recognised directly in equity (note 26)	RM'000	Arising from business combinations (note 35)	RM'000	
Property, plant and equipment	(7,361)	(11,237)	-	(18,598)	(21,690)	(200)	-	-	(730)	2,100	(39,118)
Right-of-use assets	(3,950)	(1,287)	-	(5,237)	100	-	-	-	-	-	(5,137)
Investment properties	(2,210)	(540)	-	(2,750)	(2,580)	-	-	-	-	-	(5,330)
Trade receivables	196	(92)	-	104	218	-	-	-	-	-	322
Inventories	-	410	-	410	50	-	-	-	(30)	400	830
Contract assets	(137)	38	-	(99)	(65)	-	-	-	-	-	(164)
Contract costs	(52)	29	-	(23)	19	-	-	-	-	-	(4)
Loans and borrowings	-	-	-	-	(586)	-	(600)	-	(90)	-	(1,276)
Lease liabilities	5,329	1,287	-	6,616	(735)	-	-	-	-	-	5,881
Employee benefit plans	6,740	1,460	50	8,250	3,400	(80)	-	-	-	-	11,570
Provisions	4,380	900	-	5,280	230	-	-	-	60	-	5,570
Contract liabilities	(83)	72	-	(11)	(56)	-	-	-	-	-	(67)
Tax losses	1,460	2,400	-	3,860	500	-	-	-	-	-	4,360
Other items	(50)	470	-	420	(1,510)	-	-	-	-	-	(1,090)
	4,262	(6,090)	50	(1,778)	(22,705)	(280)	(600)	(790)	2,500	2,500	(23,653)
Company											
Loans and borrowings	-	-	-	-	(586)	(600)	-	-	-	-	(1,186)

10.4 Material accounting policy information

112.51C

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Reference Notes to the financial statements

19.B9(b) 11. Trade and other receivables

	Note	Group		Company		
		2025	2024	2025	2024	
		RM'000	RM'000	RM'000	RM'000	
Non-current						
Non-trade						
19.230(b)	Loans to subsidiaries	11.1	-	-	31,210	
	<i>Net investment in lease</i>	11.5	XXX	XXX	-	
			-	-	31,210	
					24,940	
Current						
Trade						
19.105(a)	Trade receivables from contracts with customers	11.3	116,386	165,940	-	
	Other trade receivables		12,326	8,920	-	
		11.2	128,712	174,860	-	
Non-trade						
19.230(b)	Amount due from subsidiaries	11.1	-	-	2,376	
	Other receivables		500	100	500	
	<i>Net investment in lease</i>	11.5	XXX	XXX	-	
			500	100	2,876	
			129,212	174,960	2,876	
			129,212	174,960	7,430	
					32,370	

19.230(b)(i), 231(c) 11.1 Receivables due from subsidiaries

Loans to subsidiaries are unsecured, subject to interest at 6.5% (2024: 5% to 6%) per annum and repayable in 2029. Amount due from subsidiaries is unsecured, interest free and repayable on demand.

19.230(b) 11.2 Related party balances

Included in trade receivables are related party balances as shown below.

	Note	Group	
		2025	2024
		RM'000	RM'000
Immediate holding company			
19.231(a)	Immediate holding company	a	2,200
19.231(d)	Associate	b	21,376
			23,576
			10,434

Note a

19.230(b)(i) Trade receivables from immediate holding company is unsecured, interest free and with credit terms of 30 days to 90 days.

Note b

19.230(b)(i) Trade receivables from associate is unsecured with credit terms of 30 days to 90 days.

Reference Notes to the financial statements

19.B9(b)

11. Trade and other receivables (continued)

11.3 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

Group	Note	Gross amount RM'000	Net carrying amount	
			Balances that are set off RM'000	in the statement of financial position RM'000
2025				
Trade receivables		197,066	(80,680)	116,386
Trade payables	22	(205,319)	80,680	(124,639)
2024				
Trade receivables		232,840	(66,900)	165,940
Trade payables	22	(289,150)	66,900	(222,250)

Certain trade receivables and trade payables were set off for presentation purpose because they have enforceable right to set off and they intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

11.4 Transfer of trade receivables

The Group sold with recourse certain trade receivables to a bank for cash proceeds. These trade receivables have not been derecognised from the statement of financial position, because the Group retains substantially all the risks and rewards – primarily credit risk. The amount received on transfer has been recognised as a secured bank loan. The arrangement with the bank is such that the customers remit cash directly to the Group and the Group transfers the collected amounts to the bank.

The receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables.

The following information shows the carrying amount of trade receivables at the reporting date that have been transferred but have not been derecognised and the associated liabilities.

	Group	
	2025	2024
	RM'000	RM'000
Carrying amount of trade receivables transferred to a bank	XXX	XXX
Carrying amount of associated liabilities	XXX	XXX

Reference Notes to the financial statements

11. Trade and other receivables (continued)

11.5 Net investment in lease

19.121(a) *The Group leases several machines to third parties. Each of the leases contains an initial non-cancellable period of XX years, with annual rents indexed to consumer price index. Subsequent renewals are negotiated with the lessee and on average renewal periods are XX years.*

19.121(b) *These leases transfers substantially all the risk and rewards incidental to ownership of the machines. The Group expects the residual value of the machines at the end of the lease term to be minimal. These leases do not include buy-back agreements or residual value guarantees.*

19.122 *The lease payments to be received are as follows:*

	<i>Group</i>	
	<i>2025</i>	<i>2024</i>
	<i>RM'000</i>	<i>RM'000</i>
<i>Less than one year</i>	XXX	XXX
<i>One to two years</i>	XXX	XXX
<i>Two to three years</i>	XXX	XXX
<i>Three to four years</i>	XXX	XXX
<i>Four to five years</i>	XXX	XXX
<i>More than five years</i>	XXX	XXX
<i>Total undiscounted lease payments</i>	XXX	XXX
<i>Unearned interest income</i>	(XXX)	(XXX)
<i>Net investment in lease</i>	XXX	XXX

19.123 *The Group has recognised variable lease income that do not depend on an index or a rate amounting to RMXXX (2024: RMXXX) in the statement of profit or loss and other comprehensive income.*

Reference Notes to the financial statements

19.B9(c),
164(b) 12. Inventories

	Note	Group	
		2025 RM'000	2024 RM'000
Raw materials and consumables		56,600	65,530
Work-in-progress		29,430	20,610
Finished goods		59,766	55,050
15.B21(c), B25, BC367 <i>Right to recover returned goods</i>	12.1	XXX	XXX
		145,796	141,190
19.164(f) Carrying amount of inventories pledged as security for bank borrowings	18	24,500	20,900
Recognised in profit or loss:			
19.164(c) Inventories recognised as cost of sales		516,980	529,730
19.164(d) Write-down to net realisable value (included in cost of sales)		450	1,250
19.164(e) Reversal of write-down (included in cost of sales)		(160)	-

12.1 Right to recover returned goods

15.B21(c),
B25 *An asset for a right to recover returned goods is recognised in relation to standard paper products sold with a right of return.*

These are measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those inventories and any potential decreases in the value to the Group of the returned inventories. Refund liabilities of the same amounts were also recognised in trade and other payables.

12.2 Material accounting policy information

19.164(a),
102.10,
102.25 Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

Reference Notes to the financial statements

13. Contract with customers**13.1 Contract assets/(liabilities)**

		Group	
		2025	2024
		RM'000	RM'000
19.105(a)	Contract assets	3,607	2,855
19.105(a)	Contract liabilities	(1,400)	(1,300)

Significant changes to contract assets and contract liabilities balances

		Group	
		2025	2024
		RM'000	RM'000
19.105(b)	Contract liabilities at the beginning of the period recognised as revenue	1,245	1,150
19.105(c)	Increase/(Decrease) in revenue recognised in the current period arising from performance obligations satisfied or partially satisfied in the previous period due to:		
	- Change in measure of progress	101	221
	- Change in variable consideration	(179)	(112)
	- Contract modification	120	232

13.2 Contract costs

		Group	
		2025	2024
		RM'000	RM'000
19.113(a)	Cost to obtain a contract	320	294
19.113(a)	Cost to fulfil a contract		
	- Pre-contract cost	448	557
	- Set-up cost	315	784
19.113(b)	<i>Less: Impairment loss</i>	763	1,341
		(XXX)	(XXX)
		1,083	1,635

Cost to obtain a contract

15.99,
19.113(b) Cost to obtain a contract primarily comprises incremental commission fees paid to intermediaries as a result of obtaining contracts and they are recoverable. Capitalised commission fees are amortised when the related revenues are recognised. In 2025, the amount of amortisation was RM57,000 (2024: RM36,000).

15.94,
19.114 The Group applies the practical expedient and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

Pre-contract cost and set-up cost

19.113(b) With anticipated further contracts that will be signed subsequently over the next year, pre-contract cost and set-up cost are capitalised and amortised based on the estimated future revenue. In 2025, the amount of amortisation was RM259,000 (2024: RM128,000).

Reference Notes to the financial statements

19.60(b), (d) **14. Derivative financial assets/(liabilities)**

	Group	2025			2024		
		Nominal value	Assets	Liabilities	Nominal value	Assets	Liabilities
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
19.44(a)-(b)	Derivatives at fair value through profit or loss						
	- Forward exchange contracts	108,000	1,406	(1,192)	106,000	2,253	(1,751)
	- Interest rate swap	-	-	-	35,000	998	-
19.60(a)	Derivatives used for hedging						
	- Interest rate swaps	50,000	828	-	-	-	-
		158,000	2,234	(1,192)	141,000	3,251	(1,751)

Reference Notes to the financial statements

19.169 15. Cash and cash equivalents

Note	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Short-term deposits	6,602	8,620	13,570	6,530
Bank balances	3,810	9,880	1,410	4,960
Cash and cash equivalents in the statements of financial position	10,412	18,500	14,980	11,490
Bank overdraft	(3,340)	(2,820)	-	-
Cash and cash equivalents in the statements of cash flows	7,072	15,680	14,980	11,490

Reference Notes to the financial statements

16. Disposal group held for sale

19.38(a)-(c) Part of a manufacturing facility within the Standard Paper division is presented as a disposal group held for sale following the commitment of the Group's management on 15 June 2025 to a plan to sell part of the facility. Efforts to sell the disposal group have commenced, and a sale is expected by April 2026. At 31 December 2025, the assets and liabilities of the disposal group are as follows:

		Group
	Note	2025
		RM'000
5.38 Assets classified as held for sale		
Property, plant and equipment	3	81,640
Inventories		27,500
Receivables		34,960
		<u>144,100</u>
5.38 Liabilities classified as held for sale		
Payables and accruals		42,700
Deferred tax liabilities	10	1,400
		<u>44,100</u>

The carrying value of property, plant and equipment of the disposal group is the same as its carrying value before it was being reclassified to current asset.

Reference Notes to the financial statements

17. Capital and reserves

Share capital

19.B10(a)(ii), (iii), (iv)	Group and Company	
	Number of shares	Amount
	2025	2025
		'000
		RM'000
19.B10(a)(ii), (iii), (iv)	Issued and fully paid shares with no par value classified as equity instruments:	
	Ordinary shares	
	At 1 January	93,000 128,000
	Issued for cash under ESOS	50 450
	Issued for cash under private placement	15,600 15,600
	At 31 December	108,650 144,050
	Non-redeemable preference shares	
	At 1 January/31 December	52,500 52,500
	Total share capital	161,150 196,550

19.B10(a)(v) 17.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

19.B10(a)(v) 17.2 Non-redeemable preference shares

Holders of non-redeemable preference shares receive a non-cumulative dividend of 7.88 sen per share at the Company's discretion. They do not have the right to participate in any additional dividends declared for ordinary shareholders. The non-redeemable preference shares do not carry the right to vote except for variation of holders' rights to the class of shares and rank equally with regard to the Company's residual assets (except that preference shareholders participate only to the extent of the value of the shares).

19.B10(b) 17.3 Capital reserve

The capital reserve comprises the equity portion of convertible notes issued (see note 18.2).

19.B10(b) 17.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of financial liabilities that hedge the Company's net investment in a foreign operation.

19.B10(b) 17.5 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

19.B10(b) 17.6 Cost of hedging reserve

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses in the hedging reserve.

19.B10(b) 17.7 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

19.B10(b) 17.8 Reserve of disposal group held for sale

The reserve of disposal group held for sale comprises cumulative income or expenses recognised in other comprehensive income relating to disposal group held for sale.

Reference Notes to the financial statements

17. Capital and reserves (continued)

17.9 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property.

19.B10(b) 17.10 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

17.11 Treasury shares

19.B10(a)(vi), 242, 132.34 Treasury shares comprises cost of acquisition of the Company's own shares. At 31 December 2025, the Group held 479,000 (2024: 520,000) of the Company's own shares.

Reference Notes to the financial statements

18. Loans and borrowings

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Non-current					
Bank loans	18.1	35,120	70,930	-	-
Bonds		95,861	95,000	-	-
Convertible notes	18.2	46,222	-	46,222	-
Redeemable preference shares	18.3	19,948	-	19,948	-
Loan from associate	18.4	-	20,000	-	-
		197,151	185,930	66,170	-
Current					
Bank loans	18.1	35,000	40,000	-	-
Other bank facilities		5,150	1,170	-	-
Bank overdraft	15	3,340	2,820	-	-
		43,490	43,990	-	-
		240,641	229,920	66,170	-

18.1 Bank loans**Security**

19.201(a),
268(d), 164(f) The bank loans are secured over land and buildings (see note 3), investment properties (see note 5) and inventories (see note 12).

Default of loan

19.54 During the year, a subsidiary defaulted its interest payment on bank borrowings with a carrying amount of RM15,000,000. The subsidiary experienced a shortage of cash as there were some issues with its production during the year. Nevertheless, the production issues were resolved subsequent to the year end and consequently, the subsidiary has regularised its interest payments.

Breach of loan covenant

19.55 A subsidiary has a secured bank loan that amounts to RM20,000,000 at 31 December 2025. The loan contains a debt covenant stating that at the end of each quarter, the subsidiary's net debt (in the covenant defined as the subsidiary's loans and borrowings net of cash and cash equivalents) cannot exceed 0.5 time of total equity. At 31 December 2025, the subsidiary's debt to equity ratio was 0.6 time. Consequently, the entire loan has been classified as current liability.

Subsequently in March 2026, the subsidiary obtained a waiver of the breach of covenant for a period of 18 months. The bank revised the loan covenants ratio from 0.5 to 0.8 time.

19.B8

Covenants within 12 months after reporting period

A subsidiary has a secured bank loan with a carrying amount of RM10,000,000 at 31 December 2025. The loan contains a covenant that requires the Group to reach an annual revenue threshold (from both continuing and discontinued operations) of at least RM50,000,000 annually. The covenant is tested annually on 31 December. The loan becomes repayable on demand if the cumulative threshold is not met at any testing date.

The subsidiary complied with the annual revenue threshold when it was tested on 31 December 2025. As at 31 December, the management is uncertain whether the subsidiary will meet the annual revenue threshold at 31 December 2026. However, the loan is classified as non-current at 31 December 2025 because the subsidiary has an existing right to defer settlement of the loan for at least 12 months after the reporting period.

Reference **Notes to the financial statements**

18. Loans and borrowings (continued)

18.2 Convertible notes

	Note	Group and Company
		2025
		RM'000
Proceeds from issue of 50,000,000 convertible notes		50,000
Transaction costs		(2,000)
Net proceeds		48,000
Amount classified as equity	17	(2,400)
Accreted interest		622
Carrying amount at 31 December		<u>46,222</u>

132.38 The amount of the convertible notes classified as equity of RM2,400,000 is net of attributable transaction costs of RM100,000.

The convertible notes are convertible into 2,500,000 ordinary shares in June 2026 at the option of the holder, which is at a rate of one (1) ordinary share for every twenty (20) convertible notes held; unconverted notes become repayable on demand. The convertible notes carry a coupon rate of 6.5% per annum.

18.3 Redeemable preference shares

	Group and Company		
	Number of shares		
	Amount	2025	2025
	RM'000	'000	'000
Issued and fully paid shares classified as debt instruments:			
Redeemable preference shares			
At 1 January		-	-
Issued for cash		20,000	20,000
Transaction costs		(52)	-
At 31 December		<u>19,948</u>	<u>20,000</u>

The salient features of the redeemable preference shares are as follows:

- they do not carry the right to vote, except for variation of holders' rights to the class of shares,
- they rank equally with other shares with regard to the Company's residual assets, except that holders of redeemable preference shares participate only to the extent of the issuance value of the shares,
- the holders are entitled to receive dividends,
- they are not convertible to ordinary shares,
- the Group is obliged to pay holders of redeemable preference shares annual dividends of 4.4% on 31 May each year until and including upon maturity, and
- they are redeemable at the option of the holder on or after 31 May 2028 at RM1 each.

18.4 Loan from associate

19.230(b)(i) Loan from associate was unsecured, subject to interest at 8% per annum and payable on 30 June 2026. During the financial year, the Group early settled the loan.

Reference Notes to the financial statements

19.89(e) 19. Employee benefits

19.1 Retirement benefits

		Group	
		2025 RM'000	2024 RM'000
	Net defined benefit liability	17,000	15,490
	Liability for long-service leave	6,470	5,610
19.34(b)	<i>Cash-settled share-based payment liability</i>	XXX	XXX
	Total employee benefit liabilities	23,470	21,100

19.205 The Group makes contributions to two non-contributory defined benefit plans that provide pension and medical benefits for employees upon retirement. The plans entitle a retired employee to receive an annual payment equal to 1/60 of final salary for each year of service that the employee provided, and to the reimbursement of certain medical costs.

Funding

19.211(a) The plan is fully funded by the Group's subsidiaries, except for the separate defined benefit plan for directors and executive officers which is funded by the parent company. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purpose for which the assumptions may differ from the assumptions above. Employees are not required to contribute to the plans.

19.211(b) The Group expects to pay RM350,000 in contributions to its defined benefit plans in 2026.

Movement in net defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components:

19.206	Group	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability	
		RM'000	RM'000	RM'000	
At 1 January 2025					
Included in profit or loss					
19.207(a)	Current service cost	4,120	-	4,120	
19.207(d)	Past service credit	1,000	-	1,000	
19.207(b)	Interest cost/(income)	640	(360)	280	
		5,760	(360)	5,400	
Included in other comprehensive income					
19.207(c)	Remeasurement gain	(850)	-	(850)	
	• Actuarial gain	-	(50)	(50)	
	• Return on plan assets excluding interest income	XXX	XXX	XXX	
	<i>Effect of movements in exchange rate</i>	(850)	(50)	(900)	
Other					
19.207(e)	Contributions paid by the employer	-	(2,990)	(2,990)	
19.207(f)	Benefits paid	(3,740)	3,740	-	
		(3,740)	750	(2,990)	
At 31 December 2025					
		21,560	(4,560)	17,000	

Reference Notes to the financial statements

19. Employee benefits (continued)

19.1 Retirement benefits (continued)

19.208

Plan assets

	Group	
	2025 RM'000	2024 RM'000
19.208(a) Equity securities	1,880	2,040
19.208(b) Government bonds	1,900	1,800
19.208(d) Derivatives	200	300
19.208(c), 209	300	340
19.208(a), 209	280	420
	4,560	4,900

Defined benefit obligation

19.210,
B15

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2025	2024
Discount rate	5.1%	4.8%
Future salary growth	2.5%	2.5%
Medical cost trend rate	4.5%	4.0%
Future pension growth	3.0%	2.0%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at age 60 is 18 (2024: 18) for males and 22 (2024: 20) for females at the end of the reporting date.

At 31 December 2025, the weighted average duration of the defined benefit obligation was 17.1 years (2024: 17.5 years).

19.2 Share-based payments arrangement

Share option programme (equity settled)

19.31(a)

On 1 January 2021, 1 January 2024 and 1 January 2025, the immediate holding company granted share options to qualified key management personnel to purchase shares in the immediate holding company under the Employees Share Option Scheme approved by the shareholders of the immediate holding company on 1 October 2019. On 1 January 2025, the immediate holding company further granted share options on similar terms (except for exercise price) to qualified senior employees. In accordance with these programmes, holders of vested options are entitled to purchase shares at the market price of the shares at the date of grant.

The terms and conditions related to the grants of the share option programme are as follows; all options are to be settled by physical delivery of shares:

19.31(a)

Grant date/employees entitled	Number of options ('000)	Vesting conditions	Contractual life of options
Options granted to key management on 1 January 2021	4,000	3 years of service and 5% increase in operating income in each of the 3 years	10 years
Options granted to key management on 1 January 2024	2,000	3 years of service and 5% increase in operating income in each of the 3 years	6 years
Options granted to key management on 1 January 2025	1,000	3 years of service and 5% increase in operating income in each of the 3 years	5 years
Options granted to senior employees on 1 January 2025	1,000	3 years of service	5 years
Total share options	8,000		

Reference Notes to the financial statements

19. Employee benefits (continued)**19.2 Share-based payments arrangement (continued)****Share option programme (equity settled) (continued)**

19.31(b) The number and weighted average exercise prices of share options are as follows:

		Weighted	Number of	Weighted	Number of
		average	options	average	options
		exercise	('000)	exercise	('000)
		2025	2025	2024	2024
19.31(b)(i)	Outstanding at 1 January	RM9.17	6,000	RM9.00	4,000
19.31(b)(ii)	Granted during the year	RM12.00	2,000	RM9.50	2,000
19.31(b)(iii)	Forfeited during the year	RM9.20	(500)	-	-
19.31(b)(iv)	Exercised during the year	RM9.00	(50)	-	-
19.31(b)(vi)	Outstanding at 31 December	RM9.93	<u>7,450</u>	RM9.17	<u>6,000</u>
19.31(b)(vii)	Exercisable at 31 December	RM9.00	<u>3,650</u>	RM9.00	<u>4,000</u>

19.32 The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs:

		Key management personnel		Senior employees	
		2025	2024	2025	2024
Fair value of share options and assumptions					
Fair value at grant date	RM4.50	RM4.00	RM3.90	-	-
Weighted average share price	RM12.00	RM10.50	RM12.00	-	-
Share price at grant date	RM12.00	RM10.50	RM12.00	-	-
Expected volatility (weighted average volatility)	42.5%	40.9%	42.5%	-	-
Option life (expected weighted average life)	4.6 years	5.8 years	4.4 years	-	-
Expected dividends	3.2%	3.2%	3.2%	-	-
Risk-free interest rate (based on Malaysian government bonds)	3.9%	3.8%	3.9%	-	-

		Group	
		2025	2024
		RM'000	RM'000
Value of employee services received for issue of share options			
Share options granted in 2021	(700)	-	-
Share options granted in 2024	1,900	2,500	-
Share options granted in 2025	2,800	-	-
19.34(a) Total expense recognised as share-based payments	<u>4,000</u>	<u>2,500</u>	

Reference **Notes to the financial statements**

20. Deferred income

	Group	
	2025	2024
Non-current	RM'000	RM'000
Government grant	14,620	15,000

19.216(b) The Group received a government grant in 2022 which was conditional upon the construction of a factory on a specified site. The factory commenced its operations in the current year. The grant is being amortised over the useful life of the building. During the financial year, RM380,000 (2024: Nil) has been amortised and recognised as other income in profit or loss.

20.1 Material accounting policy information

**19.216(a),
120.24** The Group has elected to present government grants related to assets as deferred income.

Reference Notes to the financial statements

21. Provisions

19.B9(e)	Group	Warranties RM'000	Restruc-	Site restoration RM'000	Onerous contracts RM'000	Legal RM'000	Total RM'000																							
			turing RM'000																											
19.257(a)	At 1 January 2025	2,000	5,000	9,000	-	-	16,000																							
3.10	Assumed in a business combination	-	-	-	-	200	200																							
19.257(b)	Provisions made during the year	2,800	4,000	7,500	1,600	-	15,900																							
19.257(c)	Provisions used during the year	(2,000)	(5,000)	(5,000)	-	-	(12,000)																							
19.257(d)	Provisions reversed during the year	-	-	(4,000)	-	-	(4,000)																							
19.257(e)	Unwinding of discount	-	-	600	-	-	600																							
19.257(a)	At 31 December 2025	2,800	4,000	8,100	1,600	200	16,700																							
2025																														
	Non-current	1,000	-	8,100	-	-	9,100																							
	Current	1,800	4,000	-	1,600	200	7,600																							
		2,800	4,000	8,100	1,600	200	16,700																							
2024																														
	Non-current	1,000	3,000	-	-	-	4,000																							
	Current	1,000	2,000	9,000	-	-	12,000																							
		2,000	5,000	9,000	-	-	16,000																							
<table border="1"> <thead> <tr> <th colspan="3">Company</th> </tr> <tr> <th>Current</th> <th>Note</th> <th>2025 RM'000</th> <th>2024 RM'000</th> </tr> </thead> <tbody> <tr> <td>Financial guarantees</td> <td></td> <td></td> <td></td> </tr> <tr> <td>At 1 January</td> <td>31.4</td> <td>500</td> <td>500</td> </tr> <tr> <td><i>Net remeasurement of loss allowance</i></td> <td></td> <td><i>XXX</i></td> <td><i>XXX</i></td> </tr> <tr> <td>At 31 December</td> <td>31.4</td> <td>500</td> <td>500</td> </tr> </tbody> </table>								Company			Current	Note	2025 RM'000	2024 RM'000	Financial guarantees				At 1 January	31.4	500	500	<i>Net remeasurement of loss allowance</i>		<i>XXX</i>	<i>XXX</i>	At 31 December	31.4	500	500
Company																														
Current	Note	2025 RM'000	2024 RM'000																											
Financial guarantees																														
At 1 January	31.4	500	500																											
<i>Net remeasurement of loss allowance</i>		<i>XXX</i>	<i>XXX</i>																											
At 31 December	31.4	500	500																											

21.1 Warranties

19.258(a)-(c),
B15, 182 The provision for warranties relates mainly to paper sold during the financial years ended 31 December 2025 and 2024. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur most of the liability over the next financial year. An expected reimbursement of warranty expense incurred of RM250,000 has been recognised in other receivables following a supplier accepting responsibility for the defective products.

21.2 Restructuring

19.258(a),
(b), B15, 182 During the financial year ended 31 December 2024, the Group committed to a plan to restructure one of the product lines in the American paper manufacturing and distribution division due to a decrease in demand as a result of deteriorated economic circumstances. Following the announcement of the plan, the Group recognised a provision of RM5,000,000 for expected restructuring costs, including contract termination costs, consulting fees and employee termination benefits. Estimated costs were based on the terms of the relevant contracts. RM5,000,000 was charged against the provision in 2025. The restructuring was completed in 2025.

19.258(a),
B15, 182 During the financial year ended 31 December 2025, a provision of RM4,000,000 was made to cover the costs associated with restructuring part of a manufacturing facility within the Standard Paper's division that will be retained when the remainder of the facility is sold (see note 16). Estimated restructuring costs mainly include employee termination benefits and are based on a detailed plan agreed between management and employee representatives. The restructuring and the sale are expected to be completed by June 2026.

Reference

Notes to the financial statements

21. Provisions (continued)

19.258(a)-
(b), B15,
182

21.3 Site restoration
A provision of RM9,000,000 was made during the financial year ended 31 December 2024 in respect of the Group's obligation to rectify environmental damage in New Zealand. The required work was completed during 2025 at a cost of RM5,000,000. The unused provision of RM4,000,000 was reversed.

In accordance with New Zealander law, land contaminated by the subsidiary in New Zealand must be restored to its original condition before the end of 2029. During the financial year ended 31 December 2025, the Group provided RM7,500,000 for this purpose. Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are available currently. The Group has estimated a range of reasonably possible outcomes of the total cost which range from RM6,500,000 to RM8,500,000, reflecting different assumptions about pricing of the individual components of the cost. The provision has been calculated using a discount rate of 10%, which is the risk-free rate in the jurisdiction of the liability. The rehabilitation is expected to occur progressively within the next four years.

19.258(a)-(b),
B15, 182

21.4 Onerous contracts

In 2025, the Group entered into a contract with a new customer to print certain magazines on a monthly basis for fixed price over the next 3 years. The cost of the materials needed to satisfy the customer's requirements are higher than the prices fixed when initially entering into the contract. As such, a provision is recognised for the expected costs required to fulfill the requirements in excess of the contracted revenue.

19.258(a)-(b),
B15, 3.23,
182

21.5 Legal

As a result of the acquisition of Papyrus Pty Limited (see note 35.1), the Group assumed a contingent liability related to a legal action by a former employee of Papyrus Pty Limited.

Reference Notes to the financial statements

22. Trade and other payables

	Note	Group		Company	
		2025 RM'000	2024 RM'000 Restated	2025 RM'000	2024 RM'000
Trade					
15.55, B21-25	Trade payables	11.3, 22.1	124,639	222,250	-
	<i>Refund liabilities</i>	12.1	XXX	XXX	-
			124,639	222,250	-
Non-trade					
	Loans from subsidiaries	22.2	-	-	13,850
	Other payables		6,570	4,870	750
	Accrued expenses		3,004	1,879	1,760
	<i>Contingent consideration</i>	35.1	XXX	XXX	XXX
			9,574	6,749	16,360
			134,213	228,999	16,360
					3,310

19.B9(d) 22.1 Supply chain financing arrangement

19.168(a) The Group participates in a supply chain financing arrangement (SCF) under which its suppliers may elect to receive early payment of their invoice from a bank by factoring their receivables from the Group. Under the arrangement, a bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date.

The Group has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained nor the original liability was substantially modified on entering into the arrangement. From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers. The Group therefore discloses the amounts factored by suppliers within trade payables because the nature and function of the financial liability remain the same as those of other trade payables but discloses disaggregated amounts in the notes. All payables under the SCF are classified as current as at 31 December 2025 and 2024.

19.168(b) (i),(ii)	Group	Total SCF trade payables RM'000	Not yet paid by finance provider RM'000		Paid by finance provider RM'000
	At 1 January 2024	36,000	16,000	20,000	
	At 31 December 2024/1 January 2025	44,440	23,040	21,400	
	At 31 December 2025	39,390	20,390	19,000	

19.168(b)
(iii) Range of payment due dates (after invoice date)

	Trade payables that are part of the SCF	Comparable trade payables that are not part of the SCF	
		30-90 days	30-60 days
	At 1 January 2024/31 December 2024/1 January 2025/ 31 December 2025		

19.168(c) The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating - i.e. payments for the purchased goods and services. The payments to a supplier by the bank are considered non-cash transactions and amount to RM166,000,000 (2024: RM169,000,000).

19.230(b)(i) 22.2 Loans from subsidiaries

Loans from subsidiaries are unsecured, interest free and repayable on demand.

Reference Notes to the financial statements

23. Revenue

Group

2025

	Continuing operations RM'000	Discontinued operation RM'000	Total RM'000
Revenue from contracts with customers	987,418	75,430	1,062,848
Other revenue			
- Rental income	14,690	-	14,690
- Dividend income	3,600	-	3,600
- Others	812	-	812
	19,102	-	19,102
Total revenue	1,006,520	75,430	1,081,950

2024

Revenue from contracts with customers	954,374	231,930	1,186,304
Other revenue			
- Rental income	8,530	-	8,530
- Dividend income	3,180	-	3,180
- Others	276	-	276
	11,986	-	11,986
Total revenue	966,360	231,930	1,198,290

Company

2025

Dividend income	16,560
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2024

Dividend income	6,150
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Reference Notes to the financial statements

23. Revenue (continued)19.103 **23.1 Disaggregation of revenue from contracts with customers**

	Group	2025	Continuing	Discontinued	Total
			operations RM'000	operations RM'000	
19.103(b)	Primary geographical markets				
	Malaysia		190,417	14,333	204,750
	The Netherlands		116,762	8,789	125,551
	Germany		209,881	15,797	225,678
	United Kingdom		251,370	18,920	270,290
	The United States of America		179,356	14,185	193,541
	Other countries		39,632	3,406	43,038
			987,418	75,430	1,062,848
19.103(a)	Major products and service lines				
	Paper		437,784	-	437,784
	Made-to-order paper products		419,881	-	419,881
	Construction contracts		6,590	-	6,590
	Sale of machine		38,409	-	38,409
	Packaging and others		84,754	75,430	160,184
			987,418	75,430	1,062,848
19.103(f)	Timing of recognition				
	At a point in time		923,815	75,430	999,245
	Over time		63,603	-	63,603
			987,418	75,430	1,062,848
	2024				
19.103(b)	Primary geographical markets				
	Malaysia		176,815	41,475	218,290
	The Netherlands		89,464	20,986	110,450
	Germany		263,960	61,917	325,877
	The United States of America		164,647	38,621	203,268
	Other countries		259,488	68,931	328,419
			954,374	231,930	1,186,304
19.103(a)	Major products and service lines				
	Paper		482,004	-	482,004
	Made-to-order paper products		338,279	-	338,279
	Construction contracts		6,410	-	6,410
	Sale of machine		81,237	-	81,237
	Packaging and others		46,444	231,930	278,374
			954,374	231,930	1,186,304
19.103(f)	Timing of recognition				
	At a point in time		947,964	231,930	1,179,894
	Over time		6,410	-	6,410
			954,374	231,930	1,186,304

Reference

Notes to the financial statements

23. Revenue (continued)**23.2 Nature of goods and services**

The following information reflects the typical transactions of the Group:

19.107

Nature of goods or services	Timing of revenue recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Paper	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 60 days from invoice date.	Discounts are given to customers where the customers pay within 15 days from invoice date.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Made-to-order paper products	Revenue is recognised over time as costs are incurred. These products have no alternative use and the Group have rights to payment for work performed.	Credit period of 60 days from invoice date.	There would be penalty charges where the products are delivered late.	Not applicable.	Assurance warranties of 2 years are given to customers.
Packaging services	Revenue is recognised over time as and when the packaging services are performed using the cost incurred method. The materials are owned by the customers. The Group is merely providing packaging services.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Agent for sale of machine	Revenue is recognised at a point in time when the machine is delivered and accepted by the customer at its premise.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Construction contracts	Revenue is recognised overtime using the cost incurred method. The construction of the paper mill is on land owned by the customer.	Based on agreed milestones, certified by architects.	The Group would be awarded completion bonus where the construction work is completed 3 months before the agreed timeline.	Not applicable.	Defect liability period of 2 years is given to the customer.

Reference

Notes to the financial statements

23. Revenue (continued)

23.3 Transaction price allocated to the remaining performance obligations

19.108(a),
 (b)(i)

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	2026	2027	2028	Total
	RM'000	RM'000	RM'000	RM'000
2025				
Sale of standard paper products	54,344	32,326	12,455	99,125
Sale of recycled paper products	22,325	20,767	15,980	59,072
Sale of made-to-order paper products	13,211	11,454	-	24,665
Construction services	1,022	6,028	5,872	12,922
	90,902	70,575	34,307	195,784
2024				
Sale of standard paper products	33,828	42,313	22,067	98,208
Sale of recycled paper products	18,545	21,665	16,411	56,621
Sale of made-to-order paper products	9,298	11,021	8,372	28,691
Construction services	1,157	962	4,284	6,403
	62,828	75,961	51,134	189,923

19.108(b)(ii) The above revenue does not include variable consideration other than selected paper products, which will be priced based on market price at the date of delivery. Such products are calculated using current market price as at the reporting date.

23.4 Practical expedient applied

The Group applies the following practical expedients:

19.109(a)

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

19.63,
 19.114

23.5 Significant judgements and assumptions arising from revenue recognition

19.110,
 112, 182

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For construction contracts, the Group measured the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.
- The Group is entitled to completion bonus if certain construction projects are completed 3 months before the agreed timeline. The Group applied significant judgment to determine the probability of securing the completion bonus and to include the completion bonus as part of the total transaction price. The Group considered internal and external information, and used the assistance of professional engineers to estimate the probability. In applying the judgment, the Group also determined that the recognition of revenue will not result in a significant revenue reversal.
- For standard and recycled paper products contracts that permit the customer to return an item, revenue is adjusted for expected returns to the extent that it is highly probable that a significant reversal in revenue recognised will not occur. The Group estimated the returns based on the historical data.

Reference Notes to the financial statements

24. Finance income

	Group	2025		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
19.56(b)	Interest income of financial assets calculated using the effective interest method	8,925	4,800	4,260	1,650
	<i>Interest income on net investment in lease</i>	XXX	XXX	-	-
	Other finance income	56	-	-	-
		8,981	4,800	4,260	1,650
	Recognised in profit or loss	8,966	4,800	4,260	1,650
19.225(a)	Capitalised into qualifying assets as a reduction of borrowing costs:				
	- property, plant and equipment	15	-	-	-
		8,981	4,800	4,260	1,650

Reference Notes to the financial statements

25. Finance costs

		Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
19.56(b)	Interest expense of financial liabilities that are not at fair value through profit or loss	17,799	16,189	3,781	-
19.115(b)	Interest expense on lease liabilities	1,378	382	-	-
	Other finance costs	813	189	111	-
		19,990	16,760	3,892	-
	Recognised in profit or loss	17,875	16,760	3,892	-
19.225(a)	Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying assets:				
	- property, plant and equipment	2,015	-	-	-
	- intangible assets	100	-	-	-
	<i>Interest expense on lease liabilities capitalised into qualifying assets:</i>				
	- <i>property, plant and equipment</i>	XXX	XXX	-	-
	- <i>intangible assets</i>	XXX	XXX	-	-
		19,990	16,760	3,892	-

Reference Notes to the financial statements

26. Tax expense**26.1 Recognised in profit or loss**

Note	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Income tax expense on continuing operations	23,257	18,000	940	410
Income tax benefit on discontinued operation (excluding gain on sale)	27 (250)	(440)	-	-
Income tax on gain on sale of discontinued operation	27 3,300	-	-	-
Share of tax of equity-accounted associates/ <i>joint venture</i>	2,654	3,160	-	-
Total income tax expense	28,961	20,720	940	410
19.192 Major components of income tax expense include:				
Current tax expense				
19.193(a) Current year	2,212	11,810	354	410
19.193(b) Under/(Over) provision in prior year	1,390	(340)	-	-
19.193(h) <i>Change in accounting policy</i>	XXX	XXX	XXX	XXX
19.193(e) <i>Tax benefits arising from previously unrecognised:</i>				
- <i>Tax losses</i>	XXX	XXX	XXX	XXX
- <i>Temporary differences</i>	XXX	XXX	XXX	XXX
Total current tax recognised in profit or loss	3,602	11,470	354	410
19.194(f)(ii) Deferred tax expense				
19.193(c) Origination and reversal of temporary differences	22,955	8,440	1,520	-
Under/(Over) provision in prior year	130	50	(934)	-
19.193(f) Tax benefits arising from previously unrecognised tax losses	(380)	(2,400)	-	-
19.193(d) <i>Effect of changes in tax rate</i>	XXX	XXX	XXX	XXX
19.193(g) <i>Write-down of deferred tax assets/(Reversal of a previous write-down of deferred tax assets)</i>	XXX	XXX	XXX	XXX
19.193(h) <i>Change in accounting policy</i>	XXX	XXX	XXX	XXX
Total deferred tax recognised in profit or loss	10 22,705	6,090	586	-
Share of tax of equity-accounted associates/ <i>joint venture</i>	2,654	3,160	-	-
Total income tax expense	28,961	20,720	940	410

Reference Notes to the financial statements

26. Tax expense (continued)**26.2 Reconciliation of tax expense**

19.194(c)(i)

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit for the year	65,036	55,090	4,960	3,950
Total income tax expense	28,961	20,720	940	410
Profit excluding tax	93,997	75,810	5,900	4,360
Income tax calculated using Malaysian tax rate of 24% (2024: 24%)	22,559	18,194	1,416	1,046
Effect of tax rates in foreign jurisdictions	517	2,079	-	-
Difference in effective tax rate of equity-accounted <i>associates/joint venture</i>	140	180	-	-
Effect of higher tax rate on gain on disposal of discontinued operation	1,185	-	-	-
Non-deductible expenses	5,680	2,607	2,004	1,394
Tax exempt income	(2,360)	(310)	(1,546)	(2,030)
Recognition of previously unrecognised tax losses	(380)	(2,400)	-	-
Current year losses for which no deferred tax asset was recognised	100	660	-	-
Under/(Over) provision in prior year	1,520	(290)	(934)	-
	28,961	20,720	940	410

19.194(a) **26.3 Income tax recognised directly in equity**

Note	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Convertible notes				
- deferred tax	10	600	-	600

Reference Notes to the financial statements

27. Discontinued operation/Disposal of subsidiary

19.38(a)-(c) In May 2025, the Group sold its entire Packaging operating division. The division was not a discontinued operation or classified as held for sale as at 31 December 2024 and the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. Management committed to a plan to sell this division in early 2025 due to the strategic decision to place greater focus on the Group's core operation, being the manufacture of paper used in the printing industry.

19.40, 5.33(c), 34	Cash flows from/(used in) discontinued operation/disposal of subsidiary	Group	
		2025 RM'000	2024 RM'000
	Net cash used in operating activities	(2,250)	(9,100)
	Net cash from investing activities	108,900	8,520
	<i>Net cash from financing activities</i>	<i>XXX</i>	<i>XXX</i>
	Effect on cash flows	106,650	(580)

19.81	Gain on disposal of discontinued operation/disposal of subsidiary	2025 RM'000	
		Discontinued operations	
19.81	- Attributable to gain on disposed interest (included in profit/(loss) from discontinued operation, net of tax)	8,460	
19.81	- <i>Attributable to gain on retained interest as associate/joint venture/simple investment (included in profit/(loss) from discontinued operation, net of tax)</i>	<i>XXX</i>	
		8,460	
19.81	Other subsidiaries		
	- <i>Attributable to gain on disposed interest (included in other income)</i>	<i>XXX</i>	
	- <i>Attributable to gain on retained interest as associate/joint venture/simple investment (included in other income)</i>	<i>XXX</i>	
		<i>XXX</i>	

Reference Notes to the financial statements

28. Profit for the year

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
	Profit for the year is arrived at after charging/ (crediting):				
S249(4)(e)	Auditors' remunerations				
	Audit fees:				
	- KPMG PLT	1,000	800	400	370
	- <i>Member firms of KPMG International Limited</i>	XXX	XXX	XXX	XXX
	- Other auditors	600	500	-	-
	Non-audit fees:				
	- KPMG PLT	210	170	170	130
	- Local affiliates of KPMG PLT	360	420	-	-
	- <i>Member firms of KPMG International Limited</i>	XXX	XXX	XXX	XXX
19.203	Depreciation of property, plant and equipment	3	50,010	51,220	-
	Depreciation of right-of-use assets	4	1,108	1,039	-
	Personnel expenses relating to contribution to state plans (including key management personnel)	19	14,680	12,670	106
19.218(a)	Net foreign exchange loss		2,510	3,230	480
	Other expenses/(income) arising from leases				
19.115(c)	Expenses relating to short-term leases	a	1,500	1,470	-
19.115(d)	Expenses relating to leases of low-value assets		5,100	5,100	-
19.115(e)	<i>Expenses relating to variable lease payments not included in the measurement of lease liabilities</i>		XXX	XXX	XXX
19.115(h)	<i>(Gains)/Losses arising from sale and leaseback transactions</i>		XXX	XXX	XXX

Note a

19.116 At 31 December 2025, the Group is committed to additional short-term leases of motor vehicles amounting to RM5,000,000 (2024: Nil) that are dissimilar to the portfolio of short-term leases of IT equipments expensed during the year.

Reference Notes to the financial statements

29. Other comprehensive income

Group

19.194(b)		2025			2024		
		Before tax RM'000	Tax (expense) /benefit RM'000	Net of tax RM'000	Before tax RM'000	Tax (expense) /benefit RM'000	Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss							
	Remeasurement of defined benefit liability/ (asset)	900	(80)	820	(200)	50	(150)
	Revaluation of property, plant and equipment on transfer of properties to investment properties	2,000	(200)	1,800	-	-	-
	Net change in fair value of equity investments at fair value through other comprehensive income	(1,234)	-	(1,234)	-	-	-
		1,666	(280)	1,386	(200)	50	(150)
	<i>Share of gains/(losses) of equity-accounted associates/joint venture</i>			XXX			XXX
				1,386			(150)
Items that are or may be reclassified subsequently to profit or loss							
9.6.5.11(a)	Cash flow hedge						
	- Gains during the year	1,023	-	1,023	-	-	-
	- Reclassification adjustments for gains included in profit or loss	(170)	-	(170)	-	-	-
	- <i>(Gains)/Losses capitalised to initial carrying amount of hedge items</i>	XXX	XXX	XXX	-	-	-
		853	-	853	-	-	-
9.6.5.11(d)(ii)	<i>Cost of hedging reserve</i>						
	- <i>Net change in fair value</i>	XXX	XXX	XXX	XXX	XXX	XXX
	- <i>Net amount reclassified to profit or loss</i>	XXX	XXX	XXX	XXX	XXX	XXX
		XXX	XXX	XXX	XXX	XXX	XXX
	Debt investments at fair value through other comprehensive income						
	- Gains during the year	1,700	-	1,700	860	-	860
19.56(a)(v)	- Reclassification adjustments for gains on disposal included in profit or loss	(110)	-	(110)	(450)	-	(450)
	- <i>Reclassification adjustments for losses from impairment included in profit or loss</i>	XXX	XXX	XXX	XXX	XXX	XXX
		1,590	-	1,590	410	-	410
19.218(b)	Foreign currency translation differences for foreign operations						
	- Gains during the year	2,669	-	2,669	2,472	-	2,472
	- <i>Reclassification to profit or loss on disposal of subsidiary</i>	XXX	XXX	XXX	XXX	XXX	XXX
		2,669	-	2,669	2,472	-	2,472
	<i>Share of gains/(losses) of equity-accounted associates/joint venture</i>			XXX			XXX
				5,112			2,882

Reference

Notes to the financial statements

19.138,
19.B12**30. Dividends**

Dividends recognised by the Company:

2025	Sen per share	Total RM'000	Date of payment
Final 2024 preference (non-redeemable preference shares)	7.88	4,140	28 February 2025
Final 2024 ordinary	5.85	5,450	28 February 2025
Interim 2025 ordinary	3.00	2,840	28 September 2025
		12,430	

2024

Final 2023 preference (non-redeemable preference shares)	7.88	4,140	28 February 2024
Final 2023 ordinary	0.75	690	28 February 2024
Interim 2024 ordinary	0.45	410	9 September 2024
		5,240	

19.B17(a),
110.13

After the end of the reporting period the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total RM'000
Final 2025 preference (non-redeemable preference shares)	7.88	4,140
Final 2025 ordinary	9.60	9,070
		13,210

19.B17(b)

Other than the above, there is no cumulative preference dividends not recognised in the current financial year.

Notes to the financial statements

31. Financial instruments7.6,
19.44**31.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- a. Fair value through profit or loss ("FVTPL")
- b. Amortised cost ("AC")
- c. Fair value through other comprehensive income ("FVOCI")
 - Equity instrument designated upon initial recognition ("EIDUIR")
 - Debt instrument ("DI")

Group	2025	Carrying amount				Derivatives used for hedging
			AC	FVTPL	FVOCI - EIDUIR	
			RM'000	RM'000	RM'000	RM'000
Financial assets						
Other investments		42,930	19,010	8,070	12,500	3,350
Trade and other receivables		129,212	129,212	-	-	-
Derivative financial assets		2,234	-	1,406	-	828
Cash and cash equivalents		10,412	10,412	-	-	-
		184,788	158,634	9,476	12,500	3,350
						828
Financial liabilities						
Loans and borrowings		(240,641)	(240,641)	-	-	-
Trade and other payables		(134,213)	(134,213)	-	-	-
Derivative financial liabilities		(1,192)	-	(1,192)	-	-
		(376,046)	(374,854)	(1,192)	-	-
2024						
Financial assets						
Other investments		42,319	18,815	5,605	14,154	3,745
Trade and other receivables		174,960	174,960	-	-	-
Derivative financial assets		3,251	-	3,251	-	-
Cash and cash equivalents		18,500	18,500	-	-	-
		239,030	212,275	8,856	14,154	3,745
Financial liabilities						
Loans and borrowings		(229,920)	(229,920)	-	-	-
Trade and other payables		(228,999)	(228,999)	-	-	-
Derivative financial liabilities		(1,751)	-	(1,751)	-	-
		(460,670)	(458,919)	(1,751)	-	-
Company						
AC						
		2025	2024			
		RM'000	RM'000			
Financial assets						
Trade and other receivables		34,086	32,370			
Cash and cash equivalents		14,980	11,490			
		49,066	43,860			
Financial liabilities						
Loans and borrowings		(66,170)	-			
Trade and other payables		(16,360)	3,310			
		(82,530)	3,310			

Reference Notes to the financial statements

31. Financial instruments (continued)**31.2 Net gains and losses arising from financial instruments**

		Group		Company		
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	
Net gains/(losses) on:						
19.56(a)(i) Financial assets at FVTPL:						
- net loss due to change in fair value	(1,945)	(346)	-	-	-	
- net foreign exchange gain	3,185	1,236	-	-	-	
	1,240	890	-	-	-	
19.56(a)(i) Financial liabilities at FVTPL:						
- interest expense	(76)	(571)	-	-	-	
- net loss due to change in fair value	(51)	(30)	-	-	-	
- net foreign exchange gain	17	501	-	-	-	
	(110)	(100)	-	-	-	
19.56(a)(v) Debt instruments at FVOCI:						
Recognised in profit or loss:						
- net foreign exchange gain	140	-	-	-	-	
- reclassified from other comprehensive income upon derecognition	110	-	-	-	-	
Recognised in other comprehensive income:						
- net gain due to change in fair value	1,700	860	-	-	-	
- reclassified to profit or loss upon derecognition	(110)	(450)	-	-	-	
	1,840	410	-	-	-	
19.56(a)(iv) Equity instruments designated at FVOCI:						
Recognised in profit or loss:						
- net foreign exchange gain	2,500	-	-	-	-	
Recognised in other comprehensive income:						
- net loss due to change in fair value	(1,234)	-	-	-	-	
	1,266	-	-	-	-	
19.56(a)(iii) Financial assets at AC:						
- interest income	8,966	4,800	4,260	1,650		
- net foreign exchange loss	(7,316)	(2,513)	(461)	-		
- net impairment loss on financial assets	(105)	(1,076)	(97)	(7)		
	1,545	1,211	3,702	1,643		
19.56(a)(ii) Financial liabilities at AC:						
- interest expense	(17,799)	(16,189)	(3,892)	-		
- net foreign exchange loss	(1,036)	(2,454)	(19)	-		
	(18,835)	(18,643)	(3,911)	-		
	(13,054)	(16,232)	(209)	1,643		

Reference Notes to the financial statements

31. Financial instruments (continued)

31.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk

31.4 Credit risk

Trade receivables and contract assets

19.65(a), 182 Recognition and measurement of impairment loss

The Group adopts the simplified approach and uses an allowance matrix to measure ECLs of trade receivables for all divisions except for construction division. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

19.65(b) Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

19.66(b)(ii), (iii), 106 The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below:

Group	Trade receivables		Contract assets - Lifetime ECL		Total
	Lifetime ECL	Credit impaired	Lifetime ECL	Total	
	RM'000	RM'000	RM'000	RM'000	
At 1 January 2024	3,105	5,139	28	8,272	
Amounts written off	(770)	(890)	-	(1,660)	
Net remeasurement of loss allowance	384	692	-	1,076	
At 31 December 2024/1 January 2025	2,719	4,941	28	7,688	
Amounts written off	(1,940)	(2,023)	(14)	(3,977)	
Net remeasurement of loss allowance	52	53	-	105	
At 31 December 2025	831	2,971	14	3,816	

Notes to the financial statements

31. Financial instruments (continued)

31.4 Credit risk (continued)

Net investment in a lease

As at the end of the reporting period, the Group's 12-month ECL in relation to the net investment in a lease is RMXXX (2024: RMXXX). There were no movements in respect of the impairment loss on net investment in a lease during the year.

Cash and cash equivalents and deposits with licensed banks

The cash and cash equivalents *and deposits* are held with banks and financial institutions. These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

As at the end of the reporting period, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Investment in debt securities

There is no history of default on these bonds and there are no indicators that these bonds may default. The Group is of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

9.4.2.1(c),
 17.7(e)

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

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

Recognition and measurement of impairment loss

19.65(a)
 (ii), (iii)

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- the subsidiary is unlikely to repay its credit obligation to the bank in full; or
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

19.67

The movement in the allowance for impairment in respect of financial guarantees is as follows:

	Company	
	Lifetime ECL	
	2025	2024
	RM'000	RM'000
At 1 January	500	500
<i>Net remeasurement of loss allowance</i>	XXX	XXX
At 31 December	500	500

Reference Notes to the financial statements

31. Financial instruments (continued)

31.4 Credit risk (continued)

Inter-company loans and advances

Recognition and measurement of impairment loss

19.65(a)-(b) Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- the subsidiary is unlikely to repay its loan or advance to the Company in full;
- the subsidiary's loan or advance is overdue for more than 365 days; or
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

19.66 The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the year is as follows:

	Company	
	Lifetime ECL	
	2025	2024
	RM'000	RM'000
At 1 January	118	111
<i>Amounts written off</i>	(XXX)	(XXX)
19.230(d) Net remeasurement of loss allowance	97	7
At 31 December	215	118

Reference Notes to the financial statements

31. Financial instruments (continued)**31.5 Liquidity risk**

19.72(c) The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

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

Group	2025	Carrying amount	Contractual interest rate/ coupon/ discount rate	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
					RM'000	RM'000	RM'000	RM'000
19.72(a) Non-derivative financial liabilities								
	Bank loans	70,120	5.0% - 6.0%	79,132	36,750	14,648	18,711	9,023
	Bonds	95,861	6.5%	126,000	6,500	6,500	113,000	-
	Convertible notes	46,222	6.5%	63,000	3,250	3,250	56,500	-
	Redeemable preference shares	19,948	4.4%	25,280	880	880	2,640	20,880
19.119	Lease liabilities	24,504	3.5% - 5.0%	33,172	6,946	8,274	7,862	10,090
	Other bank facilities	5,150	3.5% - 4.5%	5,150	5,150	-	-	-
	Bank overdrafts	3,340	6.0% - 6.5%	3,340	3,340	-	-	-
	Trade and other payables	134,213	-	134,213	134,213	-	-	-
		399,358		469,287	197,029	33,552	198,713	39,993
19.72(b) Derivative financial liabilities								
	Forward exchange contracts (gross settled):							
	- Outflow	-	-	108,262	108,262	-	-	-
	- Inflow	(214)	-	(108,476)	(108,476)	-	-	-
		399,144		469,073	196,815	33,552	198,713	39,993
2024								
19.72(a) Non-derivative financial liabilities								
	Bank loans	110,930	5.0% - 6.5%	116,478	58,139	23,173	29,601	5,565
	Bonds	95,000	6.5%	132,500	6,500	6,500	119,500	-
19.119	Lease liabilities	27,566	3.5% - 4.3%	31,860	3,600	7,720	3,520	17,020
	Other bank facilities	1,170	3.5% - 4.5%	1,170	1,170	-	-	-
	Bank overdrafts	2,820	6.0% - 6.5%	2,820	2,820	-	-	-
	Trade and other payables	228,999	-	228,999	228,999	-	-	-
	Loan from associate	20,000	8.0%	23,200	1,600	21,600	-	-
		486,485		537,027	302,828	58,993	152,621	22,585
19.72(b) Derivative financial liabilities								
	Forward exchange contracts (gross settled):							
	- Outflow	-	-	105,850	105,850	-	-	-
	- Inflow	(502)	-	(106,352)	(106,352)	-	-	-
		485,983		536,525	302,326	58,993	152,621	22,585

Reference Notes to the financial statements

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	2025	Contractual interest rate/ coupon/ discount rate		Contract- tual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
		Carrying amount RM'000	RM'000		RM'000	RM'000	RM'000	RM'000
		Non-derivative financial liabilities						
19.72(a)	Non-derivative financial liabilities							
	Convertible notes	46,222	6.5%	63,000	3,250	3,250	56,500	-
	Financial guarantees	500	-	87,331	87,331	-	-	-
	Redeemable preference shares	19,948	4.4%	25,280	880	880	2,640	20,880
	Other payables	16,360	-	16,360	16,360	-	-	-
		83,030		191,971	107,821	4,130	59,140	20,880
	2024							
19.72(a)	Non-derivative financial liabilities							
	Financial guarantees	500	-	82,409	82,409	-	-	-
	Other payables	3,310	-	3,310	3,310	-	-	-
		3,810		85,719	85,719	-	-	-

Reference Notes to the financial statements

31. Financial instruments (continued)

31.6 Hedging activities

31.6.1 Currency risk - Transactions in foreign currency

19.58 The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group. The functional currencies of Group companies are primarily the Malaysian ringgit ("MYR"). The currencies in which these transactions are primarily denominated are Great Britain Pound ("GBP"), U.S. Dollars ("USD") and Swiss Franc ("CHF").

19.58(a) The Group purchases forward foreign exchange contracts to hedge at least 70% of its foreign transactions. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

19.58(b) The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

31.6.2 Interest rate risk

19.58(a), 59 The Group entered into fixed-rate instruments and borrowed at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates.

19.58(b) The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

19.58(a) The Group has entered into interest rate swaps during the year to hedge the cash flow risk in relation to the floating interest rate of a bank loan of RM50,000,000 (2024: Nil). The interest rate swaps have nominal value of RM50,000,000 (2024: Nil) and are settled every six monthly, consistent with the interest repayment schedule of the bank loan.

31.6.3 Cash flow hedge

At 31 December 2024, the Group did not hold any instruments to hedge exposures to changes in foreign currency and interest rates.

19.61(b) The amounts at the reporting date relating to items designated as hedged items were as follows:

Group	Change in value used for calculation of hedge ineffectiveness RM'000	Cash flow hedge reserve RM'000
31 December 2025		
Foreign currency risk		
Sales, receivables and borrowings	XXX	XXX
Inventory purchases	XXX	XXX
Interest rate risk		
Variable rate instruments	(25)	853

Reference Notes to the financial statements

31. Financial instruments (continued)

31.6 Hedging activities (continued)

31.6.3 Cash flow hedge (continued)

Group	2025	<i>Foreign currency risk</i>		<i>Interest rate risk</i>
		<i>Forward exchange contracts</i> - Sales, receivables and borrowings	<i>Forward exchange contracts</i> - Inventory purchases	<i>Interest rate swaps</i>
		<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Hedging instruments				
19.60(d) Nominal amount		XXX	XXX	50
19.60(a) Carrying amount - assets		XXX	XXX	828
19.60(a) Carrying amount - liabilities		XXX	XXX	-
19.60(b) Line item in the statement of financial position where the hedging instrument is included		<i>Derivative financial assets/(liabilities)</i>	<i>Derivative financial assets/(liabilities)</i>	Derivative financial assets/(liabilities)
Hedge ineffectiveness				
19.62(b)(i) Changes in the value of hedging instrument recognised in OCI		XXX	XXX	-
19.62(b)(ii) Hedge ineffectiveness recognised in profit or loss		XXX	XXX	(25)
Cost of hedging and hedging reserve				
Cost of hedging recognised in OCI		XXX	XXX	-
Amount from hedge reserve transferred to cost of inventory		XXX	XXX	-
Amount from costs of hedging reserve transferred to cost of inventory		XXX	XXX	-
Reclassification				
19.62(b)(iii) Amount reclassified from hedge reserve to profit or loss		XXX	XXX	(170)
19.62(b)(iii) Amount reclassified from costs of hedging reserve to profit or loss		XXX	XXX	-

Reference Notes to the financial statements

31. Financial instruments (continued)

31.7 Fair value information

The tables below analyses financial instruments measured at fair value.

19.95(a)-(b), 97	2025	Group	Total fair value	Level 1	Level 2	Level 3		
			RM'000	RM'000	RM'000	RM'000		
Financial assets								
Bonds			3,350	3,350	-	-		
Shares			20,570	8,070	-	12,500		
Interest rate swaps			828	-	-	828		
Forward exchange contracts			1,406	-	1,406	-		
Financial liabilities								
Forward exchange contracts			(1,192)	(1,192)	-	-		
2024								
Group								
Financial assets								
Bonds			3,745	3,745	-	-		
Shares			19,759	17,259	-	2,500		
Interest rate swaps			998	-	-	998		
Forward exchange contracts			2,253	-	2,253	-		
Financial liabilities								
Forward exchange contracts			(1,751)	-	(1,751)	-		

Level 2 fair value

Valuation technique and inputs used

Derivatives

19.95(c) The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Reference Notes to the financial statements**31. Financial instruments (continued)****31.7 Fair value information (continued)****Level 3 fair value**

19.97 The following table shows the gains and losses arising from financial instruments carried at Level 3 fair value:

	Group	
	2025 RM'000	2024 RM'000
Derivatives used for hedging		
19.95(d)(i) Gains and losses recognised in profit or loss - Other expenses	(195)	XXX
19.95(d)(ii) Gains and losses recognised in other comprehensive income - Cash flow hedge	1,023	XXX
Unquoted shares		
19.95(d)(i) Gains and losses recognised in profit or loss - Other expenses	(347)	-
19.95(d)(ii) Gains and losses recognised in other comprehensive income - Net changes in fair value	(152)	-

19.95(c) Valuation techniques and inputs used**Derivatives used for hedging**

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Unquoted shares

The fair value of unquoted shares is based on market comparison technique. The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the unquoted shares.

31.8 Material accounting policy information

The Group or the Company applies settlement date accounting for regular way purchase or sale of financial assets.

9.57,
B3.1.3,
3.1.2,
7.B5(c)

Reference Notes to the financial statements

32. Capital and other commitments

		Group		
		2025	2024	
		RM'000	RM'000	
Capital expenditure commitments				
19.201(b)	Plant and equipment			
	Contracted but not provided for	27,720	-	
19.268(e)	Investment properties			
	Contracted but not provided for	8,950	400	
19.91	Joint venture			
	<i>Share of capital commitment of the joint venture</i>	<i>XXX</i>	<i>XXX</i>	
19.264(e)	Intangible assets			
	<i>Contracted but not provided for</i>	<i>XXX</i>	<i>XXX</i>	

Reference Notes to the financial statements

33. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

		Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
19.B15, 182, 259(a)-(b)	Contingent liabilities not considered remote				
	Litigation				
	A subsidiary is defending an action brought by an environmental agency in Europe. While liability is not admitted, if defence against the action is unsuccessful, then fines and legal costs could amount to RM9,500,000. Based on legal advice, the Directors do not expect the outcome of the action to have a material effect on the Group's financial position.				
19.262	In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Group.	9,500	-	-	-
19.260	Contingent assets				
	Litigation				
	A subsidiary is making a claim for down time and loss of profits against a manufacturer for purchases of products. The manufacturer does not agree with the claim and a legal suit has been filed against the manufacturer. The legal suit is currently pending hearing.				
19.262	In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Group.	10,000	-	-	-

Reference Notes to the financial statements

34. Related parties19.230(a) **Significant related party transactions**

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in notes 11, 18 and 22.

		Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
19.231(a)	Immediate holding company				
	Sale of goods	5,690	4,280	-	-
	Share options recharged	4,100	2,500	-	-
19.231(c)	Subsidiaries				
	Interest income on loans	-	-	3,780	3,250
	Management fee income	-	-	390	100
19.231(d)	Associates				
	Sale of goods	28,467	12,250	-	-
	Interest income on loans	-	1,600	-	-
	Administrative fee income	240	240	-	-
	Management entity				
19.229	Key management personnel services fee	XXX	XXX	XXX	XXX
19.231(f)	Key management personnel				
	Directors				
	Fees	480	450	360	340
S249(4)(a)	Remuneration	1,345	1,200	880	760
S249(4)(b)	Retirement benefits	377	252	106	91
	Other employment benefits	490	525	-	-
		2,692	2,427	1,346	1,191
	Other key management personnel				
	Employment benefits	4,698	4,196	-	-
19.227		7,390	6,623	1,346	1,191

S253(1)(c),
5Sch Part1
2(b)

The estimated monetary value of Directors' benefit-in-kind is RM867,000 (2024: RM811,000).

Executive officers also participate in the holding company's share option programme (see note 19.2).

Reference Notes to the financial statements

34. Related parties (continued)

Government-related entities

19.233(a)-
(b)(i)

In 2023, a subsidiary entity, Wonder Paper Sdn Bhd, entered into a procurement agreement with the Department of Commerce, such that Wonder Paper Sdn Bhd would act as the sole supplier of recycled paper products to the Department's various agencies for a term of three years from 2024 to 2026, with an agreed bulk discount of 10% compared to list of prices that Wonder Paper Sdn Bhd would generally charge on individual orders.

	Note	Group	
		2025	2024
		RM'000	RM'000
Sale of goods		XXX	XXX
Amount due from Department of Commerce	a	XXX	XXX

Note a

Payable under normal 30 days credit terms.

19.233(a)-
(b)(i)

Example 2: Individually significant transaction carried out on 'non-market' terms

On 30 December 2024, the Department of Finance contracted Wonder Paper Sdn Bhd to be the sole designer and supplier of materials for office fit-outs for all of government offices. The contract lasts for a term of five years from 2025 to 2029. Under the agreement, the Department of Finance will reimburse Wonder Paper Sdn Bhd for the cost of each fit-out. However, Wonder Paper Sdn Bhd will not be entitled to earn a margin above cost for this activity.

	Note	Group	
		2025	2024
		RM'000	RM'000
Sale of goods		XXX	XXX
Amount due from Department of Finance	a	XXX	XXX

Note a

Payable under normal 30 days credit terms.

19.233(a)-
(b)(i)

Example 3: Individually significant transaction outside normal day-to-day business operations

Pursuant to an agreement dated 1 January 2025, Wonder Paper Sdn Bhd and the Department of Trade and Enterprise agreed to participate and co-operate with a third party consortium in the development, funding and operation of a research and development centre. Wonder Paper Sdn Bhd will also sublease a floor in its headquarter building as an administrative office for the joint operation.

	Note	Group	
		2025	2024
		RM'000	RM'000
Capital invested		XXX	XXX
Rental income		XXX	XXX

Reference Notes to the financial statements

34. Related parties (continued)

Government-related entities (continued)

Example 4: Collectively, but not individually, significant transactions

19.233(a)-
(b)(i)

Wonder Paper Sdn Bhd operates in an economic regime dominated by entities directly or indirectly controlled by the Government of Malaysia through its government authorities, agencies, affiliations and other organisations, collectively referred to as government-related entities. Wonder Paper Sdn Bhd has transactions with other government-related entities including but not limited to sales and purchases of goods and ancillary materials, rendering and receiving services, leasing of assets and use of public utilities.

These transactions are conducted in the ordinary course of Wonder Paper Sdn Bhd's business on terms comparable to those with other entities that are not government-related. Wonder Paper Sdn Bhd has established procurement policies, pricing strategy and approval process for purchases and sales of products and services, which are independent of whether the counterparties are government-related entities or not.

For the financial year ended 31 December 2025, management estimates that the aggregate amount of Wonder Paper Sdn Bhd's significant transactions with other government-related entities are at least 50% of its sales of recycled paper products and between 30% to 40% of its purchase of materials.

Reference Notes to the financial statements

35. Acquisition of subsidiary and non-controlling interests

35.1 Acquisition of subsidiary - Papyrus Pty Limited

19.35(a)-(c) On 31 March 2025, the Group acquired all the shares in Papyrus Pty Limited for RM25,000,000, satisfied in cash. The company manufactures and distributes recycled paper.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

19.35(e),
182 **Fair value of consideration transferred**

		Group
	Note	2025
		RM'000
19.35(e)(i) Cash and cash equivalents		25,000
<i>Contingent consideration</i>	22	XXX
19.35(e)(iv) <i>Equity instruments issued</i>		XXX
3.B56 <i>Replacement share-based payment awards – value of past service</i>		XXX
<i>Settlement of pre-existing relationship</i>		(XXX)
		<hr/>
		25,000

19.35(g), 182 **Identifiable assets acquired and liabilities assumed**

	Group	
	Note	2025
		RM'000
Property, plant and equipment	3	19,550
Intangible assets	6	3,270
Inventories		3,750
Trade and other receivables		2,807
Contract assets		378
Cash and cash equivalents		3,750
Contract liabilities		(15)
Loans and borrowings		(5,000)
Deferred tax liabilities	10	(790)
Provision for legal case	21	(200)
Trade and other payables		(4,000)
Total identifiable net assets		<hr/> 23,500

19.182

The following fair values have been determined on a provisional basis:

- the fair value of intangible assets (Papyrus Pty Limited's patents and trademarks) has been determined provisionally pending completion of an independent valuation.
- the fair values of inventories as well as property, plant and equipment are pending completion of certain physical inventory counts and the confirmation of the physical existence and condition of certain property, plant and equipment.
- the amount for legal contingencies are pending finalisation of examination and valuation of the filed cases.

Contingent consideration

19.35(f), 36

The Group has agreed to pay the selling shareholders in three year's time additional consideration of RMXXX if the acquiree's cumulative EBITDA over the next three years exceeds RMXXX. The Group has included RMXXX as contingent consideration related to the additional consideration, which represents its fair value at the date of aquisition. At 31 December 2025, the contingent consideration had increased to RMXXX (see note 22).

Reference Notes to the financial statements

35. Acquisition of subsidiary and non-controlling interests (continued)

35.1 Acquisition of subsidiary - Papyrus Pty Limited (continued)

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	Group	
	Note	2025
		RM'000
Total consideration transferred		25,000
Fair value of identifiable net assets		(23,500)
<i>Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree</i>		XXX
<i>Fair value of existing interest in the acquiree</i>		XXX
Goodwill	6	1,500

19.35(j) The goodwill is attributable mainly to the skills and technical talent of Papyrus Pty Limited's work force, and the synergies expected to be achieved from integrating the company into the Group's existing recycled paper business.

35.2 Material accounting policy information

(a) Acquisition of subsidiary with non-controlling interests

3.19 *The Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets at the acquisition date.*

(b) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls 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; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. 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.

Reference Notes to the financial statements

36. Subsequent event

19.190(a),(b) At the end of January 2026, the Group announced its intention to implement a cost-reduction programme and to take further measures to reduce costs. Additionally, to enable the Group to adapt its size to current market conditions, it is intended to reduce the Group's workforce by 400 positions worldwide by the end of 2026, by means of non-replacement whenever possible. The Group expects the restructuring associated with the reduction in workforce to cost the Group between RM600,000 and RM850,000 in 2026.

Reference Notes to the financial statements

37. Comparative figures

19.186, B6 In previous financial years, a non-current loan from an associate was erroneously classified in trade payables. The effects of correction of the error are disclosed below:

	Group			
	31.12.2024		1.1.2024	
	As restated	As previously reported	As restated	As previously reported
	RM'000	RM'000	RM'000	RM'000
Trade and other payables	228,999	248,999	235,290	255,290
Loans and borrowings – non-current	185,930	165,930	232,441	212,441

**Appendix 1 - Specimen: Statements of profit or loss
 (Two-statement approach)**
For the year ended 31 December 2025

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	XXX	XXX	XXX	XXX
Cost of sales	(XXX)	(XXX)	(XXX)	(XXX)
Gross profit	XXX	XXX	XXX	XXX
Other income	XXX	XXX	XXX	XXX
Distribution expenses	(XXX)	(XXX)	(XXX)	(XXX)
Administrative expenses	(XXX)	(XXX)	(XXX)	(XXX)
Research and development expenses	(XXX)	(XXX)	(XXX)	(XXX)
Net gain/(loss) on impairment of financial instruments and contract assets	XXX	XXX	XXX	XXX
Other expenses	(XXX)	(XXX)	(XXX)	(XXX)
Results from operating activities	XXX	XXX	XXX	XXX
Finance income	XXX	XXX	XXX	XXX
Finance costs	(XXX)	(XXX)	(XXX)	(XXX)
Net finance (costs)/income	(XXX)	XXX	(XXX)	XXX
Fair valuation gains/(losses) arising from distribution of non-cash assets to owners	XXX	XXX	XXX	XXX
Share of profit of equity-accounted associates/joint venture, net of tax	XXX	XXX	-	-
Profit before tax	XXX	XXX	XXX	XXX
Tax expense	(XXX)	XXX	(XXX)	XXX
Profit from continuing operations	XXX	XXX	XXX	XXX
Discontinued operation				
Profit/(Loss) from discontinued operation, net of tax	XXX	(XXX)	XXX	(XXX)
Profit for the year	XXX	XXX	XXX	XXX
Profit attributable to:				
Owners of the Company	XXX	XXX	XXX	XXX
Non-controlling interests	XXX	XXX	XXX	XXX
Profit for the year	XXX	XXX	XXX	XXX

Appendix 1 - Specimen: Statements of profit or loss and other comprehensive income (Two-statement approach)

For the year ended 31 December 2025

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit for the year	XXX	XXX	XXX	XXX
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit liability	XXX	XXX	XXX	XXX
Revaluation of property, plant and equipment upon transfer of properties to investment properties	XXX	XXX	XXX	XXX
Net change in fair value of equity investments designated at fair value through other comprehensive income	XXX	XXX	XXX	XXX
Share of other comprehensive income of equity-accounted associates/joint venture	XXX	XXX	-	-
	XXX	XXX	XXX	XXX
Items that are or may be reclassified subsequently to profit or loss				
Cash flow hedge	XXX	XXX	XXX	XXX
Cost of hedging reserve	XXX	XXX	XXX	XXX
Debt investments measured at fair value through other comprehensive income	XXX	XXX	XXX	XXX
Foreign currency translation differences for foreign operations	XXX	XXX	XXX	XXX
Share of other comprehensive income of equity-accounted associates/joint venture	XXX	XXX	-	-
	XXX	XXX	XXX	XXX
Other comprehensive income for the year, net of tax				
Total comprehensive income for the year				
	XXX	XXX	XXX	XXX
Total comprehensive income attributable to:				
Owners of the Company	XXX	XXX	XXX	XXX
Non-controlling interests	XXX	XXX	XXX	XXX
Total comprehensive income for the year				
	XXX	XXX	XXX	XXX

Appendix 2 - Specimen: Statements of cash flows (Direct method)

For the year ended 31 December 2025

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Cash receipts from customers	XXX	XXX	XXX	XXX
Cash paid to suppliers and employees	(XXX)	(XXX)	(XXX)	(XXX)
Cash generated from operating activities	XXX	XXX	XXX	XXX
Dividends received	XXX	XXX	XXX	XXX
Interest paid	(XXX)	(XXX)	(XXX)	(XXX)
Tax paid	(XXX)	(XXX)	(XXX)	(XXX)
Net cash from operating activities	XXX	XXX	XXX	XXX
Cash flows from investing activities				
Acquisition of investment properties	(XXX)	(XXX)	(XXX)	(XXX)
Acquisition of other investments	(XXX)	(XXX)	(XXX)	(XXX)
Acquisition of property, plant and equipment	(XXX)	(XXX)	(XXX)	(XXX)
Acquisition of subsidiary, net of cash and cash equivalents acquired	(XXX)	(XXX)	(XXX)	(XXX)
Dividends received	XXX	XXX	XXX	XXX
Interest received	XXX	XXX	XXX	XXX
Loans to subsidiaries	-	-	(XXX)	(XXX)
Proceeds from disposal of investment properties	XXX	XXX	XXX	XXX
Proceeds from disposal of other investments	XXX	XXX	XXX	XXX
Proceeds from disposal of property, plant and equipment	XXX	XXX	XXX	XXX
Net cash used in investing activities	(XXX)	(XXX)	(XXX)	(XXX)
Cash flows from financing activities				
Dividends paid to owners of the Company	(XXX)	(XXX)	(XXX)	(XXX)
Payment of lease liabilities	(XXX)	(XXX)	(XXX)	(XXX)
Proceeds from the issue of convertible notes	XXX	XXX	XXX	XXX
Proceeds from the issue of redeemable preference shares	XXX	XXX	XXX	XXX
Proceeds from the issue of share capital	XXX	XXX	XXX	XXX
Proceeds from sale of treasury shares	XXX	XXX	XXX	XXX
Repayment of other borrowings	(XXX)	(XXX)	(XXX)	(XXX)
Repayment of loan from associate	(XXX)	(XXX)	(XXX)	(XXX)
Net cash from/(used in) financing activities	XXX	(XXX)	XXX	(XXX)
Net (decrease)/increase in cash and cash equivalents	(XXX)	(XXX)	XXX	XXX
Effect of exchange rate fluctuations on cash held	XXX	XXX	XXX	XXX
Cash and cash equivalents at 1 January	XXX	XXX	XXX	XXX
Cash and cash equivalents at 31 December	XXX	XXX	XXX	XXX

Appendix 3 - Explanatory note to the statements of financial position

General

Reference **Title of statements and changes to reporting period**

101.10 In these Illustrative Financial Statements, the titles of the statements are consistent with the titles used in MFRS 101. However, these terms are not mandatory and different titles are permitted.

101.36 When an entity changes its reporting date and presents financial statements for a period longer or shorter than one year, an entity discloses, in addition to the period covered by the financial statements:

- the reason for using a longer or shorter period; and
- the fact that comparative amounts presented in the financial statements are not entirely comparable.

Third statement of financial position

101.10, 19.B5 A third statement of financial position as at the beginning of the preceding period is required only if a retrospective change in accounting policy, a retrospective correction of an error or a reclassification has a material effect on the information in the statement of financial position.

Except for the disclosures required under B6–B7, 178–181 and 186 of MFRS 19, notes related to the third statement of financial position are not required.

The third statement of financial position to be presented is at the beginning of the preceding period, rather than at the beginning of the earliest comparative period presented. This is also the case even if an entity provides additional comparative information beyond the minimum comparative information requirements.

Presentation and classification (i.e. offsetting, additional line items)

101.45 The presentation and classification of items in the financial statements are retained from one period to the next unless:

- changes are required by a new standard or interpretation; or
- it is apparent, following a significant change to an entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate. In this case, the entity also considers the criteria for the selection and application of accounting policies in MFRS 108.

101.55, 58 Additional line items, headings and subtotals are presented separately in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position. The judgement used is based on an assessment of the nature and liquidity of the assets, the function of assets within the entity, as well as the amounts, nature and timing of liabilities.

101.57 MFRS 101 does not prescribe the order or format in which an entity presents items. Additional line items are included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position and the descriptions used, and the ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions to provide information that is relevant to an understanding of an entity's financial position. As a minimum, the line items required by paragraph 54 of MFRS 101 shall be presented on the face of the statement of financial position.

101.32 An entity does not offset assets and liabilities or income and expenses, unless required or permitted by a MFRS.

101.29, 30, 55 To meet the disclosure requirements as per paragraphs 103 to 114 of MFRS 19 and comply with the presentation guidance in MFRS 101 and disclosure guidance in MFRS 19 Appendix B, an entity applies judgement in determining whether the following items should be presented separately (either in the statement of financial position or in the notes) or aggregated with another line item (and if so, then which line item):

- refund liability;
- costs to obtain a contract;
- costs to fulfil a contract;
- right to recover a returned good (asset);
- liability from repurchase agreement; and
- consideration paid to the customer (asset).

Appendix 3 - Explanatory note to the statements of financial position (continued)

No. Reference Current and non-current classification

1. 101.60, 61 In these Illustrative Financial Statements, we have made current and non-current distinction in the statement of financial position. An entity may present its assets and liabilities broadly in order of liquidity if such presentation provides reliable and more relevant information. Whichever method of presentation is adopted, for each asset and liability line item that combines amounts expected to be recovered or settled within (i) no more than 12 months after the end of the reporting period, and (ii) more than 12 months after the end of the reporting period, an entity discloses in the notes the amount expected to be recovered or settled after more than 12 months.

Right-of-use assets and lease liabilities

2. 16.47(a), 48 An entity can either present right-of-use assets that do not meet the definition of investment property separately as right-of-use asset in the statement of financial position or within the same line item as it presents underlying assets of the same nature that it owns. Right-of-use asset that meets the definition of investment property are presented within investment property.

16.47(b) An entity can present lease liabilities separately in the statement of financial position. Otherwise, an entity discloses which line items in the statement of financial position include lease liabilities.

Deferred tax and current tax

3. 101.56 When current and non-current classification is used in the statement of financial position, an entity does not classify deferred tax assets/(liabilities) as current assets/(liabilities).

101.54(n), (o), 112.71 An entity offsets current tax assets and current tax liabilities only if it has a legally enforceable right to set off the recognised amounts and intends to realise the asset and settle the liability on a net basis or simultaneously. An entity treats deferred tax assets and deferred tax liabilities in the same manner.

Trade receivables - unconditional rights

4. 15.105, 108, BC322-326 Any unconditional rights to consideration are presented separately as a receivable. A right to consideration is 'unconditional' if only the passage of time is required before payment of that consideration is due.

Sale with a right of return - Inventories

5. 15.B21, BC367 MFRS 15 and other standards do not specify where assets for rights to recover products from customers with regard to sale with a right of return should be presented. The Group has included the assets in 'inventories' and discloses them separately in the related note.

Contract assets and contract liabilities

6. 15.105, 109, BC320-321 Although it is not specifically required, this guide has presented in the statement of financial position line items related to 'contract assets' and 'contract liabilities'.

Assets and liabilities held for sale or distribution

7. 5.38 An entity presents a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale is presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount.

5.40 Comparatives are not restated to reflect classification as held for sale at the current reporting period.

101.66 In our view, non-current assets, assets of disposal groups and liabilities of disposal groups classified as held for sale or distribution are classified as current in the statement of financial position as they are expected to be realised within 12 months of the date of classification as held for sale or distribution. Consequently, the presentation of a "three column statement of financial position" with the headings of "Assets/Liabilities not for sale", "Assets/Liabilities held for sale" and "Total" generally would not be appropriate if the assets and liabilities held for sale or distribution continue to be included in non-current line items.

Appendix 3 - Explanatory note to the statements of profit or loss and other comprehensive income

General

Reference **Title of statements**

101.10 In these Illustrative Financial Statements, the titles of the statements are consistent with the titles used in MFRS 101. However, these terms are not mandatory and different titles are permitted.

101.10A An entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. The sections are presented together, with the profit or loss section presented first followed directly by the other comprehensive income section. An entity may present the profit or loss section in a separate statement of profit or loss. If so, the separate statement of profit or loss immediately precedes the statement presenting comprehensive income, which begins with profit or loss.

Appendix 1 provides an illustration of the two-statement approach.

Presentation and classification

101.82A An entity presents line items for amounts of other comprehensive income in the period, classified by nature (including share of the other comprehensive income of associates and joint ventures accounted for using the equity method) and grouped separately the items of other comprehensive income that would be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently, an entity that presents items of other comprehensive income before related tax effects would also have to allocate the aggregated tax amount between these sections.

101.88 An entity recognises all items of income and expense in a period in profit or loss unless a MFRS requires or permits otherwise.

101.99 An entity presents an analysis of expenses based on function or nature. In these Illustrative Financial Statements, this analysis is based on functions within the entity. Individual material items are classified in accordance with their nature or function, consistent with the classification of items that are not material individually.

101.104 Where expenses are disclosed by function, the nature of expenses, including depreciation and amortisation charges and employee benefits expense also needs to be disclosed in the notes to the financial statements.

101.87 No items of income and expense may be presented as "extraordinary". The nature and amounts of material items are disclosed as a separate line item in the statement of profit or loss and other comprehensive income or in the notes.

101.85 An entity presents additional line items, headings and subtotals when this is relevant to an understanding of its financial performance.

101.94 An entity may present reclassification adjustments directly in the statement of profit or loss and other comprehensive income or in the notes. This analysis is based on presentation directly in the statement of profit or loss and comprehensive income.

Appendix 3 - Explanatory note to the statements of profit or loss and other comprehensive income (continued)

No.	Reference	Revenue
1.	101.60, 61	MFRS Accounting Standards do not specify whether revenue can be presented only as a single line item in the statement of profit or loss and other comprehensive income, or whether an entity also may include the individual components of revenue in the statement of profit or loss and other comprehensive income, with a subtotal for revenue from continuing operations. In these Illustrative Financial Statements, we have presented revenue as one line item and the individual component of revenue are disclosed in the notes to the financial statements.
Remeasurement gain/(loss) of non-current asset classified as held for sale		
2.	5.37	Any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation is included in profit or loss from continuing operations.
Interest expense on lease liability		
3.	16.49	An entity presents interest expense on lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which is presented separately in the statement of profit or loss and other comprehensive income.
Distribution of non-cash assets to owners		
4.	IC 17.14, 15	When an entity settles the dividend payable, it recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss. An entity presents this difference as a separate line item in profit or loss.
Discontinued operations		
5.	5.34	Unlike the statement of financial position, the comparative figures for discontinued operations would be restated to include information for all operations that have been discontinued by the end of the reporting period for the latest period presented.
Other comprehensive income relating to non-current asset classified as held for sale		
6.	5.38	An entity presents separately any cumulative income or expense recognised in other comprehensive income relating to a non-current asset (or disposal group) classified as held for sale.

Appendix 3 - Explanatory note to the statements of changes in equity

No. Reference Entities without share capital

1. 101.80 An entity without share capital (e.g. a partnership or trust) discloses information equivalent to that required for other entities, showing changes during the period in each category of equity interest and the rights, preferences and restrictions attaching to each category of equity interest.

Presentation of analysis of other comprehensive income

2. 101.106A An entity presents either in the statement of changes in equity or in the notes an analysis of other comprehensive income by item for each component of equity in accordance with paragraph 106A of MFRS 101. In these Illustrative Financial Statements, we have presented the analysis of other comprehensive income by item in the statement of changes in equity.

Treasury shares

3. S127 Entities in Malaysia refer to section S127 of the Companies Act 2016 on purchases of own shares.

132.33 An entity presents own shares purchased as a deduction from equity. Consideration received when own shares held are reissued is presented as a change in equity, and no gain or loss is recognised.

Share-based payment transactions

4. MFRS 2 does not address specifically how share-based payment transactions are presented within equity, e.g. whether an increase in equity in connection with a share-based payment transaction is presented in a separate line item within equity or within retained earnings. In our view, either approach would be allowed under MFRS Accounting Standards.

Appendix 3 - Explanatory note to the statements of cash flows

No. Reference Operating activities

1. 107.18 In these Illustrative Financial Statements, we have presented cash flows from operating activities using the indirect method whereby the profit or loss for the period is adjusted for the effects of non-cash transactions, accruals and deferrals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. An entity also may present operating cash flows using the direct method, disclosing major classes of gross cash receipts and payments related to operating activities. Appendix 2 of this publication illustrates a statement of cash flows prepared under the direct method.

107.18, 20, IE A For an entity that elects to present operating cash flows using the indirect method, often there is confusion about the correct starting point: should it be profit or loss, (i.e. the final figure in the statement of profit or loss and other comprehensive income), or can a different figure, such as profit before tax, be used? MFRS 107 refers to profit or loss, but the example provided in the appendix to the standard starts with a different figure (i.e. profit before taxation). Both approaches have been seen in practice.

19.165 An entity discloses investing and financing transactions that are excluded from the statement of cash flows where they do not require the use of cash or cash equivalents in a way that provides all relevant information about these activities.

Cash flow from hedging activities

2. 107.16(h) An entity presents receipts from future, forward, option and swap contracts as part of either investing or financing activities, provided that they are not held for dealing or trading purposes in which case they should be presented as part of the operating activities. However, when a contract is accounted for as a hedge of an identifiable position, as in this fictitious company, the cash flows of the contracts are classified in the same manner as the cash flows of the positions being hedged. For example, cash flows arising from an interest rate swap entered into to hedge a bond issued is classified as financing activity.

Gross cash receipts and payments

3. 107.21 An entity discloses separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities, except to the extent that the cash flows are reported on a net basis.

107.22 Cash flows from operating, investing or financing activities may be reported on a net basis if the cash receipts and payments are on behalf of customers when the cash flows reflect the activities of the customer or when the cash receipts and payments for items concerned turnover quickly, the amounts are large, and the maturities are short.

Significant financing component - contract assets and contract liabilities

4. 107.18(b) If interest expense is recognised due to a significant financing component in respect of a contract liability and an entity applies the indirect method to present cash flows from operating activities, then the interest is presented as a non-cash transaction in the reconciliation.

Conversely, if interest income is recognised in respect of a contract asset, then that interest is presented as a cash transaction.

Interest and dividends

5. 107.31 MFRS Accounting Standards do not specify the classification of cash flows from interest and dividends received and paid. An entity is required to choose its own policy for classifying interest and dividends paid as either operating or financing activities, and interest and dividends received as either operating or investing activities, depending on the nature of the interest and dividends received or paid. The presentation selected is applied consistently.

In our view, to the extent that borrowing costs are capitalised in respect of qualifying assets, the cost of acquiring those assets which would include borrowing costs should be split in the statement of cash flows. In such circumstances, the interest paid will be included in operating or financing activities depending on the entity's accounting policy for presenting interest paid in the statement of cash flows. This is consistent with the requirement to classify separately the different components of a single transaction.

Appendix 3 - Explanatory note to the statements of cash flows (continued)

No.	Reference	Taxes paid
6.	107.35	Taxes paid are classified as operating activities unless it is practicable to identify them with, and therefore classify them as financing or investing activities.
Transaction cost associated with a business combination		
7.	107.16(h)	In our view, in the consolidated financial statements transaction costs associated with a business combination, although ancillary to the assets acquired, are classified as operating activities since the transaction costs are not capitalised.
Cash flows from discontinued operations		
8.	107.39	In these Illustrative Financial Statements, we have presented statements of cash flows that include an analysis of all cash flows in total, i.e. including both continuing and discontinued operations. Amounts related to discontinued operations by operating, investing and financing activities are disclosed in the notes. However, in our view there are numerous ways in which cash flows from discontinued operations may be presented.
Total cash outflow for leases		
9.	19.115(f)	A lessee shall disclose the total cash outflow for leases. The Group disclosed additional information for cash outflows arising from different elements of its leases and presented this information within the statement of cash flows.
Reconciliation of movements of liabilities to cash flows arising from financing activities		
10.	19.166	An entity shall provide information to enable users to evaluate changes in liabilities arising from financing activities that includes both cash flows and non-cash changes. This includes but not limited the following: <ul style="list-style-type: none"> • changes from financing cash flows; • changes arising from obtaining or losing control of subsidiaries or other business; • the effect of changes in foreign exchange rate; • changes in fair value; and • other changes.
101.30A		When aggregating information in the financial statements, an entity takes into account all relevant facts and circumstances. An entity shall not reduce the understandability of its financial statements by aggregating material items that have different natures or functions.