

Registration No: 195801000175 (025457-V)

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

FINANCIAL REPORT
for the financial year ended 31 December 2024

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

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BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Economic Entity and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company, a financial institution with the primary objective of promoting home ownership, is principally engaged in providing end finance to house owners and other property owners and bridging finance to developers.

RESULTS

	Economic Entity RM	The Company RM
Profit after taxation for the financial year	27,929,244	27,878,628

DIVIDENDS

The Company paid a final dividend of 6.33 sen per ordinary share amounting to RM8,000,000 for the financial year ended 31 December 2023 on 2 December 2024.

On 24 June 2025, the Company declared a final dividend of 11.07 sen per ordinary share amounting to RM14,000,000 in respect of the current financial year. The financial statements for the current financial year do not reflect this final dividend. Such dividend will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 December 2025.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Economic Entity and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Economic Entity and of the Company.

CURRENT ASSETS

Before the financial statements of the Economic Entity and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Economic Entity and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Economic Entity and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent or other liability of the Economic Entity and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Economic Entity and of the Company to meet their obligations when they fall due.

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Economic Entity and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Economic Entity and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Economic Entity and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors who served during the financial year and up to the date of this report are as follows:-

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Haji Husain
Datuk Bolkiah Bin Ismail
Datu Hasmawati Binti Sapawi
Datuk Ahmad Rizal Bin Dahli
Datu Elean Binti Masa'at
Mohd Faizal Bin Mohd Tahir

DIRECTORS' INTERESTS

None of the directors in office at the end of the financial year held shares or had beneficial interests in the shares of the Company during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Economic Entity or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

INDEMNIFICATION OF OFFICERS

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and officers of the Company, are RM10,000,000 and RM42,238 respectively.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Crowe Malaysia PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Crowe Malaysia PLT during the financial period and up to the date of this report.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Economic Entity and of the Company during the financial year are as follows:-

	Economic Entity/The Company RM
Fees	278,549
Other emoluments	52,410
	<hr/>
	330,959
	<hr/>

SHAREHOLDERS

The Company is equally owned by the Sarawak State Financial Secretary, a body corporate constituted under the State Financial Secretary (Incorporation) Ordinance, 1948, and Qhazanah Sabah Bhd., a company wholly-owned by the State Government of Sabah.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

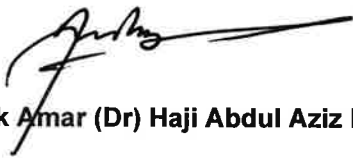
DIRECTORS' REPORT

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The audit fees of the Company for the financial year was RM120,000.

Signed on behalf of the Board in accordance with a resolution of the directors dated **24 JUN 2025**



Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Haji Husain



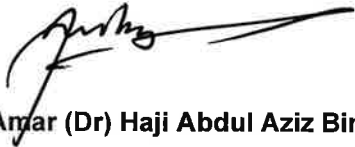
Datuk Ahmad Rizal Bin Dahli

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT 2016**

We, Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Haji Husain and Datuk Ahmad Rizal Bin Dahli, being two of the directors of Borneo Housing Mortgage Finance Berhad, state that, in the opinion of the directors, the financial statements set out on pages 10 to 64 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Economic Entity and of the Company as of 31 December 2024 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated **24 JUN 2025**



Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Haji Husain



Datuk Ahmad Rizal Bin Dahli

**STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Datin Hjh Fauziah Bt Datuk Seri Panglima Abu Bakar Titingan, being the officer primarily responsible for the financial management of Borneo Housing Mortgage Finance Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 64 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Datin Hjh Fauziah Bt Datuk Seri Panglima Abu Bakar Titingan
Kuching
in the State of Sarawak
on this

24 JUN 2025



**Datin Hjh Fauziah Bt
Datuk Seri Panglima Abu Bakar Titingan**

Before me

PHANG DAH NAN
Commissioner For Oaths
No. 55, 1st Floor,
Jalan Chan Bee Kiew
Off Jalan Padungan,
93100 Kuching, Sarawak.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BORNEO HOUSING MORTGAGE FINANCE BERHAD**

(Incorporated in Malaysia)

Registration No: 195801000175 (025457-V)

Report on the Financial Statements

We have audited the financial statements of Borneo Housing Mortgage Finance Berhad, which comprise the statements of financial position as at 31 December 2024 of the Economic Entity and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Economic Entity and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 10 to 64.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Economic Entity and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Economic Entity and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Economic Entity and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Economic Entity and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BORNEO HOUSING MORTGAGE FINANCE BERHAD (CONT'D)**
(Incorporated in Malaysia)
Registration No: 195801000175 (025457-V)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Economic Entity and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Economic Entity and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Economic Entity and of the Company, the directors are responsible for assessing the Economic Entity's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Economic Entity or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BORNEO HOUSING MORTGAGE FINANCE BERHAD (CONT'D)**

(Incorporated in Malaysia)

Registration No: 195801000175 (025457-V)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

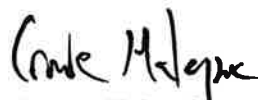
As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: - (Cont'd)

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

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

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuching

24 June 2025



Chin Su Su
03436/05/2027 J
Chartered Accountant

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		Economic Entity		The Company	
		2024	2023	2024	2023
NOTE		RM	RM	RM	RM
ASSETS					
Cash and bank balances	6	28,778,799	13,090,695	28,778,799	13,090,695
Deposits and placements with financial institutions	7	65,000,000	74,000,000	65,000,000	74,000,000
Loan/financing receivables	8	1,123,700,757	1,084,369,478	1,123,700,757	1,084,369,478
Other receivables	9	1,545,298	1,611,922	1,545,298	1,611,922
Assets held for sale	10	37,860	19,942	37,860	19,942
Investments in associates	11	8,739,528	8,688,912	4,000,000	4,000,000
Property, plant and equipment	12	11,269,695	11,728,690	11,269,695	11,728,690
Right-of-use assets	13	9,566,872	6,695,627	9,566,872	6,695,627
Deferred tax assets	14	2,468,953	2,961,974	2,468,953	2,961,974
Current tax assets		392,729	-	392,729	-
TOTAL ASSETS		1,251,500,491	1,203,167,240	1,246,760,963	1,198,478,328
LIABILITIES					
Deposits from customers	15	764,703,704	725,248,311	764,703,704	725,248,311
Borrowings	16	1,000,000	1,000,000	1,000,000	1,000,000
Other payables and accruals	17	28,363,776	40,557,066	28,363,776	40,557,066
Accrued expenses		419,773	1,125,662	419,773	1,125,662
Provision for gratuity and defined benefit obligations	18	7,396,212	7,003,174	7,396,212	7,003,174
Lease liabilities	19	3,024,451	81,525	3,024,451	81,525
Current tax liabilities		-	1,488,171	-	1,488,171
TOTAL LIABILITIES		804,907,916	776,503,909	804,907,916	776,503,909
EQUITY					
Share capital	20	154,420,084	154,420,084	154,420,084	154,420,084
General reserve	21	123,499,884	118,499,884	123,499,884	118,499,884
Retained earnings	21	168,672,607	153,743,363	163,933,079	149,054,451
TOTAL EQUITY		446,592,575	426,663,331	441,853,047	421,974,419
TOTAL EQUITY AND LIABILITIES		1,251,500,491	1,203,167,240	1,246,760,963	1,198,478,328

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	NOTE	Economic Entity		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
INTEREST/PROFIT INCOME	22	83,065,578	79,443,061	83,065,578	79,443,061
INTEREST/PROFIT EXPENSES	23	(30,371,204)	(29,680,971)	(30,371,204)	(29,680,971)
NET INTEREST INCOME		52,694,374	49,762,090	52,694,374	49,762,090
OTHER INCOME	24	5,236,482	5,856,577	5,236,482	5,856,577
		57,930,856	55,618,667	57,930,856	55,618,667
ADMINISTRATIVE EXPENSES		(14,284,418)	(14,231,886)	(14,284,418)	(14,231,886)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	25	(7,003,304)	(3,571,726)	(7,003,304)	(3,571,726)
FINANCE COSTS		(152,385)	(13,819)	(152,385)	(13,819)
SHARE OF PROFITS OF EQUITY ACCOUNTED ASSOCIATES		50,616	301,598	-	-
PROFIT BEFORE TAXATION	26	36,541,365	38,102,834	36,490,749	37,801,236
INCOME TAX EXPENSES	27	(8,612,121)	(9,591,312)	(8,612,121)	(9,591,312)
PROFIT AFTER TAXATION		27,929,244	28,511,522	27,878,628	28,209,924
OTHER COMPREHENSIVE INCOME					
<u>Item that Will Not be Reclassified</u> <u>Subsequently to Profit or Loss</u> Remeasurement of defined benefit obligations		-	(610,967)	-	(610,967)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		27,929,244	27,900,555	27,878,628	27,598,957

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

The Economic Entity	NOTE	Share Capital RM	General Reserve RM	Retained Profits RM	Total Equity RM
At 1.1.2023		154,420,084	113,499,884	150,842,808	418,762,776
Profit after taxation for the financial year		-	-	28,511,522	28,511,522
Other comprehensive income for the financial year					
- Remeasurement of defined benefit obligations	18	-	-	(610,967)	(610,967)
Transfer to general reserve		-	5,000,000	(5,000,000)	-
Dividends	28	-	-	(20,000,000)	(20,000,000)
Balance at 31.12.2023/1.1.2024		154,420,084	118,499,884	153,743,363	426,663,331
Profit after taxation for the financial year		-	-	27,929,244	27,929,244
Transfer to general reserve		-	5,000,000	(5,000,000)	-
Dividends	28	-	-	(8,000,000)	(8,000,000)
Balance at 31.12.2024		154,420,084	123,499,884	168,672,607	446,592,575

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)**

The Company	NOTE	Share Capital RM	General Reserve RM	Retained Profits RM	Total Equity RM
At 1.1.2023		154,420,084	113,499,884	146,455,494	414,375,462
Profit after taxation for the financial year		-	-	28,209,924	28,209,924
Other comprehensive income for the financial year					
- Remeasurement of defined benefit obligations	18	-	-	(610,967)	(610,967)
Transfer to general reserve		-	5,000,000	(5,000,000)	-
Dividends	28	-	-	(20,000,000)	(20,000,000)
Balance at 31.12.2023/1.1.2024		154,420,084	118,499,884	149,054,451	421,974,419
Profit after taxation for the financial year		-	-	27,878,628	27,878,628
Transfer to general reserve		-	5,000,000	(5,000,000)	-
Dividends	28	-	-	(8,000,000)	(8,000,000)
Balance at 31.12.2024		154,420,084	123,499,884	163,933,079	441,853,047

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Economic Entity		The Company	
	2024	2023	2024	2023
NOTE	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	36,541,365	38,102,834	36,490,749	37,801,236
Adjustments for:-				
Allowance for impairment losses:				
- loan/financing receivables	6,902,380	3,422,617	6,902,380	3,422,617
- bank guarantee	93,923	160,852	93,923	160,852
Bad debts written off	-	14,800	-	14,800
Depreciation of property, plant and equipment	680,076	754,157	680,076	754,157
Depreciation of right-of-use assets	307,600	315,918	307,600	315,918
Defined benefit obligation	740,065	551,392	740,065	551,392
Interest expense	152,385	13,819	152,385	13,819
Property, plant and equipment written off	12,038	630	12,038	630
Gain on disposal of property, plant and equipment	(16,831)	(2,050)	(16,831)	(2,050)
Interest income from fixed and short-term deposits	(3,553,485)	(4,274,346)	(3,553,485)	(4,274,346)
Share of profits of equity accounted associates	(50,616)	(301,598)	-	-
Operating profit before working capital changes	41,808,900	38,759,025	41,808,900	38,759,025
(Increase)/Decrease in deposits and placements with financial institution with maturity more than one month	(5,000,000)	40,000,000	(5,000,000)	40,000,000
Increase in loan/financing receivables	(46,233,659)	(24,243,820)	(46,233,659)	(24,243,820)
Increase/(Decrease) in other receivables	66,624	(497,854)	66,624	(497,854)
Increase/(Decrease) in deposits from customers	39,455,393	(29,439,553)	39,455,393	(29,439,553)
(Decrease)/Increase in other payables	(6,287,213)	6,843,197	(6,287,213)	6,843,197
Decrease in accrued expenses	(705,889)	(959,396)	(705,889)	(959,396)
Decrease in provisions for gratuity and defined benefits obligations	(347,027)	(312,332)	(347,027)	(312,332)
CASH FROM OPERATIONS	22,757,129	30,149,267	22,757,129	30,149,267
Interest paid	(154)	(3,341)	(154)	(3,341)
Income tax paid	(10,000,000)	(11,038,788)	(10,000,000)	(11,038,788)
NET CASH FROM OPERATING ACTIVITIES	12,756,975	19,107,138	12,756,975	19,107,138

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)**

		Economic Entity		The Company	
	NOTE	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		16,831	2,050	16,831	2,050
Purchase of property, plant and equipment		(251,037)	(324,356)	(251,037)	(324,356)
Interest income received		3,553,485	4,274,346	3,553,485	4,274,346
NET CASH FROM INVESTING ACTIVITIES		3,319,279	3,952,040	3,319,279	3,952,040
CASH FLOWS FOR FINANCING ACTIVITIES					
Drawdown of revolving credits	29(a)	-	1,000,000	-	1,000,000
Dividend paid		(14,000,000)	(14,000,000)	(14,000,000)	(14,000,000)
Interest paid		(152,231)	(10,478)	(152,231)	(10,478)
Repayment of lease liabilities	29(a)	(235,919)	(334,523)	(235,919)	(334,523)
NET CASH FOR FINANCING ACTIVITIES		(14,388,150)	(13,345,001)	(14,388,150)	(13,345,001)
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		1,688,104	9,714,177	1,688,104	9,714,177
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		27,090,695	17,376,518	27,090,695	17,376,518
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	29(c)	28,778,799	27,090,695	28,778,799	27,090,695

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

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

Registered office	:	Lot 13499, 13500 & 13501, Section 65, Kuching Town Land District, Medan Hamizan, Jalan Tun Abdul Rahman Yaakub, 93050 Petra Jaya, Kuching, Sarawak, Malaysia.
Principal place of business	:	Menara Borneo Housing, Lot No. 48, Jalan Ikan Juara 2, Sadong Jaya, Karamunsing, 88100 Kota Kinabalu, Sabah, Malaysia. Lot 13499, 13500 & 13501, Section 65, Kuching Town Land District, Medan Hamizan, Jalan Tun Abdul Rahman Yaakub, 93050 Petra Jaya, Kuching, Sarawak, Malaysia.

The financial statements of the Company are separate financial statements, while the financial statements of the Economic Entity include the financial statements of the Company and its investments in associates made up to the end of the reporting period.

The financial statements of the Company and of the Economic Entity are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 June 2025.

2. SHAREHOLDERS

The Company is equally owned by the Sarawak State Financial Secretary, a body corporate constituted under the State Financial Secretary (Incorporation) Ordinance, 1948, and Qhazanah Sabah Bhd., a company wholly-owned by the State Government of Sabah.

3. PRINCIPAL ACTIVITIES

The Company, a financial institution with the primary objective of promoting home ownership, is principally engaged in providing end finance to house owners and other property owners and bridging finance to developers.

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 4.1 During the current financial year, the Economic Entity and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Economic Entity and of the Company.

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BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. BASIS OF PREPARATION (CONT'D)

- 4.2 The Economic Entity and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Economic Entity and of the Company upon their initial application except as follows:-

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Economic Entity and of the Company has yet to be assessed.

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BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. MATERIAL ACCOUNTING POLICY INFORMATION

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Loan/Financing Receivables

The Economic Entity and the Company use the three-stage general approach to estimate a lifetime expected credit loss allowance for all loan/financing receivables. The Economic Entity and the Company develops the expected loss rates based on the internally developed statistical models, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of loan/financing receivables. The carrying amount of loan/financing receivables as at the reporting date is disclosed in Note 8 to the financial statements.

(b) Defined Benefit Obligations

The cost of defined benefit plan is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, expected rates of return of assets, future salary increases, mortality rates and future benefit increases.

Due to complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least an 'AA' rating or above, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the country. Future salary increases and benefit increases are based on expected future inflation rates for the country. The carrying amount of defined benefit obligations as at the reporting date is disclosed in Note 18 to the financial statements.

(c) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount deferred tax assets as at the reporting date is disclosed in Note 14 to the financial statements.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Economic Entity and of the Company which will have a significant effect on the amounts recognised in the financial statements.

5.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial Assets Through Other Comprehensive Income

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

The carrying amount of the asset (other than debt instrument measured at FVOCI) is reduced through the use of an allowance account and the loss is recognised in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

The impairment loss for a debt instrument measured at FVOCI does not reduce the carrying amount of the financial asset which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as an accumulated impairment amount, with a corresponding charge to profit or loss.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.2 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Financial Assets Through Other Comprehensive Income (Cont'd)

The accumulated loss recognised in other comprehensive income is reclassified to the profit or loss upon the derecognition of the financial asset. For loan/financing commitments and financial guarantee contracts, the loss allowance is recognised as expected credit losses on loan/financing commitments and financial guarantees which is reported under 'other payables' in the statements of financial position.

Modification of loans/financing

Where a loan/financing shows evidence of significant credit weaknesses, the Economic Entity and the Company sometimes renegotiate or otherwise modify the contractual cash flows of the loans/financing rather than take possession of the collateral. When this happens, the Economic Entity and the Company assess whether the new terms are substantially different from the original terms. The Economic Entity and the Company consider, among others, the following factors:-

- (a) If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- (b) Whether any substantial new terms are introduced that substantially affects the risk profile of the loan/financing;
- (c) Significant extension of the loan/financing term;
- (d) Significant change in the interest/profit rate; and
- (e) Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan/financing.

The Economic Entity and the Company derecognised a loan/financing when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan/financing and recalculates a new effective interest/profit rate for the loan/financing. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Economic Entity and the Company also assess whether the new loan/financing recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition and impairment continues to be assessed for significant increase in credit risk compared to the credit risk at initial origination.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.2 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Write-off policy

Where a loan/financing is uncollectible, it is written off against the related allowance for loan/financing impairment. Such loans/financing are written off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off are recognised in profit or loss.

(b) Financial Liabilities

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

(d) Financial Guarantee Contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Economic Entity, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Economic Entity has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, an investment in an associate is recognised initially in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Economic Entity's share of the profit or loss and other comprehensive income of the associate. When the Economic Entity's share of losses of an associate exceeds the Economic Entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Economic Entity's net investment in the associate), the Economic Entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Economic Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Economic Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Economic Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Economic Entity's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Economic Entity discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Economic Entity retains an interest in the former associate and the retained interest is a financial asset, the Economic Entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 INVESTMENTS IN ASSOCIATES (CONT'D)

In addition, the Economic Entity accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Economic Entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Economic Entity reduces its ownership interest in an associate but the Economic Entity continues to use the equity method, the Economic Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Economic Entity, profits and losses resulting from the transactions with the associate are recognised in the Economic Entity's consolidated financial statements only to the extent of interests in the associate that are not related to the Economic Entity.

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

5.4 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Buildings	2%
Motor vehicles	15%
Office equipment, furniture, fittings and renovation	12.5% - 33.3%

5.5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Short-term Leases and Leases of Low value Assets

The Economic Entity and the Company apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Economic Entity and the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

5.6 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Economic Entity and the Company.

(b) Defined Contribution Plans

The Economic Entity's and the Company's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Economic Entity and the Company have no further liability in respect of the defined contribution plans.

(c) Defined Benefit Plans

The Economic Entity and the Company operate an unfunded defined benefit plan for qualifying employees of its branches in Sabah and Sarawak. Under the plans, the employees are entitled to retirement benefits of one month final salary for each of service upon attaining the mandatory retirement age of sixty (60) or optional retirement age or passed away before attaining the retirement age. The amount payable under this plan will be net off the amount paid under the previous two retirement schemes, namely Staff Provident Fund and Gratuity Retrenchment Fund.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.6 EMPLOYEE BENEFITS (CONT'D)

(c) Defined Benefit Plans (Cont'd)

The Economic Entity and the Company have since ceased further contributions to the previous two retirement schemes and that the Staff Provident Fund had been transferred to Employees' Provident Fund in 2010, by virtue of the deed of dissolution and discharge dated 25 January 2010. However, contributions accrued under the Gratuity Retrenchment Fund will only be disbursed to the staff upon them attaining the mandatory retirement age of sixty (60) or optional retirement age or passed away before attaining the age.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on the high quality corporate bond) at the reporting date reduced by the fair value of plan assets (if any), adjusted for an effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately on other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent period.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity of expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.6 EMPLOYEE BENEFITS (CONT'D)

(c) Defined Benefit Plans (Cont'd)

The Company's right to be reimbursed for some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when, and only when, reimbursement is virtually certain

6. CASH AND BANK BALANCES

	Economic Entity/The Company	
	2024	2023
	RM	RM
Cash and bank balances	28,785,800	13,090,695
Allowance for impairment losses	(7,001)	-
	<u>28,778,799</u>	<u>13,090,695</u>
Allowance for impairment losses:		
Stage 1 - 12 months ECL:		
At 1 January	-	11,743
Addition/(Reversal) during the financial year	7,001	(11,743)
At 31 December	<u>7,001</u>	<u>-</u>

7. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Economic Entity/The Company	
	2024	2023
	RM	RM
Deposits and placements with financial institutions with original maturity of:		
- Within one month	-	14,000,000
- More than one month	65,000,000	60,000,000
	<u>65,000,000</u>	<u>74,000,000</u>

The deposits and placements with financial institutions of the Economic Entity and of the Company at the end of the reporting period bore interest rates ranging from 3.55% to 3.65% (2023 – 3.50% to 3.90%) per annum. The deposits and placements with financial institutions have maturity periods ranging from 3 to 6 (2023 – 1 to 3) months for the Economic Entity and the Company.

BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****8. LOAN/FINANCING RECEIVABLES**

	Economic Entity/The Company	
	2024	2023
	RM	RM
Mortgage loan/financing receivables:		
- End finance loans/financing	838,200,932	830,377,236
- Bridging loans	179,662,013	167,139,483
- Revolving loans	127,783,361	104,761,047
- Term loans	17,272,411	15,086,945
	1,162,918,717	1,117,364,711
Unsecured loans receivable	3,449,979	2,900,895
Gross loan/financing receivables	1,166,368,696	1,120,265,606
Allowance for impairment losses		
- Stage 1 - 12 months ECL	(251,855)	(244,250)
- Stage 2 - Lifetime ECL not credit impaired	(218,022)	(145,654)
- Stage 3 - Lifetime ECL credit impaired	(42,198,062)	(35,506,224)
	(42,667,939)	(35,896,128)
	1,123,700,757	1,084,369,478
Allowance for impairment losses:-		
At 1 January	35,896,128	34,842,527
Addition during the year	6,902,380	3,803,945
Reversal during the year	-	(381,329)
Written off during the year	(130,569)	(2,369,015)
At 31 December	42,667,939	35,896,128

- (a) The mortgage loan/financing receivables are mainly secured by freehold or leasehold properties. The weighted average effective interest/profit rate of the Economic Entity and the Company is 7.27% (2023 – 7.16%) per annum.

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BORNEO HOUSING MORTGAGE FINANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8. LOAN/FINANCING RECEIVABLES (CONT'D)

(b) The maturity structure of gross loan/financing receivables are as follows:-

	Economic Entity/The Company	
	2024 RM	2023 RM
Maturing within one year	339,150,273	237,731,868
One year to three years	38,212,036	39,247,944
Three years to five years	40,045,543	39,723,643
Over five years	748,960,844	803,562,151
	1,166,368,696	1,120,265,606

(c) The exposure to credit risk for gross loan/financing receivables are as follows:

	Economic Entity/The Company	
	2024 RM	2023 RM
Stage 1	926,079,482	886,383,000
Stage 2	218,022	16,978,334
Stage 3	240,071,192	216,904,272
	1,166,368,696	1,120,265,606

9. OTHER RECEIVABLES

	Economic Entity/The Company	
	2024 RM	2023 RM
Other receivables	30,683	9,050
Staff loans and advances	1,381,590	1,469,921
Deposits	133,025	132,951
	1,545,298	1,611,922

Staff loans and advances are unsecured and bears weighted average effective interest rate of 3.50% (2023 – 3.50%) per annum.

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**NOTES TO THE FINANCIAL STATEMENTS
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	Economic Entity/The Company	
	2024	2023
	RM	RM
Buildings	37,860	19,942

11. INVESTMENTS IN ASSOCIATES

	Economic Entity		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Unquoted shares, at cost	4,000,000	4,000,000	4,000,000	4,000,000
Share of post acquisition reserves	4,739,528	4,688,912	-	-
	8,739,528	8,688,912	4,000,000	4,000,000

(a) The details of the associates are as follows:-

Name of Associate	Country of Incorporation and Principal Place of Business	Percentage of Ownership Interest		Principal Activities
		2024 %	2023 %	
BHMF Realty Sdn. Bhd.	Malaysia	40	40	Property development
Held through BHMF Realty Sdn. Bhd. Cendana Emas Sdn. Bhd.	Malaysia	40	40	Investment holding and property management

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**NOTES TO THE FINANCIAL STATEMENTS
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11. INVESTMENTS IN ASSOCIATES (CONT'D)

(b) The summarised financial information for associates are as follows:-

	BHMF Realty and its subsidiary	
	2024	2023
	RM	RM
<u>At 31 December</u>		
Non-current assets	16,849,726	16,952,031
Current assets	5,286,037	5,242,517
Current liabilities	(286,944)	(472,269)
Net assets	21,848,819	21,722,279
<u>12-month Period Ended 31 December</u>		
Revenue	340,200	340,200
Profit for the financial year	126,540	753,994
Total comprehensive income	126,540	753,994
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets	8,688,912	8,387,314
Profit for the year	50,616	301,598
Carrying amount of the Economic Entity's interests in associates	8,739,528	8,688,912

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BORNEO HOUSING MORTGAGE FINANCE BERHAD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

12. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2024 RM	Addition RM	Classified as Held for Sale (Note 10) RM	Written Off RM	Depreciation Charge RM	At 31.12.2024 RM
Economic Entity/The Company						
<i>Carrying Amount</i>						
Buildings	11,028,964	-	(17,918)	-	(285,996)	10,725,050
Motor vehicles	139,828	-	-	-	(59,682)	80,146
Office equipment, furniture, fittings and renovation	559,898	251,037	-	(12,038)	(334,398)	464,499
	11,728,690	251,037	(17,918)	(12,038)	(680,076)	11,269,695

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BORNEO HOUSING MORTGAGE FINANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

	At 1.1.2023 RM	Addition RM	Classified as Held for Sale (Note 10) RM	Written Off RM	Depreciation Charge RM	At 31.12.2023 RM
Economic Entity/The Company						
<i>Carrying Amount</i>						
Buildings	11,343,086	-	(19,942)	-	(294,180)	11,028,964
Motor vehicles	199,780	-	-	-	(59,952)	139,828
Office equipment, furniture, fittings and renovation	636,197	324,356	-	(630)	(400,025)	559,898
	12,179,063	324,356	(19,942)	(630)	(754,157)	11,728,690

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Economic Entity/The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2024			
Buildings	14,300,000	(3,574,950)	10,725,050
Motor vehicles	994,105	(913,959)	80,146
Office equipment, furniture, fittings and renovation	10,300,008	(9,835,509)	464,499
	<u>25,594,113</u>	<u>(14,324,418)</u>	<u>11,269,695</u>

Economic Entity/The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2023			
Buildings	14,350,731	(3,321,767)	11,028,964
Motor vehicles	1,162,418	(1,022,590)	139,828
Office equipment, furniture, fittings and renovation	10,208,508	(9,648,610)	559,898
	<u>25,721,657</u>	<u>(13,992,967)</u>	<u>11,728,690</u>

13. RIGHT-OF-USE ASSETS

Economic Entity/The Company	At 1.1.2024 RM	Additions RM	Depreciation Charge RM	At 31.12.2024 RM
<i>Carrying Amount</i>				
Leasehold land	6,609,556	-	(7,537)	6,602,019
Office building	86,071	3,178,845	(300,063)	2,964,853
	<u>6,695,627</u>	<u>3,178,845</u>	<u>(307,600)</u>	<u>9,566,872</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

13. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.1.2023 RM	Additions RM	Depreciation Charge RM	At 31.12.2023 RM
Economic Entity/The Company				
<i>Carrying Amount</i>				
Leasehold land	6,617,093	-	(7,537)	6,609,556
Office building	350,698	43,754	(308,381)	86,071
	<u>6,967,791</u>	<u>43,754</u>	<u>(315,918)</u>	<u>6,695,627</u>

- (a) The Economic Entity and the Company had lease contracts for leasehold land and office building used in its operations. Their lease terms range from 2 to 999 (2023 – 2 to 999) years.
- (b) The Economic Entity and the Company have leases with lease terms of 12 months or less. The Economic Entity and the Company have applied the 'short-term lease' recognition exemptions for these leases.

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BORNEO HOUSING MORTGAGE FINANCE BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

14. DEFERRED TAX ASSETS

	At 1.1.2024 RM	Recognised in Profit or Loss (Note 27) RM	At 31.12.2024 RM
Economic Entity/The Company			
2024			
<i>Deferred Tax Assets</i>			
Allowance for impairment losses of loan/ financing receivables	1,219,218	(715,678)	503,540
Property, plant and equipment	61,994	128,328	190,322
Provision for gratuity and defined benefit obligation	1,680,762	94,329	1,775,091
	<u>2,961,974</u>	<u>(493,021)</u>	<u>2,468,953</u>

	At 1.1.2023 RM	Recognised in Profit or Loss (Note 27) RM	At 31.12.2023 RM
Economic Entity/The Company			
2023			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	(131,620)	131,620	-
<i>Deferred Tax Assets</i>			
Allowance for impairment losses of loan/ financing receivables	785,928	433,290	1,219,218
Property, plant and equipment	-	61,994	61,994
Provision for gratuity and defined benefit obligation	1,476,755	204,007	1,680,762
	<u>2,262,683</u>	<u>699,291</u>	<u>2,961,974</u>
	<u>2,131,063</u>	<u>830,911</u>	<u>2,961,974</u>

BORNEO HOUSING MORTGAGE FINANCE BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15. DEPOSITS FROM CUSTOMERS

	Economic Entity/The Company	
	2024	2023
	RM	RM
Fixed deposits	763,503,005	723,989,919
Savings deposits	1,200,699	1,258,392
	<u>764,703,704</u>	<u>725,248,311</u>

- (a) These deposits are sourced from the following types of customers:-

	Economic Entity/The Company	
	2024	2023
	RM	RM
State Government of Sarawak	660,000,000	625,000,000
State-owned enterprises and institutions	41,154,347	40,089,208
Associate	4,295,020	3,340,683
Other business enterprises and individuals	59,254,337	56,818,420
	<u>764,703,704</u>	<u>725,248,311</u>

- (b) The maturity structure of deposits from customers is as follows:-

	Economic Entity/The Company	
	2024	2023
	RM	RM
Within one year	764,254,274	724,308,938
More than one year	449,430	939,373
	<u>764,703,704</u>	<u>725,248,311</u>

- (c) The deposits from customers of the Economic Entity and of the Company at the end of the reporting period bore interest rates ranging from 2.40% to 4.10% (2023 – 1.50% to 4.05%) per annum.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****16. BORROWINGS**

	Economic Entity/The Company	
	2024	2023
	RM	RM
Unsecured:-		
Revolving credit	1,000,000	1,000,000
(a) No security is being pledged for the borrowing facilities.		
(b) The borrowings at the end of the reporting period bore weighted average effective interest rate as follows:-		

	Economic Entity/The Company	
	2024	2023
	%	%
Revolving credit	4.33	4.39

17. OTHER PAYABLES

	Economic Entity/The Company	
	2024	2023
	RM	RM
Amount owing to associates	(a) 1,092,648	2,192,850
Amount owing to Supplementary Housing Loan Fund of the State Government of Sabah	(b) 17,227,660	17,613,745
Interest payable	2,463,784	8,819,171
Other payables	(c) 7,253,184	11,698,723
	28,037,276	40,324,489
Expected credit losses on bank guarantee at Stage 1:-		
At 1 January	232,577	71,725
Addition during the year	93,923	160,852
At 31 December	326,500	232,577
	28,363,776	40,557,066

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17. OTHER PAYABLES (CONT'D)

- (a) Amounts owing to associates mainly represents rental payable and management service fee received on behalf for the associates. The amount is unsecured, interest-free and repayable upon demand.
- (b) The Supplementary Housing Loan Fund of the State Government of Sabah is established pursuant to an agreement entered between the State Government of Sabah and the Company on 1 January 1971. The Fund shall be managed by the Company and that the Fund shall be used to provide Supplementary Loans to state government officers and other employees of the Government for the purchase of residential houses.

The amount owing to Supplementary Housing Loan Fund of the State Government of Sabah bears interest at 3.00% (2023 - 3.00%) per annum.

- (c) Included in other payables are project management accounts of developers amounting to RM3,205,651 (2023 - RM2,032,151).

18. PROVISION FOR GRATUITY AND DEFINED BENEFIT OBLIGATIONS

	Economic Entity/The Company	
	2024	2023
	RM	RM
Provision for gratuity	14,220	14,220
Defined benefit obligations	7,381,992	6,988,954
	<u>7,396,212</u>	<u>7,003,174</u>

- (a) Provision for gratuity

This is in respect of Gratuity Retrenchment Fund. Contributions accrued under the Gratuity Retrenchment Fund will only be disbursed to the staff upon them attaining the mandatory retirement age of sixty (60) or optional retirement age or passed away before attaining the retirement age.

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BORNEO HOUSING MORTGAGE FINANCE BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

18. PROVISION FOR GRATUITY AND DEFINED BENEFIT OBLIGATIONS (CONT'D)

(b) Defined benefit obligations

The Company operates an unfunded defined benefit plan for qualifying employees of its branches in Sabah and Sarawak. Under the plan, the employees are entitled to retirement benefits of one month final salary for each year of service upon attaining the mandatory retirement age of sixty (60) or optional retirement age or passed away before attaining the retirement age.

The following tables summarise the components of net benefit expense recognised in profit or loss and the amount recognised in the statements of financial position of the plan.

Changes in present value of defined benefit obligations are as follows:-

	Economic Entity/The Company	
	2024	2023
	RM	RM
At 1 January	6,988,954	6,138,927
Included in profit or loss:		
- Current service cost	424,523	310,340
- Interest cost	315,542	241,052
	740,065	551,392
Included in other comprehensive income:		
- Remeasurement	-	610,967
Benefits paid by the Company	(347,027)	(312,332)
At 31 December	7,381,992	6,988,954
Net benefit expense		

	Economic Entity/The Company	
	2024	2023
	RM	RM
Current service costs	424,523	310,340
Interest cost on benefits obligations	315,542	241,052
Net benefit expense, included in employee benefits expense (Note 26)	740,065	551,392

The cost of defined benefit plan and the present value of the obligations are determined using actuarial valuation. The actuarial valuation involved making various assumptions.

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18. PROVISION FOR GRATUITY AND DEFINED BENEFIT OBLIGATIONS (CONT'D)

(b) Defined benefit obligations (Cont'd)

The principal assumptions used in determining employee defined benefit liabilities are shown below:-

	Economic Entity/The Company	
	2024	2023
	%	%
Discount rate	4.60	4.60
Expected rate of salary increase	5.00	5.00

The average duration of the defined benefit obligations at the reporting date is 15.3 (2023 – 15.3) years.

19. LEASE LIABILITIES

	Economic Entity/The Company	
	2024	2023
	RM	RM
At 1 January	81,525	372,294
Addition	3,178,845	43,754
Interest expense recognised in profit or loss	109,081	10,478
Repayment of principal	(235,919)	(334,523)
Repayment of interest expense	(109,081)	(10,478)
	3,024,451	81,525
Analysed by:-		
Current liabilities	209,820	81,525
Non-current liabilities	2,814,631	-
	3,024,451	81,525

The weighted average leases incremental borrowing rate applied to lease liabilities is 4.20% (2023 – 4.20% to 4.53%) per annum.

As of 31 December 2024, all the lease liabilities represent rental of office buildings.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****20. SHARE CAPITAL**

	Economic Entity/The Company			
	2024 Number of Shares	2023	2024 RM	2023 RM
Issued And Fully Paid-Up				
Ordinary shares	126,420,084	126,420,084	154,420,084	154,420,084

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

21. GENERAL RESERVES

	Economic Entity		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Distributable reserves:-				
General reserves	123,499,884	118,499,884	123,499,884	118,499,884
Retained earnings	168,673,660	153,743,363	163,933,079	149,054,451
	292,173,544	272,243,247	287,432,963	267,554,335

- (a) General reserve represents amount set aside out of the profits of the Company which shall, at the discretion of the directors, be application for meeting contingencies, repair and maintenance of any works connected with the business of the Company, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Company may lawfully be applied.
- (b) The entire retained earnings of the Company is available for distribution as single tier tax-exempt dividend to the shareholders of the Company.

22. INTEREST/PROFIT INCOME

	Economic Entity/The Company	
	2024 RM	2023 RM
Mortgage loan/financing receivables:-		
End finance loans/financing	58,695,994	58,589,741
Bridging loans	14,650,595	13,465,280
Revolving loans	8,570,689	6,628,263
Term loans	1,049,959	702,002
Unsecured loans receivable	98,341	57,775
	83,065,578	79,443,061

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****22. INTEREST/PROFIT INCOME (CONT'D)**

The interest/profit income is recognised in the statements of comprehensive income on an accrual basis using the effective interest method.

23. INTEREST/PROFIT EXPENSE

	Economic Entity/The Company	
	2024	2023
	RM	RM
Deposits from:-		
Customers	29,844,028	29,152,229
Supplementary Housing Loan Fund of the State		
Government of Sabah	527,176	531,510
Others	-	(2,768)
	30,371,204	29,680,971

24. OTHER INCOME

	Economic Entity/The Company	
	2024	2023
	RM	RM
Agency fees	206,380	219,220
Bad debts recovered	31,550	33,440
Commission	603,176	560,613
Interest income:		
- fixed and short-term deposits	3,553,485	4,274,346
- staff loans	44,648	37,999
Gain of disposal of property, plant and equipment	16,831	2,050
Loan processing fees	4,075	77,700
Rental income	303,785	306,935
Reminder and guarantee fees	362,856	284,409
Others	109,696	59,865
	5,236,482	5,856,577

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

25. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Economic Entity/The Company	
	2024	2023
	RM	RM
Loan/financing receivables:		
Allowance/(Reversal) for impairment losses:-		
Stage 1 - 12 months ECL	7,605	12,440
Stage 2 - Lifetime ECL not credit impaired	72,368	(3,853)
Stage 3 - Lifetime ECL credit impaired	6,822,407	3,414,030
	<u>6,902,380</u>	<u>3,422,617</u>
Cash and bank balances:		
Allowance/(Reversal) for impairment losses:-		
Stage 1 - 12 months ECL	7,001	(11,743)
	<u>7,001</u>	<u>(11,743)</u>
Bank guarantee		
Allowance for impairment losses:-		
Stage 1 - 12 months ECL	93,923	160,852
	<u>93,923</u>	<u>160,852</u>
Total allowance for impairment losses	<u>7,003,304</u>	<u>3,571,726</u>

26. PROFIT BEFORE TAXATION

	Economic Entity/The Company	
	2024	2023
	RM	RM
Profit before taxation for the financial year is arrived at after charging:-		
Auditors' remuneration:		
- current year provision	120,000	128,000
Depreciation:		
- property, plant and equipment	680,076	754,157
- right-of-use assets	307,600	315,918
Directors' remuneration:		
- fee	278,549	273,600
- other emoluments	52,410	64,295
	<u>1,038,635</u>	<u>1,535,970</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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26. PROFIT BEFORE TAXATION (CONT'D)

	2024 RM	2023 RM
Profit before taxation for the financial year is arrived at after charging:- (Cont'd)		
Employee benefits expense:		
- salaries and wages	6,772,332	6,623,125
- defined benefit obligation	740,065	551,392
- E.P.F. contributions	1,094,514	1,086,984
- SOCSO and E.I.S. contribution	94,842	91,792
Interest expenses:		
- bank overdraft interest	154	3,341
- lease interest	109,081	10,478
- revolving credit interest	43,150	-
Property, plant and equipment written off	12,038	630

27. INCOME TAX EXPENSE

	Economic Entity		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current tax expense:				
- for the financial year	9,451,422	10,404,837	9,451,422	10,404,837
- (over)/underprovision in the previous financial year	(1,332,322)	17,386	(1,332,322)	17,386
	8,119,100	10,422,223	8,119,100	10,422,223
Deferred tax expense:				
- origination and reversal of temporary differences	658,171	(625,722)	658,171	(625,722)
- overprovision in the previous financial year	(165,150)	(205,189)	(165,150)	(205,189)
	493,021	(830,911)	493,021	(830,911)
	8,612,121	9,591,312	8,612,121	9,591,312

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NOTES TO THE FINANCIAL STATEMENTS
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27. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Economic Entity and the Company are as follows:-

	Economic Entity		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Profit before taxation	36,541,365	38,102,834	36,490,749	37,801,236
Tax at the statutory tax rate of 24% (2023 - 24%)	8,769,928	9,144,680	8,757,780	9,072,297
Tax effects of:-				
Non-deductible expenses	1,351,813	706,818	1,351,813	706,818
Share of tax of associates	(12,148)	(72,383)	-	-
(Over)/Underprovision in the previous financial year:				
- income tax	(1,332,322)	17,386	(1,332,322)	17,386
- deferred tax	(165,150)	(205,189)	(165,150)	(205,189)
Income tax expense for financial year	8,612,121	9,591,312	8,612,121	9,591,312

28. DIVIDENDS

	Economic Entity/The Company	
	2024	2023
	RM	RM
Final dividend of 6.33 (2023 - 11.07) sen per ordinary share in respect of the financial year ended 31 December 2023/ 31 December 2022	8,000,000	14,000,000
Interim dividend of Nil (2023 - 4.75) sen per ordinary share in respect of the financial year ended 31 December 2023	-	6,000,000
	8,000,000	20,000,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****29. CASH FLOW INFORMATION**

(a) The reconciliations of liabilities arising from financing activities are as follows:-

Economic Entity/The Company	Lease Liabilities RM	Revolving Credit RM	Total RM
2024			
At 1 January	81,525	1,000,000	1,081,525
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	3,178,845	-	3,178,845
Repayment of borrowing principal	(235,919)	-	(235,919)
Repayment of borrowing interest	(109,081)	(43,150)	(152,231)
	2,833,845	(43,150)	2,790,695
<u>Other Changes</u>			
Interest expense recognised in profit or loss	109,081	43,150	152,231
At 31 December	3,024,451	1,000,000	4,024,451
2023			
At 1 January	372,294	-	372,294
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	43,754	1,000,000	1,043,754
Repayment of borrowing principal	(334,523)	-	(334,523)
Repayment of borrowing interest	(10,478)	-	(10,478)
	(301,247)	1,000,000	698,753
<u>Other Changes</u>			
Interest expense recognised in profit or loss	10,478	-	10,478
At 31 December	81,525	1,000,000	1,081,525

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. CASH FLOW INFORMATION (CONT'D)

(b) The total cash outflows for leases as a lessee are as follows:-

	Economic Entity/The Company	
	2024	2023
	RM	RM
Interest paid on lease liabilities	109,081	10,478
Payment of lease liabilities	235,919	334,523
	<u>345,000</u>	<u>345,001</u>

(c) The cash and cash equivalents comprise the following:-

	Economic Entity/The Company	
	2024	2023
	RM	RM
Cash and bank balances	28,778,799	13,090,695
Deposits and placements with financial institutions	65,000,000	74,000,000
	<u>93,778,799</u>	<u>87,090,695</u>
Less: Deposits and placements with financial institutions with original maturity more than one month	<u>(65,000,000)</u>	<u>(60,000,000)</u>
	<u>28,778,799</u>	<u>27,090,695</u>

30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Economic Entity and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Economic Entity and of the Company.

The key management personnel compensation during the financial year are as follows:-

(a) **Directors of the Company**

	Economic Entity/The Company	
	2024	2023
	RM	RM
Short-term employee benefits:		
- fee	278,549	273,600
- other emoluments	52,410	64,295
Total directors' remuneration (Note 26)	<u>330,959</u>	<u>337,895</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****30. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)****(b) Other Key Management Personnel**

	Economic Entity/The Company	
	2024	2023
	RM	RM
Short-term employee benefits	762,750	532,602
Defined contribution plan	117,225	81,691
Total compensation for other key management personnel (Note 26)	879,975	614,293

31. RELATED PARTY DISCLOSURES**(a) Shareholders**

The shareholders are disclosed in Note 2 to the financial statements.

(b) Significant Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the Economic Entity and the Company also carried out the following significant transactions with the related parties during the year:-

	Economic Entity/The Company	
	2024	2023
	RM	RM
Interest payable/paid to:		
- Corporate shareholder	-	74,592
- Associate	203,793	89,240
- Supplementary Housing Loan Fund of the State Government of Sabah	527,176	531,510
Dividend payable/paid to shareholders	8,000,000	20,000,000
Office rental payable/paid to associate	316,200	316,200
Agency fee receivable/received from:		
- Supplementary Housing Loan Fund of the State Government of Sabah	(206,380)	(219,220)
Rental receivable/received from a corporate shareholder	(300,785)	(300,785)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

32. COMMITMENTS AND BANK GUARANTEE

In the normal course of business, the Economic Entity and the Company make various commitments to their customers. No material losses are anticipated as a result of these transactions.

	Economic Entity/The Company	
	2024 RM	2023 RM
Loans commitment not yet recognised in the financial statements:		
- End finance	88,095,379	70,691,449
- Bridging, term loans and revolving loans	268,198,896	171,889,608
Guarantees issued	20,534,000	15,509,000
	<u>376,828,275</u>	<u>258,090,057</u>

Guarantees issued are given to other parties on behalf of customers, mainly as a guarantee for the due performance of the customer's obligations under the Housing (Control and Licensing of Developers) Enactment 1978 with legal recourse with its customers. These guarantees are partially secured by fixed deposits placed with the Company and properties charged to the Company.

33. FINANCIAL INSTRUMENTS

The activities of the Economic Entity and of the Company are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Economic Entity and of the Company.

33.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Economic Entity and the Company do not have any transactions or balances denominated in foreign currencies and hence, are not exposed to foreign currency risk.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from deposits and placements with financial institutions, loan receivables, deposits from customers, borrowings and other payables. The Economic Entity and the Company adopt a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings. In addition, the Economic Entity and the Company's interest-bearing financial liabilities are hedged by interest-bearing financial assets, such as deposits and placements with financial institutions and loans receivables.

The fixed rate debt instruments of the Economic Entity and of the Company are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 7, 8, 15, 16 and 17 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	Economic Entity/The Company	
	2024	2023
	RM	RM
Effects on Profit After Taxation		
Increase of 50 basis points	(3,800)	(3,800)
Decrease of 50 basis points	3,800	3,800

There is no impact on the Economic Entity's equity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Economic Entity and the Company do not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from loan/financing receivables and other receivables. The Economic Entity and the Company deal with creditworthy counterparties and would endeavour to obtain sufficient collateral for the loans granted, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the Board of Directors.

(i) Credit Risk Concentration Profile

The Economic Entity and the Company do not have any significant credit risk related to any individual customer or counterparty.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Economic Entity and of the Company after deducting any allowance for impairment losses (where applicable).

Guarantees issued are given to other parties on behalf of customers, mainly as a guarantee for the due performance of the customer's obligations under the Housing Developers (Control and Licensing) Enactment 1978 with legal recourse with its customers. These guarantees are partially secured by fixed deposits placed with the Company and properties charged to the Company. Thus no material losses are anticipated as a result of these guarantees issued.

The maximum amount the Economic Entity and the Company could be forced to settle under the financial guarantee contract is RM20.5 million (2023 – RM15.5 million) and such financial guarantees are partially secured by fixed deposits placed with the Economic Entity and the Company. Based on expectations at the end of the reporting period, the Economic Entity and the Company consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

The Economic Entity and the Company have a formal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the payment profile of borrowers. The Economic Entity and the Company closely monitor the borrowers' financial strength to reduce the risk of loss.

At each reporting date, the Economic Entity and the Company evaluate whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Economic Entity and the Company consider a financial instrument to be in default when :

- Principal or interest/profit or both on loan/financing receivable are in arrear for more than 6 months; or
- Principal or interest/profit or both on staff loans are in arrear for more than 1 month.

As a part of a qualitative assessment of whether a borrower is in default, the Economic Entity and the Company also considers a variety of instances that may indicate unlikeliness to pay.

When such events occur, the Economic Entity and the Company carefully considers whether the event should result in treating the borrower as defaulted and therefore assessed as Stage 3 for expected credit loss ("ECL") calculations or whether Stage 2 is appropriate.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

The Economic Entity and the Company apply 3-stage general approach to measuring ECL for financial assets measured at amortised cost, irrevocable loan/financing commitments and financial guarantee contracts, which include loans, advances and financing and debt instruments held by the Economic Entity and the Company. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 16 *Leases*.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Economic Entity and the Company assess whether there is a significant increase in credit risk is key in establishing the point of switching between the requirement to measure an allowance based on 12-months ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

The Economic Entity and the Company use 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

Stage	Definition of Category	Principal and interest/profit in arrear
1	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	0 – 3 months
2	Receivables for which there is a significant increase in credit risk	4 – 5 months
3	There is evidence indicating the receivable is credit impaired	6 months and above

Stage 1: 12-months ECL – not credit-impaired

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

Stage 2: Lifetime ECL – not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL will be recognised.

Stage 3: Lifetime ECL – credit-impaired

Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit-impaired, a lifetime ECL will be recognised.

ECL measurement

There are three main components to measure ECL which are a probability of default model ("PD"), a loss given default model ("LGD") and the exposure at default model ("EAD"). These parameters are derived from internally developed statistical models and adjusted to reflect forward-looking information as described below.

The 12-month and lifetime PD represent the expected point-in-time probability of default over the next 12 months and remaining lifetime of the financial instrument respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk. The LGD represents the expected loss if a default event occurs at a given time, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. The EAD represents the expected exposure at default, taking into account the repayment of principal and interest/profit from the reporting date to the default event together with any expected drawdown of a facility.

The 12-month ECL is equal to the discounted sum over the next 12 months of monthly PD multiplied by LGD and EAD. Lifetime ECL is calculated using the discounted sum of monthly PD over the remaining life multiplied by LGD and EAD. The discount rate used in the ECL measurement is the original effective interest rate or an approximation thereof.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

Forward looking information

The Economic Entity and the Company have developed methodologies for the application of forward macro-economic variables ("MEV") which comprise economic indicators and industry statistics in the measurement of ECL. This involves the incorporation of MEVs into the estimation of the PD and LGD via an application of a scale. The process of formulating a scale involves developing the correlation of MEVs to default rates and recovery rates for various portfolios of financial assets based on analysis of historical data. This correlation is then used to form the predicted effect between the MEVs and PD as well as LGD, taking into account the projection of MEVs.

There is no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

The information about the credit exposure and loss allowances recognised for loan/financing receivables are as follows:-

Economic Entity/ The Company	Stage 1	Stage 2	Stage 3	Total
	12-months ECL RM	Lifetime ECL not credit impaired RM	Lifetime ECL credit impaired RM	
Balance at 1.1.2023	231,810	149,507	34,461,210	34,842,527
Additions	244,262	145,654	3,414,029	3,803,945
Reversals	(231,822)	(149,507)	-	(381,329)
Written offs	-	-	(2,369,015)	(2,369,015)
Balance at 31.12.2023/1.1.2024	244,250	145,654	35,506,224	35,896,128
Additions	7,605	72,368	6,822,407	6,902,380
Written offs	-	-	(130,569)	(130,569)
Balance at 31.12.2024	251,855	218,022	42,198,062	42,667,939

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Allowance for Impairment Losses (Cont'd)

There has not been any significant change in the gross amounts of loan/financing receivables that impacted the allowance for impairment losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Economic Entity and the Company's short, medium and long-term funding and liquidity management requirements. The Economic Entity and the Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Economic Entity/The Company	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 years RM
2024					
<u>Non-derivative Financial Liabilities</u>					
Deposits from customers	2.40% - 4.10%	764,703,704	794,672,788	794,208,246	464,542
Borrowings	4.33%	1,000,000	1,003,440	1,003,440	-
Other payables	3.00%	28,363,776	28,880,606	28,880,606	-
Accrued expenses	-	419,773	419,773	419,773	-
Lease liabilities	4.20%	3,024,451	3,866,300	335,400	3,530,900
Guarantees issued	-	-	20,534,000	20,534,000	-
		797,511,704	849,376,907	845,381,465	3,995,442

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

Economic Entity/The Company	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 years RM
2023					
<u>Non-derivative Financial Liabilities</u>					
Deposits from customers	2.40% - 4.05%	725,248,311	754,972,777	754,007,364	965,413
Borrowings	4.39%	1,000,000	1,003,728	1,003,728	-
Other payables	3.00%	40,557,066	41,085,478	41,085,478	-
Accrued expenses	-	1,125,662	1,125,662	1,125,662	-
Lease liabilities	4.20% - 4.53%	81,525	81,950	81,950	-
Guarantees issued	-	-	15,509,000	15,509,000	-
		768,012,564	813,778,595	812,813,182	965,413

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 CAPITAL RISK MANAGEMENT

The Economic Entity and the Company manage their capital to ensure that entities within the Economic Entity will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Economic Entity and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company is required to maintain a borrowing limit (75% of mortgage loans) in order to comply with the requirement under Article 89 of its Articles of Associations. As at 31 December 2024, deposits from customers and borrowings represent 66% (2023 – 65%) of gross mortgage loans/financing receivables of the Company.

	Economic Entity/The Company	
	2024	2023
	RM	RM
Deposits from customers	764,703,704	725,248,311
Borrowings	1,000,000	1,000,000
	<u>765,703,704</u>	<u>726,248,311</u>
Gross mortgage loans/financing receivables	1,166,368,696	1,120,265,606
Borrowing limit	<u>66%</u>	<u>65%</u>

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL INSTRUMENTS (CONT'D)

33.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Economic Entity/The Company	
	2024	2023
	RM	RM
Financial Assets		
<u>Amortised Cost</u>		
Cash and bank balances	28,778,799	13,090,695
Deposits and placements with financial institution	65,000,000	74,000,000
Loan/financing receivables	1,123,700,757	1,084,369,478
Other receivables	1,412,273	1,478,971
	<u>1,218,891,829</u>	<u>1,172,939,144</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Deposits from customers	764,703,704	725,248,311
Borrowings	1,000,000	1,000,000
Other payables and accruals	28,363,776	40,557,066
Accrued expenses	419,773	1,125,662
Lease liabilities	3,024,451	81,525
	<u>797,511,704</u>	<u>768,012,564</u>

33.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	Economic Entity/The Company	
	2024	2023
	RM	RM
Financial Assets		
<u>Amortised Cost</u>		
Net gains recognised in profit or loss	<u>79,754,330</u>	<u>80,344,532</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	<u>(30,465,281)</u>	<u>(29,845,164)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair values in the statements of financial position.

The fair values of the financial assets and financial liabilities of the Economic Entity and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or is estimated based on expected future cash flows of contractual instalments discounted at prevailing indicative rates adjusted for credit risk.

34. ISLAMIC BANKING BUSINESS

The financial performance and the financial position under the Islamic Banking Business of the Economic Entity and of the Company included in the financial statements of the Economic Entity and of the Company are summarized as follows:-

Statements of financial position as of 31 December

		Economic Entity/The Company	
		2024	2023
	NOTE	RM	RM
Assets			
Cash and bank balances	(a)	2,885,361	2,171,097
Financing receivables	(b)	73,455,975	62,079,846
Total assets		76,341,336	64,250,943
Liabilities			
Deposits from customers	(c)	410,025	327,958
Other payables		295,585	182,963
Total liabilities		705,610	510,921
Equity			
Retained earnings	(d)	12,521,084	8,162,714
Islamic banking funds		63,114,642	55,577,308
Total equity		75,635,726	63,740,022
Total equity and liabilities		76,341,336	64,250,943

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
34. ISLAMIC BANKING BUSINESS (CONT'D)
Statement of comprehensive income for the year ended 31 December

	NOTE	Economic Entity/The Company	
		2024 RM	2023 RM
Profit income on Tawarruq Home Financing-i		4,705,043	3,864,170
Profit expense		(13,245)	(27,885)
		4,691,798	3,836,285
Other income	(e)	113,767	120,906
Total income		4,805,565	3,957,191
Expenditure			
Employee benefits expense	(f)	(298,484)	(296,627)
Administrative expense		(11,077)	(29,816)
		4,496,004	3,630,748
Allowance for impairment losses		(137,634)	(33,049)
Profit for the year		4,358,370	3,597,699
		Economic Entity/The Company	
		2024 RM	2023 RM
(a) Cash and bank balances			
Cash and bank balances		2,885,425	2,171,160
Less: Allowance for impairment losses		(64)	(63)
		2,885,361	2,171,097
(b) Financing receivables			
Financing receivables		73,643,902	62,260,773
Less: Allowance for impairment losses		(187,927)	(180,927)
		73,455,975	62,079,846
(c) Deposits from customers			
Tawarruq Term Deposit-i		314,331	252,759
Wadiah Savings Account-i		95,694	75,199
		410,025	327,958

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34. ISLAMIC BANKING BUSINESS (CONT'D)

		Economic Entity/The Company	
		2024	2023
		RM	RM
(d) Retained earnings			
Movement of retained earnings are as follows:-			
At 1 January		8,162,714	4,565,015
Profit for the year		4,358,370	3,597,699
At 31 December		<u>12,521,084</u>	<u>8,162,714</u>
(e) Other income			
Profit on deposits with financial institution		-	120
Commission		72,419	80,722
Agency fee		27,063	24,889
Others		14,285	15,175
		<u>113,767</u>	<u>120,906</u>
(f) Employee benefits expense			
Wages and salaries		253,019	245,304
Employees provident fund contributions		38,013	44,091
Social security contributions		4,924	4,788
HRD levy		2,528	2,444
		<u>298,484</u>	<u>296,627</u>

**THE FOLLOWING STATEMENT DOES NOT
FORM PART OF THE AUDITED
STATUTORY FINANCIAL STATEMENTS OF THE COMPANY**

BORNEO HOUSING MORTGAGE FINANCE BERHAD

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**DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	2024 RM	2023 RM
INTEREST/PROFIT INCOME		
Mortgage loan/financing receivables:		
- End finance loans/financing	58,695,994	58,589,741
- Bridging loans	14,650,595	13,465,280
- Revolving loans	8,570,689	6,628,263
- Term loans	1,049,959	702,002
- Unsecured loan receivable	98,341	57,775
	<u>83,065,578</u>	<u>79,443,061</u>
LESS: INTEREST/PROFIT EXPENSE		
Deposits from customers	30,371,204	29,680,971
NET INTEREST INCOME	<u>52,694,374</u>	<u>49,762,090</u>
ADD: OTHER INCOME		
Agency fees	206,380	219,220
Bad debts recovered	31,550	33,440
Commission received	603,177	560,613
Gain on disposal of property, plant and equipment	16,831	2,050
Interest income from fixed and short-term deposits	3,553,485	4,274,346
Interest income from staff loans	44,648	37,999
Rental income	303,785	306,935
Loan processing fees	4,075	77,700
Reminder and guarantee fees	362,856	284,409
Sundry income	109,695	59,865
	<u>5,236,482</u>	<u>5,856,577</u>
LESS: ADMINISTRATIVE EXPENSES	(APPENDIX I) 14,284,418	14,231,886
LESS: NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS		
Allowance for impairment losses:		
- Loan/financing receivables	6,902,380	3,422,617
- Cash and bank balances	7,001	-
- Bank guarantee	93,923	160,852
Reversal of allowance for impairment losses:		
- Cash and bank balances	-	(11,743)
	<u>7,003,304</u>	<u>3,571,726</u>
LESS: FINANCE COST	(APPENDIX II) 152,385	13,819
PROFIT BEFORE TAXATION	<u>36,490,749</u>	<u>37,801,236</u>

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

**ADMINISTRATION EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

APPENDIX I

	2024 RM	2023 RM
Advertisement	16,868	-
Auditors' remuneration:		
- current year provision	120,000	128,000
Bad debts written off	-	14,800
Bank charges	13,326	12,197
Brokerage fees	10,800	17,172
Commitment fees	134,998	143,004
Computer expenses	1,015,950	1,559,901
Consultancy fees	25,507	9,010
Courier and postage fees	59,873	46,094
Depreciation of property, plant and equipment		
- plant and equipment	680,076	754,157
- right-of-use assets	307,600	315,918
Directors' remuneration:		
- fees	273,066	273,600
- other emoluments	57,893	64,295
Donation	45,478	46,498
Electricity and water charges	147,403	166,707
Entertainment expenses	26,096	28,866
Insurance	163,202	165,389
Legal and professional fees	72,250	165,536
Medical expenses	166,060	155,327
Newspaper and magazines	11,365	11,848
Non-executive directors' expenses	277,713	(16,118)
Office expenses	64,433	104,968
Printing and stationeries	173,660	155,023
Property, plant and equipment written off	12,038	630
Rate and assessment	38,279	48,897
Refreshment	23,079	19,304
Recreational expenses	1,180	2,448
Repair and maintenance	351,529	399,199
Staff costs:-		
- salaries, allowances and bonus	6,712,369	6,564,081
- HRDF Levy	59,903	58,984
- E.P.F. contribution	1,094,514	1,086,984
- SOCSO and E.I.S. contribution	94,842	91,792
- Defined benefit obligation	740,065	551,392
- Staff gratuity & retrenchment	-	(126,829)
- Tabung baitumal contribution	60	60
BALANCE CARRIED FORWARD	12,991,475	13,019,134

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

**ADMINISTRATION EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

APPENDIX I

	2024 RM	2023 RM
BALANCE BROUGHT FORWARD	12,991,475	13,019,134
Staff recruitment expenses	11,344	7,288
Sundry expenses	505,620	497,055
Telephone and fax charges	111,227	108,273
Training fees	114,113	93,802
Transportation allowance	42,876	39,743
Travelling expenses	437,079	387,081
Upkeep of motor vehicles	70,684	79,510
	<hr/>	<hr/>
	14,284,418	14,231,886

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

FINANCE COST
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

APPENDIX II

	2024 RM	2023 RM
Bank overdraft interest	154	3,341
Lease interest	109,081	10,478
Revolving credit interest	43,150	-
	<u>152,385</u>	<u>13,819</u>