

Registration No.: 195801000175 (025457-V)

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2025

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS - 31 DECEMBER 2025

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BORNEO HOUSING MORTGAGE FINANCE BERHAD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

DOMICILE	:	Malaysia
LEGAL FORM AND PLACE OF INCORPORATION	:	Public company limited by shares and incorporated in Malaysia
REGISTERED OFFICE	:	Lot 13499, 13500 & 13501, Section 65 Kuching Town Land District Jalan Tun Abdul Rahman Yaakub 93050 Kuching Sarawak Malaysia
PRINCIPAL PLACE OF BUSINESS	:	Menara Borneo Housing Lot 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

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The directors have pleasure in submitting their report and the audited financial statements of Borneo Housing Mortgage Finance Berhad (the "Company") for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITY

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

The results of operation of the Economic Entity and of the Company for the financial year are as follows:

	Economic Entity	Company
	RM	RM
Profit for the financial year	30,787,211	30,752,873
	<u>=====</u>	<u>=====</u>

DIVIDENDS

Since the end of the previous financial year, a final dividend of 11.07 sen per ordinary share amounting to RM14,000,000 was declared and paid on 24 June 2025 in respect of financial year ended 31 December 2024.

Subsequent to the financial year end, the directors at the Company's Board of Directors' meeting on 23 June 2026 declared a final dividend of RM15,000,000 in respect of the financial year ended 31 December 2025.

SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

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.

HOLDING ENTITIES

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 incorporated in Malaysia, which is wholly-owned by the State Government of Sabah.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

DIRECTORS

The directors who hold office in the Company during the period commencing from the beginning of the financial year to the date of this report are:

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Haji Husain
Datu Hasmawati Binti Sapawi
Datu Elean Binti Masa'at
Mohd Faizal Bin Mohd Tahir
Mohamad Damshal Bin Awang Damit (appointed on 8.4.2026)
Datuk Bolkiah Bin Ismail (resigned on 9.11.2025)
Datuk Ahmad Rizal Bin Dahli (resigned on 19.2.2026)

DIRECTORS' INTERESTS IN SHARES

None of the directors in office at the end of the financial year held any interest in the shares or debentures in the Company and its related corporation during the financial year.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director or past director of the Company has received or become entitled to receive any benefit, 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, other than remuneration and other benefits received or due and receivable by the directors of the Company during the financial year as presented below:

	RM
Fee and allowances	265,117
Other emoluments	89,851

	354,968
	=====

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the amount of indemnity coverage and insurance premium paid for directors and officers of the Company are RM10,000,000 and RM42,790 respectively.

OTHER INFORMATION

Before the financial statements were made out, the directors took reasonable steps:

- (i) to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values of current assets as shown in the accounting records of the Economic Entity and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Economic Entity and of the Company inadequate to any substantial extents; or
- (ii) which would render the values attributable to the current assets in the financial statements of the Economic Entity and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Economic Entity and of the Company misleading or inappropriate.

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

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

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

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.

In the opinion of the directors:

- (i) the results of the operations of the Economic Entity and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) 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 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.

AUDITORS


To the extent permitted by laws, the Company has agreed to indemnify its auditors, as part of the terms of its audit engagement, against claims arising from the audit. No payment has been made to indemnify the auditors for the current financial year.

The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Company for the current financial year is RM168,000.

The auditors, Forvis Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.



TAN SRI DATUK AMAR (DR) HAJI
ABDUL AZIZ BIN HAJI HUSAIN
Director



MOHAMAD DAMSHAL BIN
AWANG DAMIT
Director

Kota Kinabalu

23 June 2026

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 Mohamad Damshal Bin Awang Damit, being two of the directors of Borneo Housing Mortgage Finance Berhad (the “Company”), do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors’ resolution.



TAN SRI DATUK AMAR (DR) HAJI ABDUL
AZIZ BIN HAJI HUSAIN
Director



MOHAMAD DAMSHAL BIN
AWANG DAMIT
Director

Kota Kinabalu

23 June 2026

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

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

I, Datuk Hjh Fauziah Bt Datuk Seri Panglima Abu Bakar Titingan (I/C No.: 690901-12-5902), being the officer primarily responsible for the financial management of Borneo Housing Mortgage Finance Berhad., do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed
Datuk Hjh Fauziah Bt Datuk Seri
Panglima Abu Bakar Titingan
at Kota Kinabalu, Sabah
on this 23 June 2026



**DATUK HJH FAUZIAH BT DATUK SERI
PANGLIMA ABU BAKAR TITINGAN**



Lot 46-1, 1st Floor, Block F,
Damai Plaza Phase 4, Jalan Damai,
Luyang 88300 Kota Kinabalu,
Sabah, Malaysia.

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

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Borneo Housing Mortgage Finance Berhad. (the "Company"), which comprise the statements of financial position as at 31 December 2025 of the Economic Entity and of the Company, and the statements of profit or loss and other 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 12 to 66.

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 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Economic Entity and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the 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.

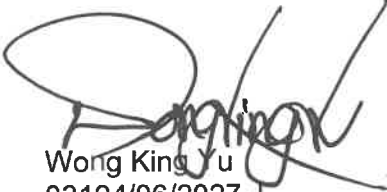
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Economic Entity's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 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

1. 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.
2. The financial statements of the Economic Entity and of the Company for the preceding financial year ended 31 December 2024, were audited by another firm of auditors whose report dated 24 June 2025, expressed an unqualified opinion.


Forvis Mazars PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants


Wong King Yu
03194/06/2027
Chartered Accountant

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	<i>Note</i>	Economic Entity		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Cash and bank balances	4	73,986,643	28,778,799	73,986,643	28,778,799
Deposits and placements with financial institutions	5	306,500,000	65,000,000	306,500,000	65,000,000
Loan/financing receivables	6	1,184,684,841	1,123,700,757	1,184,684,841	1,123,700,757
Other receivables	7	1,364,074	1,545,298	1,364,074	1,545,298
Assets held for sale	8	-	37,860	-	37,860
Investments in associates	9	8,773,866	8,739,528	4,000,000	4,000,000
Property, plant and equipment	10	11,033,252	11,269,695	11,033,252	11,269,695
Right-of-use assets	11	9,459,733	9,566,872	9,459,733	9,566,872
Deferred tax assets	12	2,068,973	2,468,953	2,068,973	2,468,953
Current tax assets		-	392,729	-	392,729
TOTAL ASSETS		1,597,871,382	1,251,500,491	1,593,097,516	1,246,760,963
LIABILITIES					
Deposits from customers	13	1,091,144,341	764,703,704	1,091,144,341	764,703,704
Borrowings	14	1,000,000	1,000,000	1,000,000	1,000,000
Other payables	15	30,763,082	28,363,776	30,763,082	28,363,776
Accrued expenses		1,153,676	419,773	1,153,676	419,773
Provision for gratuity and defined benefit obligations	16	7,204,663	7,396,212	7,204,663	7,396,212
Lease liabilities	17	2,974,549	3,024,451	2,974,549	3,024,451
Current tax liabilities		251,285	-	251,285	-
TOTAL LIABILITIES		1,134,491,596	804,907,916	1,134,491,596	804,907,916

	<i>Note</i>	Economic Entity		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
EQUITY					
ATTRIBUTABLE TO					
OWNER OF THE					
COMPANY					
Share capital	<i>18</i>	154,420,084	154,420,084	154,420,084	154,420,084
General reserve	<i>19</i>	128,499,884	123,499,884	128,499,884	123,499,884
Retained earnings	<i>19</i>	180,459,818	168,672,607	175,685,952	163,933,079
TOTAL EQUITY		463,379,786	446,592,575	458,605,920	441,853,047
TOTAL EQUITY AND					
LIABILITIES		1,597,871,382	1,251,500,491	1,593,097,516	1,246,760,963

The accompanying notes form an integral part of the financial statements

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<i>Note</i>	Economic Entity		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Interest/profit income	20	87,709,570	83,065,578	87,709,570	83,065,578
Interest/profit expenses	21	(33,492,625)	(30,414,354)	(33,492,625)	(30,414,354)
Net interest/profit income		54,216,945	52,651,224	54,216,945	52,651,224
Other income	22	6,236,120	5,236,482	6,236,120	5,236,482
		60,453,065	57,887,706	60,453,065	57,887,706
Administrative expenses		(15,354,416)	(14,284,418)	(15,354,416)	(14,284,418)
Net impairment losses on financial assets	23	(3,595,570)	(7,003,304)	(3,595,570)	(7,003,304)
Other finance costs	24	(125,636)	(109,235)	(125,636)	(109,235)
Share of profit of associates		34,338	50,616	-	-
Profit before tax	25	41,411,781	36,541,365	41,377,443	36,490,749
Income tax expense	26	(10,624,570)	(8,612,121)	(10,624,570)	(8,612,121)
Profit and total comprehensive income for the financial year		30,787,211	27,929,244	30,752,873	27,878,628

The accompanying notes form an integral part of the financial statements

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

<---- Equity attributable to owner of the Company ---->

	<i>Note</i>	Share capital RM	General reserve RM	Retained earnings RM	Total equity RM
Economic Entity					
At 1 January 2024		154,420,084	118,499,884	153,743,363	426,663,331
Profit and total comprehensive income for the financial year		-	-	27,929,244	27,929,244
Transfer to general reserve		-	5,000,000	(5,000,000)	-
Dividends	27	-	-	(8,000,000)	(8,000,000)
		-----	-----	-----	-----
At 31 December 2024/1 January 2025		154,420,084	123,499,884	168,672,607	446,592,575
Profit and total comprehensive income for the financial year		-	-	30,787,211	30,787,211
Transfer to general reserve		-	5,000,000	(5,000,000)	-
Dividends	27	-	-	(14,000,000)	(14,000,000)
		-----	-----	-----	-----
At 31 December 2025		154,420,084	128,499,884	180,459,818	463,379,786
		=====	=====	=====	=====

<---- Equity attributable to owner of the Company ---->

	<i>Note</i>	Share capital RM	General reserve -	Retained earnings -	Total equity RM
Company					
At 1 January 2024		154,420,084	118,499,884	149,054,451	421,974,419
Profit and total comprehensive income for the financial year		-	-	27,878,628	27,878,628
Transfer to general reserve		-	5,000,000	(5,000,000)	-
Dividends	27	-	-	(8,000,000)	(8,000,000)
		-----	-----	-----	-----
At 31 December 2024/1 January 2025		154,420,084	123,499,884	163,933,079	441,853,047
Profit and total comprehensive income for the financial year		-	-	30,752,873	30,752,873
Transfer to general reserve		-	5,000,000	(5,000,000)	-
Dividends	27	-	-	(14,000,000)	(14,000,000)
		-----	-----	-----	-----
At 31 December 2025		154,420,084	128,499,884	175,685,952	458,605,920
		=====	=====	=====	=====

The accompanying notes form an integral part of the financial statements

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<i>Note</i>	Economic Entity		Company	
		2025	2024	2025	2024
		RM	RM	RM	RM
OPERATING ACTIVITIES					
Profit before tax		41,411,781	36,541,365	41,377,443	36,490,749
Adjustments for:					
Allowance/(Reversal) for impairment losses:					
Loan/financing receivables	23	3,409,279	6,902,380	3,409,279	6,902,380
Bank guarantee	23	193,292	93,923	193,292	93,923
Cash and bank balances	23	(7,001)	7,001	(7,001)	7,001
Depreciation of:					
Property, plant and equipment	25	615,454	680,076	615,454	680,076
Right-of-use assets	25	288,303	307,600	288,303	307,600
Defined benefit obligation	25	721,443	740,065	721,443	740,065
Finance cost	24	125,636	109,235	125,636	109,235
Interest expense on borrowings	21	59,418	43,150	59,418	43,150
Property, plant and equipment written off	25	899	12,038	899	12,038
Gain on disposal of:					
Property, plant and equipment	22	-	(16,831)	-	(16,831)
Assets held for sale	22	(47,082)	-	(47,082)	-
Interest income from:					
Fixed and short-term deposits	22	(4,269,860)	(3,553,485)	(4,269,860)	(3,553,485)
Staff loans	22	(43,157)	(44,648)	(43,157)	(44,648)
Share of profit of associates		(34,338)	(50,616)	-	-
Operating profit before working capital changes		42,424,067	41,771,253	42,424,067	41,771,253
Changes in deposits and placements with financial institutions with maturity more than one month		(231,500,000)	(5,000,000)	(231,500,000)	(5,000,000)
Changes in loan/financing receivables		(64,393,363)	(46,233,659)	(64,393,363)	(46,233,659)
Changes in other receivables		181,224	66,624	181,224	66,624
Changes in deposits from customers		326,440,637	39,455,393	326,440,637	39,455,393
Changes in other payables		2,206,014	(6,287,213)	2,206,014	(6,287,213)
Changes in accrued expenses		733,903	(705,889)	733,903	(705,889)
Changes in provisions for gratuity and defined benefit obligations		(912,992)	(347,027)	(912,992)	(347,027)
Cash generated from operations		75,179,490	22,719,482	75,179,490	22,719,482

	<i>Note</i>	Economic Entity		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Interest received		43,157	44,648	43,157	44,648
Interest paid		(502)	(154)	(502)	(154)
Income tax refunded		46,374	-	46,374	-
Income tax paid		(9,626,950)	(10,000,000)	(9,626,950)	(10,000,000)
Net cash from operating activities		65,641,569	12,763,976	65,641,569	12,763,976
INVESTING ACTIVITIES					
Proceeds from disposal of:					
Property, plant and equipment		-	16,831	-	16,831
Assets held for sale		65,000	-	65,000	-
Purchase of property, plant and equipment	10	(359,968)	(251,037)	(359,968)	(251,037)
Interest received		4,276,861	3,546,484	4,276,861	3,546,484
Net cash from investing activities		3,981,893	3,312,278	3,981,893	3,312,278
FINANCING ACTIVITIES					
Dividend paid		(14,000,000)	(14,000,000)	(14,000,000)	(14,000,000)
Interest paid on:					
Borrowings	28	(59,418)	(43,150)	(59,418)	(43,150)
Lease liabilities	28	(125,134)	(109,081)	(125,134)	(109,081)
Repayment of principal portion of lease liabilities	28	(231,066)	(235,919)	(231,066)	(235,919)
Net cash used in financing activities		(14,415,618)	(14,388,150)	(14,415,618)	(14,388,150)
NET CHANGES IN CASH AND CASH EQUIVALENTS					
		55,207,844	1,688,104	55,207,844	1,688,104
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR					
		28,778,799	27,090,695	28,778,799	27,090,695
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR					
	4	83,986,643	28,778,799	83,986,643	28,778,799

Cash outflows for leases as lessee

		Economic Entity and Company	
		2025	2024
	<i>Note</i>	RM	RM
Included in net cash used in financing activities:			
Interest paid in relation to lease liabilities	24	125,134	109,081
Repayment of principal portion of lease liabilities	28	231,066	235,919
		-----	-----
Total cash outflows for leases		356,200	345,000
		=====	=====

The accompanying notes form an integral part of the financial statements

BORNEO HOUSING MORTGAGE FINANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

Borneo Housing Mortgage Finance Berhad (the “Company”) is a public company limited by shares, incorporated and domiciled in Malaysia. The addresses of registered office and principal place of business of the Company are disclosed on page 1.

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 incorporated in Malaysia, which is wholly-owned by the State Government of Sabah.

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.

2. BASIS OF PREPARATION

The financial statements of the Economic Entity and the Company have been prepared in accordance with MFRS Accounting Standards issued by the Malaysian Accounting Standards Board (“MASB”), IFRS Accounting Standards issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in 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 associates made up to the end of the reporting period.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, as stated in the material accounting policy information set out in note 3.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Economic Entity and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Application of amended standards

In the current financial year, the Economic Entity and the Company have applied a number of amendments that became effective mandatorily for the financial periods beginning on or after 1 January 2025. The adoption of the amendments did not have a significant impact on the disclosures or on the amounts reported in the financial statements.

New standards and amendments issued that are not yet effective

The Economic Entity and the Company have not applied the following new standards and amendments that have been issued by the MASB but are not yet effective:

		<i>Effective date</i>
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 19	Amendments to MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

Except as otherwise indicated below, the adoption of the above new standards and amendments are not expected to have significant impact on the financial position and financial performance of the Economic Entity and of the Company when they are effective.

MFRS 18

The adoption of MFRS 18 might change certain presentation and disclosure in the financial statements. However, it will not impact the recognition or measurement of items in the financial statements.

Accounting estimates and judgements

The preparation of the financial statements requires the Economic Entity and the Company to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses.

Although these estimates are based on the Economic Entity's and the Company's best knowledge of current events and actions, historical experiences and various other factors (including expectations for future events that are believed to be reasonable under the circumstances), actual results may ultimately differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised and in any future financial periods affected.

There are no significant areas of critical judgement and estimation uncertainty in applying accounting policies that have material effect on the amounts recognised in the financial statements other than those 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 develop the expected loss rates based on the internally developed statistical models, and adjusts for qualitative and the quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying amount of loan/financing receivables. The carrying amount of loan/financing receivables as at the reporting date is disclosed in note 6 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 16 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 the reporting date is disclosed in note 12 to the financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Financial instruments

Financial assets and financial liabilities are recognised in the Economic Entity's and the Company's statements of financial position when the Economic Entity and the Company become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

(i) *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Economic Entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Economic Entity has applied the practical expedient, the Economic Entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Economic Entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Economic Entity commits to purchase or sell the asset.

(ii) *Classification and subsequent measurement*

The Economic Entity and the Company classify all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics. All recognised financial assets of the Economic Entity and of the Company are measured in their entirety at amortised cost based on the classification of the financial assets.

Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), are measured at amortised cost using the effective interest method. The carrying amount of these assets is adjusted by impairment losses recognised and measured using the expected credit loss models. Interest/profit income on financial assets measured at amortised cost is recognised in 'interest/profit income' in the statements of profit or loss. The losses arising from impairment on loans, advances and financing are recognised in the statements of profit or loss as 'allowance for impairment loss'.

(iii) *Modification of loans/financing*

Where a loan/financing shows evidence of significant credit weakness, the Economic Entity and the Company sometimes renegotiate or otherwise modify the contractual cash flows of the loan/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:

- (i) 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;
- (ii) Whether any substantial new terms are introduced that substantially affects the risk profile of the loan/financing;
- (iii) Significant extension of the loan/financing terms;
- (iv) Significant change in the interest/profit rate; and
- (v) 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.

(iv) Write-off policy

Where a loan/financing is uncollectible, it is written off against the related allowance for loan/financing impairment. Such loan/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.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities at amortised cost

Subsequent to the initial recognition, the financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Economic Entity and the Company are recognised at the proceeds received, net of direct issue costs.

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.

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.

(b) Cash and cash equivalents

Cash equivalents comprise cash at bank and on hand, and short-term deposits with maturity not more than one month that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(c) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition and the sale is highly probable, where the Economic Entity and the Company are committed to the sale which is expected to complete within one year from the date of classification.

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(d) Investments in associates

An associate is an entity 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 associates 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 investments in an associates is accounted for using 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 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 its interest in the former associate and the retained interest is a financial assets, 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.

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 that 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.

(d) 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%

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statements of profit or loss.

(e) Right-of-use assets and lease liabilities

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.

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.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounts 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.

(f) Impairment of non-financial assets

At the end of the reporting period, the Economic Entity and the Company review the carrying amounts of assets (other than financial assets, which are dealt with in its respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset’s recoverable amount, which is the higher of net selling price and value in use, is estimated.

Where it is not possible to estimate the recoverable amount of an individual asset, the Economic Entity and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statements of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. A reversal is recognised immediately in the statements of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Provisions

Provisions are recognised when the Economic Entity and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that the Economic Entity and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Economic Entity and the Company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duty.

Interest/Profit income

Interest/Profit income is recognised in the statements of profit or loss on an accrual basis using the effective interest method.

Fee income

Fee income such as the managing agency fee, loan processing fee and insurance commission are recognised at a point in time when the services have been rendered.

Reminder and guarantee fee

Fees earned for the provision of services over a period of time, such as reminder and guarantee fees, are accrued over the period.

(i) Employee benefits

Short terms 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.

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.

Defined benefit plans

The Economic Entity and the Company operate the 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 year of service upon attaining the mandatory retirement age of sixty (60) or optional retirement age or passes 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.

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 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.

The Economic Entity and 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.

(j) Borrowing costs

All borrowing costs are recognised as an expense in the year in which they are incurred.

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the statements of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability of the Economic Entity and of the Company for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Economic Entity and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Economic Entity and the Company intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the financial year

Current and deferred tax are recognised as an expense or income in the statements of profit or loss, except when they relate to items that are recognised outside statements of profit or loss, in which case the tax is also recognised outside the statements of profit or loss.

4. CASH AND BANK BALANCES

	Economic Entity and Company	
	2025	2024
	RM	RM
Cash and bank balances	73,986,643	28,785,800
Allowance for impairment losses	-	(7,001)
	-----	-----
	73,986,643	28,778,799
	=====	=====
<u>Allowance for impairment losses</u>		
Stage 1 - 12 months ECL:		
At 1 January	7,001	-
(Reversal)/Impairment losses recognised during the financial year	(7,001)	7,001
	-----	-----
At 31 December	-	7,001
	=====	=====

Cash and cash equivalents at the end of financial year comprise the following:

	Economic Entity and Company	
	2025	2024
	RM	RM
Cash and bank balances	73,986,643	28,778,799
Deposits and placements with financial institutions	306,500,000	65,000,000
	-----	-----
	380,486,643	93,778,799
Less: Deposits and placements with financial institutions with maturity of more than one month	(296,500,000)	(65,000,000)
	-----	-----
	<u>83,986,643</u>	<u>28,778,799</u>
	=====	=====

5. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Economic Entity and Company	
	2025	2024
	RM	RM
Deposits and placements with financial institutions with maturity of:		
Within one month	10,000,000	-
More than one month	296,500,000	65,000,000
	-----	-----
	<u>306,500,000</u>	<u>65,000,000</u>
	=====	=====

The deposits and placements with financial institutions of the Economic Entity and of the Company at the end of reporting period bore interest rates ranging from 3.20% to 3.65% (2024: 3.55% to 3.65%) per annum. The deposits and placements with financial institutions have maturity periods ranging from 1 to 4 (2024: 3 to 6) months.

6. LOAN/FINANCING RECEIVABLES

	Economic Entity and Company	
	2025	2024
	RM	RM
Mortgage loan/financing receivables:		
End finance loans/financing	879,386,117	838,200,932
Bridging loans	182,999,532	179,662,013
Revolving loans	139,826,865	127,783,361
Term loans	24,246,095	17,272,411
	-----	-----
	1,226,458,609	1,162,918,717
Unsecured loans receivable	4,303,450	3,449,979
	-----	-----
Gross loan/financing receivables	1,230,762,059	1,166,368,696
Allowance for impairment losses:		
Stage 1 – 12 months ECL	(270,760)	(234,013)
Stage 2 – Lifetime ECL not credit impaired	(157,807)	(218,022)
Stage 3 – Lifetime ECL credit impaired	(45,648,651)	(42,215,904)
	(46,077,218)	(42,667,939)
	-----	-----
Net loan/financing receivables	1,184,684,841	1,123,700,757
	=====	=====

Movements in allowance for impairment losses of loan/financing receivables are as follows:

	Economic Entity and Company	
	2025	2024
	RM	RM
At 1 January	42,667,939	35,896,128
Addition	3,409,279	6,902,380
Written off	-	(130,569)
	-----	-----
At 31 December	46,077,218	42,667,939
	=====	=====

The mortgage loan/financing receivables are secured by freehold or leasehold properties. The weighted average effective interest/profit rate of the Economic Entity and of the Company is 7.32% (2024: 7.27%) per annum.

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

	Economic Entity and Company	
	2025	2024
	RM	RM
Within one year	340,003,744	339,150,273
One year to three years	38,212,036	38,212,036
Three years to five years	40,045,543	40,045,543
Over five years	812,500,736	748,960,844
	<u>1,230,762,059</u>	<u>1,166,368,696</u>

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

	Economic Entity and Company	
	2025	2024
	RM	RM
Stage 1	1,166,899,236	926,079,482
Stage 2	8,601,223	218,022
Stage 3	55,261,600	240,071,192
	<u>1,230,762,059</u>	<u>1,166,368,696</u>

7. OTHER RECEIVABLES

	Economic Entity and Company	
	2025	2024
	RM	RM
Other receivables	3,942	30,683
Staff loans and advances	1,221,507	1,381,590
Deposits	138,625	133,025
	<u>1,364,074</u>	<u>1,545,298</u>

Staff loans and advances are unsecured and bears interest rates ranging from 3.00% to 4.00% (2024: 3.00% to 4.00%) per annum. The repayment is through salary deduction.

8. ASSETS HELD FOR SALE

	Economic Entity and Company	
	2025	2024
	RM	RM
At 1 January	37,860	19,942
Reclassified from property, plant and equipment	-	17,918
Reclassified to property, plant and equipment	(19,942)	-
Disposal	(17,918)	-
	-----	-----
At 31 December	-	37,860
	=====	=====

Assets held for sale comprised two buildings that the Company had committed to sell. During the financial year, the disposal of one building was completed for a cash consideration of RM65,000. The remaining building was reclassified to property, plant and equipment following the termination of the sale and purchase agreement due to the purchaser's failure to fulfill the contractual terms and conditions.

9. INVESTMENTS IN ASSOCIATES

	Economic Entity		Company	
	2025	2024	2025	2024
	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	4,773,866	4,739,528	-	-
	-----	-----	-----	-----
	8,773,866	8,739,528	4,000,000	4,000,000
	=====	=====	=====	=====

The details of the associates are as follows:

Name of associate	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company		Principal activities
		2025	2024	
		%	%	
BHMF Realty Sdn. Bhd.	Malaysia	40	40	Property development
<i>Held through</i> <i>BHMF Realty Sdn. Bhd.</i>				
Cendana Emas Sdn. Bhd.	Malaysia	40	40	Investment holding and property management

The summarised financial information for associates are as follows:

	BHMF Realty Sdn. Bhd. and its subsidiary	
	2025	2024
	RM	RM
<i><u>Consolidated statements of financial position as at</u></i>		
<i><u>31 December</u></i>		
Non-current assets	16,747,602	16,849,726
Current assets	5,535,974	5,286,037
Current liabilities	(348,912)	(286,944)
	-----	-----
Net assets	21,934,664	21,848,819
	=====	=====
<i><u>Consolidated statements of profit or loss and other</u></i>		
<i><u>comprehensive income for the financial year ended 31</u></i>		
<i><u>December</u></i>		
Revenue	340,200	340,200
	-----	-----
Profit before tax	161,933	190,166
Income tax expense	(76,088)	(63,626)
	-----	-----
Profit for the financial year	85,845	126,540
Other comprehensive income	-	-
	-----	-----
Profit and total comprehensive income for the financial year	85,845	126,540
	=====	=====
<i><u>Reconciliation of net assets to carrying amount</u></i>		
Net assets as at 1 January	21,848,819	21,722,279
Profit for the financial year	85,845	126,540
	-----	-----
Net assets as at 31 December	21,934,664	21,848,819
Interest on associates	40%	40%
	-----	-----
Carrying amount of the Economic Entity's interest in associates	8,773,866	8,739,528
	=====	=====

10. PROPERTY, PLANT AND EQUIPMENT

Economic Entity and Company	Buildings RM	Motor vehicles RM	Office equipment, furniture, fittings and renovation RM	Total RM
Cost				
At 1 January 2024	14,350,731	1,162,418	10,208,508	25,721,657
Additions	-	-	251,037	251,037
Disposal	-	(168,313)	-	(168,313)
Written off	-	-	(159,537)	(159,537)
Reclassified as assets held for sale	(50,731)	-	-	(50,731)
At 31 December 2024/1 January 2025	14,300,000	994,105	10,300,008	25,594,113
Additions	-	245,902	114,066	359,968
Written off	-	-	(44,083)	(44,083)
Reclassified from assets held for sale	19,942	-	-	19,942
At 31 December 2025	14,319,942	1,240,007	10,369,991	25,929,940
Accumulated depreciation				
At 1 January 2024	3,321,767	1,022,590	9,648,610	13,992,967
Depreciation during the financial year	285,996	59,682	334,398	680,076
Disposal	-	(168,313)	-	(168,313)
Written off	-	-	(147,499)	(147,499)
Reclassified as assets held for sale	(32,813)	-	-	(32,813)
At 31 December 2024/1 January 2025	3,574,950	913,959	9,835,509	14,324,418
Depreciation during the financial year	285,991	68,620	260,843	615,454
Written off	-	-	(43,184)	(43,184)
At 31 December 2025	3,860,941	982,579	10,053,168	14,896,688

	Buildings RM	Motor vehicles RM	Office equipment, furniture, fittings and renovation RM	Total RM
Carrying amount				
At 31 December 2024	10,725,050	80,146	464,499	11,269,695
At 31 December 2025	10,459,001	257,428	316,823	11,033,252

11. RIGHT-OF-USE ASSETS

Economic Entity and Company	Leasehold land RM	Office building RM	Total RM
Cost			
At 1 January 2024	6,700,000	1,516,684	8,216,684
Additions	-	3,178,845	3,178,845
At 31 December 2024/1 January 2025	6,700,000	4,695,529	11,395,529
Additions	-	181,164	181,164
At 31 December 2025	6,700,000	4,876,693	11,576,693
Accumulated depreciation			
At 1 January 2024	90,444	1,430,613	1,521,057
Depreciation during the financial year	7,537	300,063	307,600
At 31 December 2024/1 January 2025	97,981	1,730,676	1,828,657
Depreciation during the financial year	7,537	280,766	288,303
At 31 December 2025	105,518	2,011,442	2,116,960

Economic Entity and Company	Leasehold land RM	Office building RM	Total RM
Carrying amount			
At 31 December 2024	6,602,019	2,964,853	9,566,872
At 31 December 2025	6,594,482	2,865,251	9,459,733

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 (2024: 2 to 999) years.

12. DEFERRED TAX ASSETS

	At 1 January 2025 RM	Recognised in profit or loss RM	At 31 December 2025 RM
<u>Deferred tax assets</u>			
Allowance for impairment loss of loan/financing receivables	503,540	(302,098)	201,442
Property, plant and equipment	190,322	(78,141)	112,181
Lease liabilities	-	713,892	713,892
Provision for gratuity and defined benefit obligations	1,775,091	(45,972)	1,729,119
	2,468,953	287,681	2,756,634
<u>Deferred tax liabilities</u>			
Right-of-use assets	-	(687,661)	(687,661)
	2,468,953	(399,980)	2,068,973
	At 1 January 2024 RM	Recognised in profit or loss RM	At 31 December 2024 RM
<u>Deferred tax assets</u>			
Allowance for impairment loss 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 obligations	1,680,762	94,329	1,775,091
	2,961,974	(493,021)	2,468,953

13. DEPOSITS FROM CUSTOMERS

	Economic Entity and Company	
	2025	2024
	RM	RM
Fixed deposits	1,089,986,161	763,503,005
Savings deposits	1,158,180	1,200,699
	-----	-----
	1,091,144,341	764,703,704
	=====	=====

These deposits are sourced from the following types of customers:

	Economic Entity and Company	
	2025	2024
	RM	RM
State Government of Sabah	200,000,000	-
State Government of Sarawak	780,000,000	660,000,000
State-owned enterprises and institutions	47,060,109	41,154,347
Associate	4,460,799	4,295,020
Other business enterprises and individuals	59,623,433	59,254,337
	-----	-----
	1,091,144,341	764,703,704
	=====	=====

The maturity structure of deposits from customers is as follows:

	Economic Entity and Company	
	2025	2024
	RM	RM
Within one year	1,090,148,519	764,254,274
More than one year	995,822	449,430
	-----	-----
	1,091,144,341	764,703,704
	=====	=====

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% (2024: 2.40% to 4.10%) per annum.

14. BORROWINGS

	Economic Entity and Company	
	2025	2024
	RM	RM
Revolving credit	1,000,000	1,000,000
	=====	=====

As at 31 December 2025, the Economic Entity and the Company have revolving credit facility obtained from financial institutions with a total approved limit of RM20,000,000 (2024: RM20,000,000). No security is being pledged for the revolving credit facility.

The borrowings at the end of the reporting period bore weighted average effective interest rates as follows:

	Economic Entity and Company	
	2025	2024
	%	%
Revolving credit	4.19	4.32 - 4.44
	=====	=====

15. OTHER PAYABLES

	Economic Entity and Company	
	2025	2024
	RM	RM
Amount owing to associates	1,132,177	1,092,648
Amount owing to Supplementary Housing Loan Fund of the State Government of Sabah	16,982,253	17,227,660
Interest payable	3,021,625	2,463,784
Other payables	9,107,235	7,253,184
	-----	-----
	30,243,290	28,037,276
Expected credit losses on bank guarantee at Stage 1:		
At 1 January	326,500	232,577
Allowances	193,292	93,923
At 31 December	519,792	326,500
	-----	-----
	30,763,082	28,363,776
	=====	=====

Amount owing to associates

Amount 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.

Amount owing to Supplementary Housing Loan Fund of the State Government of Sabah

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% (2024: 3.00%) per annum.

Other payables

Included in other payables are project management accounts of developers amounting to RM4,613,409 (2024: RM3,205,651). The amounts are interest-free and can be withdraw by the developers as and when required.

16. PROVISION FOR GRATUITY AND DEFINED BENEFIT OBLIGATIONS

	Economic Entity and Company	
	2025	2024
	RM	RM
Provision for gratuity	10,406	14,220
Defined benefit obligations	7,194,257	7,381,992
	-----	-----
	7,204,663	7,396,212
	=====	=====

Provision for gratuity

Movement in the provision for gratuity is as follows:

	Economic Entity and Company	
	2025	2024
	RM	RM
At 1 January	14,220	14,220
Benefits paid	(3,814)	-
	-----	-----
At 31 December	10,406	14,220
	=====	=====

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.

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 and Company	
	2025	2024
	RM	RM
At 1 January	7,381,992	6,988,954
Included in profit or loss:		
Current service cost	394,138	424,523
Interest cost	327,305	315,542
	721,443	740,065
Benefits paid	(909,178)	(347,027)
At 31 December	7,194,257	7,381,992

Net benefit expense

	Economic Entity and Company	
	2025	2024
	RM	RM
Current service costs	394,138	424,523
Interest cost on benefits obligations	327,305	315,542
Net benefit expense, included in employee benefits expense	721,443	740,065

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.

The principal assumptions used in determining employee defined benefits obligations are shown below:

	Economic Entity and Company	
	2025	2024
	%	%
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 14.9 years (2024: 15.3 years).

17. LEASE LIABILITIES

	Economic Entity and Company	
	2025	2024
	RM	RM
At 1 January	3,024,451	81,525
Addition	181,164	3,178,845
Interest expense recognised in profit or loss	125,134	109,081
Repayment of principal	(231,066)	(235,919)
Repayment of interest expense	(125,134)	(109,081)
	<u>2,974,549</u>	<u>3,024,451</u>
Maturity analysis:		
Year 1	366,300	332,700
Year 2	349,800	316,200
Year 3	349,800	316,200
Year 4	349,800	316,200
Year 5	338,600	316,200
After year 6	1,949,900	2,266,100
	<u>3,704,200</u>	<u>3,863,600</u>
Less: Unearned interest	(729,651)	(839,149)
	<u>2,974,549</u>	<u>3,024,451</u>

As at 31 December 2025, all the lease liabilities represent lease of office buildings.

The weighted average leases incremental borrowing rate applied to lease liabilities is 3.98% (2024: 4.20%) per annum.

18. SHARE CAPITAL

	Economic Entity and Company			
	Number of shares			
	2025	2024	2025	2024
			RM	RM
<u>Issued and fully paid - up ordinary shares with no par value</u>				
At 1 January and 31 December	126,420,084	126,420,084	154,420,084	154,420,084

Holders of ordinary shares are entitled to dividends as declared from time to time and have one vote per share at general meetings of the Company. All ordinary shares rank equally with respect to the Company's residual assets.

19. GENERAL RESERVES

	Economic Entity		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Distributable reserves:				
General reserves	128,499,884	123,499,884	128,499,884	123,499,884
Retained earnings	180,459,818	168,672,607	175,685,952	163,933,079
	308,959,702	292,172,491	304,185,836	287,432,963

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.

The entire retained earnings of the Economic Entity and of the Company are available for distribution by way of dividend.

20. INTEREST/PROFIT INCOME

	Economic Entity and Company	
	2025	2024
	RM	RM
Interest/Profit income from:		
End finance loans/financing	59,836,387	58,695,994
Bridging loans	15,771,075	14,650,595
Revolving loans	10,493,719	8,570,689
Term loans	1,513,542	1,049,959
Unsecured loans receivables	94,847	98,341
	87,709,570	83,065,578

21. INTEREST/PROFIT EXPENSE

	Economic Entity and Company	
	2025	2024
	RM	RM
Deposits from:		
Customers	32,751,560	29,639,584
Associates	154,381	203,793
Supplementary Housing Loan Fund of the State Government of Sabah	523,910	527,176
Others	3,356	651
Borrowings	59,418	43,150
	<u>33,492,625</u>	<u>30,414,354</u>

22. OTHER INCOME

	Economic Entity and Company	
	2025	2024
	RM	RM
Agency fees	195,736	206,380
Bad debts recovered	28,346	31,550
Commision	862,471	603,176
Interest income from:		
Fixed and short-term deposits	4,269,860	3,553,485
Staff loans	43,157	44,648
Gain on disposal of:		
Property, plant and equipment	-	16,831
Assets held for sale	47,082	-
Loan processing fees	5,275	4,075
Rental income	197,459	303,785
Reminder and guarantee fees	522,505	362,856
Others	64,229	109,696
	<u>6,236,120</u>	<u>5,236,482</u>

23. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Economic Entity and Company	
	2025	2024
	RM	RM
Loan/financing receivables:		
Allowance/(Reversal) for impairment losses		
Stage 1 – 12 months ECL	8,561,593	7,605
Stage 2 – Lifetime ECL not credit impaired	(75,300)	72,368
Stage 3 – Lifetime ECL credit impaired	(5,077,014)	6,822,407
	<u>3,409,279</u>	<u>6,902,380</u>

	Economic Entity and Company	
	2025	2024
	RM	RM
Cash and bank balances: (Reversal)/Allowance for impairment losses Stage 1 – 12 months ECL	(7,001)	7,001
Bank guarantee Allowance for impairment losses Stage 1 – 12 months ECL	193,292	93,923
Total allowance for impairment losses	3,595,570	7,003,304

24. FINANCE COST

	Economic Entity and Company	
	2025	2024
	RM	RM
<u>Interest expense of financial liabilities that are not measured at fair value through profit or loss:</u>		
Interest on:		
Bank overdraft	502	154
Lease liabilities	125,134	109,081
	125,636	109,235

25. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Economic Entity and Company	
	2025	2024
	RM	RM
Employee benefits expense	10,263,593	9,911,254
Auditors' remuneration	168,000	120,000
Depreciation on:		
Property, plant and equipment	615,454	680,076
Right-of-use assets	288,303	307,600
Directors' remuneration:		
Fee	265,117	278,549
Other emoluments	89,851	52,410
Property, plant and equipment written off	899	12,038

Employee benefits expense consists of the followings:

	Economic Entity and Company	
	2025 RM	2024 RM
Salaries and wages	7,410,104	6,772,332
Defined benefit obligations	721,443	740,065
Employee Provident Fund contributions	1,101,337	1,094,514
SOCSO and EIS contributions	104,332	94,842
Other benefits and expenses	926,377	1,209,501
	10,263,593	9,911,254
	10,263,593	9,911,254

26. INCOME TAX EXPENSE

	Economic Entity		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<u>Current tax expense</u>	10,163,030	9,451,422	10,163,030	9,451,422
Under/(Over)provision in previous financial year	61,560	(1,332,322)	61,560	(1,332,322)
	10,224,590	8,119,100	10,224,590	8,119,100
<u>Deferred tax expense</u>				
Origination and reversal of temporary differences	494,351	658,171	494,351	658,171
Overprovision in previous financial year	(94,371)	(165,150)	(94,371)	(165,150)
	399,980	493,021	399,980	493,021
Income tax expense for the financial year	10,624,570	8,612,121	10,624,570	8,612,121
	10,624,570	8,612,121	10,624,570	8,612,121

The corporate income tax rate (the “applicable tax rate”) in Malaysia is 24% (2024: 24%).

The differences between tax expense and the amount of tax determined by multiplying the profit before tax to the applicable tax rate, is analysed as follows:

	Economic Entity		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit before tax	41,411,781	36,541,365	41,377,443	36,490,749
Tax at the applicable tax rate	9,938,827	8,769,928	9,930,586	8,757,780
Non-deductible expenses	726,795	1,351,813	726,795	1,351,813
Share of tax of associates	(8,241)	(12,148)	-	-
Adjustment attributable to previous financial year	(32,811)	(1,497,472)	(32,811)	(1,497,472)
Income tax expense for the financial year	10,624,570	8,612,121	10,624,570	8,612,121

The Finance (No. 2) Act 2023 gazetted on 29 December 2023, introduces the global minimum tax legislation in accordance with GloBE Rules effective from 1 January 2025.

The Economic Entity and the Company is not with the scope of the global minimum tax legislation.

27. DIVIDENDS

	Economic Entity and Company	
	2025 RM	2024 RM
Final dividend of 11.07 sen per ordinary share in respect of the financial year ended 31 December 2024	14,000,000	-
Final dividend of 6.33 sen per ordinary share in respect of the financial year ended 31 December 2023	-	8,000,000
	14,000,000	8,000,000

Subsequent to the financial year end, the directors at the Company's Board of Directors' meeting on 23 June 2026 declared a final dividend of RM15,000,000 in respect of the financial year ended 31 December 2025. The dividend has not been included as a liability in the financial statements in view of the dividend has not been approved as at the end of the financial year.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Economic Entity's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Economic Entity's and the Company's statements of cash flows as cash flows used in financing activities.

	<i>Note</i>	At 1 January 2025 RM	Financing cash flows RM	Interest paid RM	Interest charged RM	New lease arrangement RM	At 31 December 2025 RM
Borrowings	14	1,000,000	-	(59,418)	59,418	-	1,000,000
Lease liabilities	17	3,024,451	(231,066)	(125,134)	125,134	181,164	2,974,549
<hr/> <hr/>							
	<i>Note</i>	At 1 January 2024 RM	Financing cash flows RM	Interest paid RM	Interest charged RM	New lease arrangement RM	At 31 December 2024 RM
Borrowings	14	1,000,000	-	(43,150)	43,150	-	1,000,000
Lease liabilities	17	81,525	(235,919)	(109,081)	109,081	3,178,845	3,024,451
<hr/> <hr/>							

29. RELATED PARTY TRANSACTIONS

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the significant related party transactions are disclosed below:

	Economic Entity and Company	
	2025	2024
	RM	RM
Interest payable/paid to:		
Associate	(154,381)	(203,793)
Supplementary Housing Loan Fund of the State Government of Sabah	(523,910)	(527,176)
Dividend paid to shareholders	(14,000,000)	(8,000,000)
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	195,736	206,380
Rental receivable/received from a corporate shareholder	197,459	300,785
	=====	=====

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Economic Entity and of the Company either directly or indirectly. The key management personnel of the Economic Entity and of the Company include directors and certain members of senior management of the Economic Entity and of the Company.

	Economic Entity and Company	
	2025	2024
	RM	RM
<u>Directors</u>		
Short-term employee benefits:		
Fees	265,117	278,549
Other emoluments	89,851	52,410
	-----	-----
	354,968	330,959
	=====	=====
<u>Other key management personnel</u>		
Short-term employee benefits	295,200	762,750
Employee Provident Fund, SOCSO and EIS contributions	47,473	117,225
	-----	-----
	342,673	879,975
	-----	-----
	697,641	1,210,934
	=====	=====

30. COMMITMENTS AND BANK GUARANTEE

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

	Economic Entity and Company	
	2025	2024
	RM	RM
Loans commitment not yet recognised in the financial statements:		
End finance	121,021,085	88,095,379
Bridging, term loans and revolving loans	275,382,070	268,198,896
Guarantees issued	25,581,112	20,534,000
	421,984,267	376,828,275
	421,984,267	376,828,275

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 Economic Entity and the Company and properties charged to the Economic Entity and the Company.

31. OPERATING LEASE COMMITMENT

The Economic Entity and the Company as lessors

Operating leases, in which the Economic Entity and the Company are the lessors, relate to the lease of the building owned by the Economic Entity and the Company with lease terms of 1 year.

Maturity analysis of operating lease payments:

	Economic Entity and Company	
	2025	2024
	RM	RM
Year 1	37,598	37,598
	37,598	37,598

Rental income recognised as other income during the financial year is disclosed in note 22.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Economic Entity and Company	
	2025	2024
	RM	RM
<i><u>Financial assets at amortised cost</u></i>		
Cash and bank balances	73,986,643	28,778,799
Deposits and placements with financial institutions	306,500,000	65,000,000
Loan/financing receivables	1,184,684,841	1,123,700,757
Other receivables	1,364,074	1,545,298
	-----	-----
	1,566,535,558	1,219,024,854
	=====	=====
<i><u>Financial liabilities at amortised cost</u></i>		
Deposits from customers	1,091,144,341	764,703,704
Borrowings	1,000,000	1,000,000
Other payables	30,763,082	28,363,776
Accrued expenses	1,153,676	419,773
Lease liabilities	2,974,549	3,024,451
	-----	-----
	1,127,035,648	797,511,704
	=====	=====

(b) Fair values of financial assets and financial liabilities

The directors assessed that the fair values of financial assets and financial liabilities at amortised cost as at the end of the reporting period approximate or are at their carrying amounts mainly due to their short-term maturities or their interest-bearing nature (where their interest rates are at or approximate the market rates applicable to those financial instruments).

33. FINANCIAL RISK MANAGEMENT

Risk management is integral to the whole business of the Economic Entity and of the Company. Management continually monitors the Economic Entity's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions of the Economic Entity's and the Company's activities.

There has been no change to the Economic Entity's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

Market risk

(a) 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/financing 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/financing receivables.

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 5, 6, 7, 13, 14 and 15 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 and Company	
	2025	2024
	RM	RM
Effects on profit for the financial year		
Increase of 50 basis points	(5,000)	(5,000)
Decrease of 50 basis points	5,000	5,000
	=====	=====

(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.

Credit risk concentration profile

As at 31 December 2025, there are 2 (2024: 2) counterparties that have exceeded 5% of gross monetary assets. The Economic Entity and the Company define counterparties sharing similar characteristics if they are entities under common control. The credit risk on liquid funds (investment in the form of fixed deposits and money market instruments) is limited because the counterparties are banks and financial institution with high credit-ratings.

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 statements 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 Economic Entity and the Company and properties charged to the Economic Entity and 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 RM25.6 million (2024: RM20.5 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.

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 difficult 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.

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 on loan/financing receivable is determined for each category:

<u>Stage</u>	<u>Definition</u>	<u>Principal and interest/profit in arrear</u>
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 receivables 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.

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.

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 loss 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:

2025	Economic Entity and Company			Total RM
	Stage 1 12-months ECL RM	Stage 2 Lifetime ECL not credit impaired RM	Stage 3 Lifetime credit impaired RM	
At 1 January	234,013	218,022	42,215,904	42,667,939
Transferred to stage 1	239,102	(40,943)	(198,159)	-
Transferred to stage 2	(66,904)	97,358	(30,454)	-
Transferred to stage 3	(15,007)	(99,927)	114,934	-
Financial assets derecognised	(16,374)	(45,567)	(1,677,502)	(1,739,443)
New financial assets	7,010	16	3,271	10,297
Net remeasurement of allowances	(111,080)	28,848	5,220,657	5,138,425
Amount written-off	-	-	-	-
At 31 December	<u>270,760</u>	<u>157,807</u>	<u>45,648,651</u>	<u>46,077,218</u>

2024	Economic Entity and Company			Total RM
	Stage 1 12-months ECL RM	Stage 2 Lifetime ECL not credit impaired RM	Stage 3 Lifetime credit impaired RM	
At 1 January	244,250	145,654	35,506,223	35,896,127
Transferred to stage 1	55,681	(49,832)	(5,849)	-
Transferred to stage 2	(11,860)	137,644	(125,784)	-
Transferred to stage 3	(111,761)	(49,042)	160,803	-
Financial assets derecognised	(3,457)	(20,533)	(254,960)	(278,950)
New financial assets	131,247	-	1,521,372	1,652,619
Net remeasurement of allowances	(70,087)	54,131	5,544,668	5,528,712
Amount written-off	-	-	(130,569)	(130,569)
At 31 December	<u>234,013</u>	<u>218,022</u>	<u>42,215,904</u>	<u>42,667,939</u>

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's and of 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.

Maturity analysis

The maturity profile of the Economic Entity's and of the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows:

Economic Entity and Company	Contractual interest rate %	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
2025					
<i><u>Non-derivative financial liabilities</u></i>					
Deposits from customers	2.40 - 4.10	1,105,156,265	1,041,434	-	1,106,197,699
Borrowings	4.19	1,003,492	-	-	1,003,492
Other payables	3.00	30,752,758	-	-	30,752,758
Accrued expenses	-	1,153,676	-	-	1,153,676
Lease liabilities	3.98	366,300	1,388,000	1,949,900	3,704,200
Guarantees issued	-	25,581,112	-	-	25,581,112
Total undiscounted non-derivative financial liabilities		1,164,013,603	2,429,434	1,949,900	1,168,392,937
2024					
<i><u>Non-derivative financial liabilities</u></i>					
Deposits from customers	2.40 - 4.10	794,208,246	464,542	-	794,672,788
Borrowings	4.33	1,003,608	-	-	1,003,608
Other payables	3.00	28,554,106	-	-	28,554,106
Accrued expenses	-	419,773	-	-	419,773
Lease liabilities	4.20	332,700	1,264,800	2,266,100	3,863,600
Guarantees issued	-	20,534,000	-	-	20,534,000
Total undiscounted non-derivative financial liabilities		845,052,433	1,729,342	2,266,100	849,047,875

The Economic Entity and the Company have not committed to any derivative financial instruments during the financial year.

34. 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 2025, borrowings represent Nil % (2024: Nil %) of gross mortgage loans/financing receivables of the Company.

	Economic Entity and Company	
	2025	2024
	RM	RM
Borrowings	1,000,000	1,000,000
Gross mortgage loans/financing receivables	1,230,762,059	1,166,368,696
Borrowing limit	0%	0%

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

35. ISLAMIC BANKING BUSINESS

The financial position and the financial performance 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 summarised as follows:

Statements of financial position as at 31 December

	Note	Economic Entity and Company	
		2025	2024
		RM	RM
Assets			
Cash and bank balances	(a)	5,275,055	2,885,361
Financing receivables	(b)	107,982,166	73,455,975
Total assets		113,257,221	76,341,336

		Economic Entity and Company	
		2025	2024
	<i>Note</i>	RM	RM
Liabilities			
Deposits from customers	(c)	546,049	410,025
Other payables		369,485	295,585
		-----	-----
Total liabilities		915,534	705,610
		-----	-----
Equity			
Retained earnings	(d)	21,185,374	12,521,084
Islamic banking funds		91,156,313	63,114,642
		-----	-----
Total equity		112,341,687	75,635,726
		-----	-----
Total equity and liabilities		113,257,221	76,341,336
		=====	=====

Statements of profit or loss and other comprehensive income for the financial year ended 31 December

		Economic Entity and Company	
		2025	2024
	<i>Note</i>	RM	RM
Profit income on Tawarruq Home Financing-i		8,705,285	4,705,043
Profit expense		(12,572)	(13,245)
		-----	-----
Other income	(e)	8,692,713	4,691,798
		323,516	113,767
		-----	-----
Total income		9,016,229	4,805,565
		-----	-----
Expenditure			
Employee benefits expense	(f)	(291,059)	(298,484)
Administrative expense		(9,320)	(11,077)
		-----	-----
Allowance for impairment losses		8,715,850	4,496,004
		(51,560)	(137,634)
		-----	-----
Profit for the financial year		8,664,290	4,358,370
		=====	=====

	Economic Entity and Company	
	2025	2024
	RM	RM
(a) <u>Cash and bank balances</u>		
Cash and bank balances	5,275,055	2,885,425
Less: Allowance for impairment losses	-	(64)
	-----	-----
	5,275,055	2,885,361
	-----	-----
(b) <u>Financing receivables</u>		
Tawarruq Home Financing-i	108,221,719	73,643,902
Less: Allowance for impairment losses	(239,553)	(187,927)
	-----	-----
	107,982,166	73,455,975
	-----	-----
(c) <u>Deposits from customers</u>		
Tawarruq Term Deposit-i	445,596	314,331
Wadiah Savings Account-i	100,453	95,694
	-----	-----
	546,049	410,025
	-----	-----
(d) <u>Retained earnings</u>		
Movement of retained earnings are as follows:		
At 1 January	12,521,084	8,162,714
Profit for the financial year	8,664,290	4,358,370
	-----	-----
31 December	21,185,374	12,521,084
	-----	-----
(e) <u>Other income</u>		
Commission	269,895	72,419
Agency fee	31,099	27,063
Others	22,522	14,285
	-----	-----
	323,516	113,767
	-----	-----
(f) <u>Employee benefits expense</u>		
Wages and salaries	244,492	255,547
Employee provident fund contributions	41,827	38,013
SOCSO and EIS contributions	4,740	4,924
	-----	-----
	291,059	298,484
	-----	-----

36. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the board of directors on 23 June 2026.