

12. ACCOUNTANTS' REPORT

GEOHAN CORPORATION BERHAD
(Registration No.: 201601003474 (1174400-V))
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2022, 31 DECEMBER 2023
AND 31 DECEMBER 2024

GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
Member Firm of Grant Thornton International Ltd.

12. ACCOUNTANTS' REPORT (Cont'd)

Date: 30 May 2025

The Board of Directors
Geohan Corporation Berhad
 No 40, 42A & 42B
 Jalan Datuk Sulaiman
 Taman Tun Dr. Ismail
 60000 Kuala Lumpur

Dear Sirs,

Grant Thornton Malaysia PLT
 Level 11, Sheraton Imperial Court
 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Malaysia

T +603 2692 4022
F +603 2691 5229

Reporting Accountants' Opinion on the Financial Information Contained in the Accountants' Report of Geohan Corporation Berhad ("the Company" or "Geohan")

Opinion

We have audited the accompanying Combined Financial Statements ("financial information") of Geohan and its combining entities (collectively known as "the Group" or "Geohan Group") which comprises the combined statements of financial position of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024, the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 and material accounting policies information and other explanatory notes, as set out on pages 4 to 57. This historical financial information has been prepared for inclusion in the prospectus of the Company in connection with the initial public offering and the listing and quotation of the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing") ("Prospectus"). The Accountants' Report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia pursuant to Chapter 10, Part II Division 1: Equity and for no other purposes ("Prospectus Guidelines").

In our opinion, the accompanying combined financial statements give a true and fair view of the combined statements of financial position of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024, and of their combined financial performance and their combined cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards.

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 Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

12. ACCOUNTANTS' REPORT (Cont'd)**Basis for Opinion (cont'd)***Independence and Other Ethical Responsibilities*

We are independent of the Group 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.

Responsibilities of the Directors for the Combined Financial Statements

The Directors of the Company ("Directors") are responsible for the preparation of the Combined Financial Statements of the Group that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Combined Financial Statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the Combined Financial Statements of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the Combined Financial Statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountants' 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 Combined 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 Combined Financial Statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

12. ACCOUNTANTS' REPORT (Cont'd)**Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (cont'd)**

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the Combined Financial Statements of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Combined Financial Statements of the Group, including the disclosures, and whether the Combined Financial Statements of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Combined Financial Statements of the entity or business activities within the Group to express an opinion on the Combined Financial Statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

Restriction on Distribution and Use

This report has been prepared solely to comply with the Prospectus Guidelines and Main Market Listing Requirements issued by Bursa Securities for inclusion in the Prospectus and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

LIM CHOOI LING
(NO: 03537/11/2026(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
30 May 2025

12. ACCOUNTANTS' REPORT (Cont'd)

GEOHAN CORPORATION BERHAD

Registration No.: 201601003474 (1174400-V)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024

	Note	31.12.2022 RM	31.12.2023 RM	31.12.2024 RM
ASSETS				
Non-current assets				
Property, plant and equipment	3	136,391,308	149,109,101	181,891,872
Investment properties	4	5,597,401	8,891,671	5,981,998
Goodwill on consolidation	5	683,758	683,758	683,758
Deferred tax assets	6	1,636,000	2,396,000	990,500
Total non-current assets		144,308,467	161,080,530	189,548,128
Current assets				
Trade receivables	7	62,583,357	89,456,806	72,058,554
Other receivables	8	12,053,891	27,536,269	22,952,836
Contract assets	9	41,448,921	42,800,725	70,596,193
Tax recoverable		2,906,118	337,780	970,574
Deposits with licensed banks	10	12,879,302	25,987,625	31,317,093
Cash and bank balances		11,885,025	8,456,599	10,449,197
		143,756,614	194,575,804	208,344,447
Assets held for sale	11	-	-	3,960,000
Total current assets		143,756,614	194,575,804	212,304,447
TOTAL ASSETS		288,065,081	355,656,334	401,852,575
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the Company:-				
Share capital	12	11,788,002	11,788,002	11,916,000
Reserve	13	(16,496)	(40,056)	123,888
Retained earnings		83,247,700	97,194,332	103,209,499
		95,019,206	108,942,278	115,249,387
Non-controlling interests	14	13,120,675	15,345,162	16,274,791
Total equity		108,139,881	124,287,440	131,524,178
LIABILITIES				
Non-current liabilities				
Lease liabilities	15	36,084,826	38,062,046	49,238,767
Borrowings	16	7,770,614	7,615,529	8,083,155
Deferred tax liabilities	6	5,844,547	6,447,006	8,115,854
Total non-current liabilities		49,699,987	52,124,581	65,437,776
Current liabilities				
Trade payables	17	36,940,742	59,714,823	60,952,400
Other payables	18	41,640,425	55,717,363	89,643,087
Contract liabilities	9	6,545,940	17,300,782	10,772,298
Amount due to Directors	19	4,722,296	2,334,891	-
Lease liabilities	15	22,766,662	25,882,530	24,128,535
Borrowings	16	17,520,217	18,252,704	18,874,092
Tax payable		88,931	41,220	520,209
Total current liabilities		130,225,213	179,244,313	204,890,621
Total liabilities		179,925,200	231,368,894	270,328,397
TOTAL EQUITY AND LIABILITIES		288,065,081	355,656,334	401,852,575

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**GEOHAN CORPORATION BERHAD**

Registration No.: 201601003474 (1174400-V)

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024**

	<u>Note</u>	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Revenue	20	207,975,215	323,834,136	395,215,995
Cost of sales		<u>(186,771,485)</u>	<u>(288,572,702)</u>	<u>(349,983,256)</u>
Gross profit		21,203,730	35,261,434	45,232,739
Other income		3,845,108	664,955	4,161,307
Administrative expenses		(13,462,194)	(18,173,236)	(22,412,907)
Net impairment loss on financial assets		(985,871)	-	(129,118)
Other expenses		<u>(363,457)</u>	<u>(68,942)</u>	<u>(4,999,171)</u>
Operating profit		10,237,316	17,684,211	21,852,850
Finance income	21	281,562	355,771	1,009,822
Finance costs	22	<u>(551,452)</u>	<u>(480,101)</u>	<u>(578,461)</u>
Profit before tax	23	9,967,426	17,559,881	22,284,211
Tax expense	24	<u>(2,246,704)</u>	<u>(1,384,898)</u>	<u>(6,276,277)</u>
Profit for the financial year		<u>7,720,722</u>	<u>16,174,983</u>	<u>16,007,934</u>
Other comprehensive (loss)/income for the financial year, net of tax				
- Revaluation reserve		-	-	154,250
- Foreign currency exchange differences		<u>(17,311)</u>	<u>(27,424)</u>	<u>36,583</u>
Total other comprehensive (loss)/income for the financial year, net of tax		<u>(17,311)</u>	<u>(27,424)</u>	<u>190,833</u>
Total comprehensive income for the financial year		<u>7,703,411</u>	<u>16,147,559</u>	<u>16,198,767</u>
Profit for the financial year attributable to:-				
Owners of the Company		6,684,422	13,946,632	13,824,398
Non-controlling interests		<u>1,036,300</u>	<u>2,228,351</u>	<u>2,183,536</u>
		<u>7,720,722</u>	<u>16,174,983</u>	<u>16,007,934</u>
Total comprehensive income for the financial year attributable to:-				
Owners of the Company		6,669,550	13,923,072	13,988,342
Non-controlling interests		<u>1,033,861</u>	<u>2,224,487</u>	<u>2,210,425</u>
		<u>7,703,411</u>	<u>16,147,559</u>	<u>16,198,767</u>

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

GEOHAN CORPORATION BERHAD

Registration No.: 201601003474 (1174400-V)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024

	Note	Share capital RM	Reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2022		11,788,002	(1,624)	76,563,278	88,349,656	12,086,814	100,436,470
Profit for the financial year		-	-	6,684,422	6,684,422	1,036,300	7,720,722
Other comprehensive loss for the financial year		-	(14,872)	-	(14,872)	(2,439)	(17,311)
Total comprehensive income for the financial year		-	(14,872)	6,684,422	6,669,550	1,033,861	7,703,411
Balance at 31 December 2022		11,788,002	(16,496)	83,247,700	95,019,206	13,120,675	108,139,881
Profit for the financial year		-	-	13,946,632	13,946,632	2,228,351	16,174,983
Other comprehensive loss for the financial year		-	(23,560)	-	(23,560)	(3,864)	(27,424)
Total comprehensive income for the financial year		-	(23,560)	13,946,632	13,923,072	2,224,487	16,147,559
Balance at 31 December 2023		11,788,002	(40,056)	97,194,332	108,942,278	15,345,162	124,287,440
Transaction with owners:-							
Issuance of shares	12	127,998	-	-	127,998	-	127,998
Dividends paid	28	-	-	(7,809,231)	(7,809,231)	(1,280,796)	(9,090,027)
Profit for the financial year		-	-	13,824,398	13,824,398	2,183,536	16,007,934
Other comprehensive income for the financial year		-	163,944	-	163,944	26,889	190,833
Total comprehensive income for the financial year		-	163,944	13,824,398	13,988,342	2,210,425	16,198,767
Balance at 31 December 2024		11,916,000	123,888	103,209,499	115,249,387	16,274,791	131,524,178

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

GEOHAN CORPORATION BERHAD

Registration No.: 201601003474 (1174400-V)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024

	Note	31.12.2022 RM	31.12.2023 RM	31.12.2024 RM
OPERATING ACTIVITIES				
Profit before tax		9,967,426	17,559,881	22,284,211
Adjustments for:-				
Bad debts written off		304,027	-	-
Depreciation of property, plant and equipment		21,011,759	23,153,137	27,783,596
Fair value loss on investment properties		-	-	976,185
Loss on disposal of investment properties		24,549	25,000	36,007
Net gain on disposal of property, plant and equipment		(331,156)	(224,629)	(3,201,459)
Impairment loss on trade receivables		985,871	-	261,943
Interest expenses		4,736,013	4,710,846	5,783,078
Interest income		(281,562)	(355,771)	(1,009,822)
Property, plant and equipment written off		34,681	43,950	48,531
Reversal of impairment loss on trade receivables		-	-	(132,825)
Waiver of debts		(63,447)	-	-
Operating profit before working capital changes		36,388,161	44,912,414	52,829,445
Changes in working capital:-				
Contract assets and liabilities		8,475,613	9,403,038	(34,323,952)
Receivables		(10,707,984)	(42,355,757)	21,852,505
Payables		4,070,292	32,840,528	19,167,436
Cash generated from operations		38,226,082	44,800,223	59,525,434
Tax refunded		33,466	2,893,927	-
Tax paid		(992,017)	(1,915,739)	(3,355,734)
Net cash from operating activities		37,267,531	45,778,411	56,169,700
INVESTING ACTIVITIES				
Interest received		281,562	355,771	1,009,822
Purchase of property, plant and equipment	A	(7,680,076)	(4,211,734)	(10,239,671)
Purchase of investment properties	B	(2,310,695)	(3,323,907)	(1,824,319)
Proceeds from disposal of investment properties		582,890	675,000	2,307,000
Proceeds from disposal of property, plant and equipment		462,360	2,551,165	3,362,508
Net cash used in investing activities		(8,663,959)	(3,953,705)	(5,384,660)
FINANCING ACTIVITIES				
Advance from/(Repayment to) Directors		46,391	(2,420,661)	(2,322,674)
Drawdown of bankers' acceptances		41,432,000	45,263,000	25,163,000
Drawdown of invoice financing		4,383,698	7,556,009	30,383,620
Drawdown of lease liabilities		658,665	162,000	3,165,164
Dividend paid		-	-	(9,090,027)
Issuance of shares		-	-	127,998
Interest paid		(4,736,013)	(4,710,846)	(5,783,078)
Repayment of term loans		(4,785,355)	(804,951)	(1,593,620)
Repayment of bankers' acceptances		(36,034,000)	(44,950,000)	(38,473,000)
Repayment of invoice financing		(3,782,443)	(7,157,019)	(16,486,186)
Repayment lease liabilities		(20,749,033)	(25,089,934)	(28,548,471)
Withdrawal/(Placement) of deposits pledged with licensed banks		631,780	1,365,406	(1,381,929)
Net cash used in financing activities		(22,934,310)	(30,786,996)	(44,839,203)

12. ACCOUNTANTS' REPORT (Cont'd)

GEOHAN CORPORATION BERHAD

Registration No.: 201601003474 (1174400-V)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024 (CONT'D)

	Note	31.12.2022 RM	31.12.2023 RM	31.12.2024 RM
CASH AND CASH EQUIVALENTS				
Net changes		5,669,262	11,037,710	5,945,837
Effect of changes in foreign currency exchange		4,263	7,593	(5,700)
Brought forward		11,911,501	17,585,026	28,630,329
Carried forward	C	17,585,026	28,630,329	34,570,466

NOTES TO COMBINED STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	31.12.2022 RM	31.12.2023 RM	31.12.2024 RM
Total purchase of property, plant and equipment	14,941,374	38,241,416	61,071,697
Less: Financed by lease liabilities	(7,081,298)	(30,021,022)	(34,806,033)
Less: Financed by trade payables	(180,000)	(4,008,660)	(16,025,993)
	7,680,076	4,211,734	10,239,671

B. PURCHASE OF INVESTMENT PROPERTIES

	31.12.2022 RM	31.12.2023 RM	31.12.2024 RM
Total purchase of investment properties	2,664,809	3,994,270	3,919,519
Less: Financed by term loans	(354,114)	(670,363)	(2,095,200)
	2,310,695	3,323,907	1,824,319

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the combined statements of cash flows comprise the following amounts:-

	31.12.2022 RM	31.12.2023 RM	31.12.2024 RM
Cash and bank balances	11,885,025	8,456,599	10,449,197
Deposits with licensed banks	12,879,302	25,987,625	31,317,093
	24,764,327	34,444,224	41,766,290
Less: Deposits pledged with licensed banks	(7,179,301)	(5,813,895)	(7,195,824)
	17,585,026	28,630,329	34,570,466

12. ACCOUNTANTS' REPORT (Cont'd)

GEOHAN CORPORATION BERHAD

Registration No.: 201601003474 (1174400-V)

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024 (CONT'D)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2022 RM	Drawdown RM	Repayments RM	Forex translation RM	Non-cash movement RM	31 December 2022 RM
Amount due to Directors	4,718,872	46,391	-	20,480	(63,447)	4,722,296
Bankers' acceptances	10,738,000	41,432,000	(36,034,000)	-	-	16,136,000
Invoice financing	-	4,383,698	(3,782,443)	-	-	601,255
Term loans	12,984,817	354,114	(4,785,355)	-	-	8,553,576
Lease liabilities	71,860,558	7,739,963	(20,749,033)	-	-	58,851,488
	<u>100,302,247</u>	<u>53,956,166</u>	<u>(65,350,831)</u>	<u>20,480</u>	<u>(63,447)</u>	<u>88,864,615</u>
	1 January 2023 RM	Drawdown RM	Repayments RM	Forex translation RM	Non-cash movement RM	31 December 2023 RM
Amount due to Directors	4,722,296	-	(2,420,661)	33,256	-	2,334,891
Bankers' acceptances	16,136,000	45,263,000	(44,950,000)	-	-	16,449,000
Invoice financing	601,255	7,556,009	(7,157,019)	-	-	1,000,245
Term loans	8,553,576	670,363	(804,951)	-	-	8,418,988
Lease liabilities	58,851,488	30,183,022	(25,089,934)	-	-	63,944,576
	<u>88,864,615</u>	<u>83,672,394</u>	<u>(80,422,565)</u>	<u>33,256</u>	<u>-</u>	<u>92,147,700</u>
	1 January 2024 RM	Drawdown RM	Repayments RM	Forex translation RM	Non-cash movement RM	31 December 2024 RM
Amount due to Directors	2,334,891	-	(2,322,674)	(12,217)	-	-
Bankers' acceptances	16,449,000	25,163,000	(38,473,000)	-	-	3,139,000
Invoice financing	1,000,245	30,383,620	(16,486,186)	-	-	14,897,679
Term loans	8,418,988	2,095,200	(1,593,620)	-	-	8,920,568
Lease liabilities	63,944,576	37,971,197	(28,548,471)	-	-	73,367,302
	<u>92,147,700</u>	<u>95,613,017</u>	<u>(87,423,951)</u>	<u>(12,217)</u>	<u>-</u>	<u>100,324,549</u>

The accompanying notes form an integral part of the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**GEOHAN CORPORATION BERHAD**

Registration No.: 201601003474 (1174400-V)
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**1. GENERAL INFORMATION****1.1 Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines and Main Market Listing Requirements issued by Bursa Securities for inclusion in the Prospectus and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

1.2 Background

The Company was incorporated in Malaysia under the Companies Act 1965 on 29 January 2016 as a private limited company under the name of Geohan Corporation Sdn Bhd and is deemed registered under the Companies Act 2016. The Company was converted to a public limited company on 21 March 2016. The Company was subsequently converted back to a private limited company on 25 November 2024 to facilitate the implementation of the pre-listing re-organisation exercise. Subsequently, on 23 April 2025, the Company was converted to a public limited company and assumed its present name to facilitate the Listing.

The registered office of the Company is located at Third floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor. The principal place of business of the Company is located at No. 40, 42A & 42B, Jalan Datuk Sulaiman, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

1.3 Principal activities

The Company is principally engaged in investment holding.

As of the date of this report, the details of the combining entities of Geohan are as follows:-

Name of company	Effective ownership	Principal activities	Date of incorporation	Country of incorporation
Geohan Holding Sdn. Bhd. ("GHSB")	100%	Provision of foundation and geotechnical services, as well as other related services, sub-contractor, and wholesale of construction of materials.	14 July 1992	Malaysia

12. ACCOUNTANTS' REPORT (Cont'd)**GEOHAN CORPORATION BERHAD**

Registration No.: 201601003474 (1174400-V)

(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**1. GENERAL INFORMATION (CONT'D)****1.3 Principal activities (cont'd)**

As of the date of this report, the details of the combining entities of Geohan are as follows (cont'd):-

Name of company	Effective ownership	Principal activities	Date of incorporation	Country of incorporation
<i>Held by the GHSB:-</i>				
Geohan Sdn. Bhd. ("GSB")	85.91	Provision of foundation and geotechnical services, as well as other related services, sub-contractor, and wholesale of construction of materials.	20 December 1996	Malaysia
Geohan Equipment Sdn. Bhd. ("GESB")	85.91	Hiring of equipment and machinery; Services activities incidental to land transportation.	8 June 1999	Malaysia
<i>Held by GSB:-</i>				
Geohan Mix Sdn. Bhd.* ("GMSB")	100%	Building and earthwork contractors and sub-contractor.	15 September 2003	Malaysia
Geohan Pte. Ltd. ("GPL")	100%	Foundation works (including micropiling, conventional piling and underpinning); General building engineering design and consultancy services.	3 May 2007	Singapore

* Dormant as at the date of this report.

There was no significant change in the nature of the principal activities of the Geohan and its combining entities.

12. ACCOUNTANTS' REPORT (Cont'd)

GEOHAN CORPORATION BERHAD

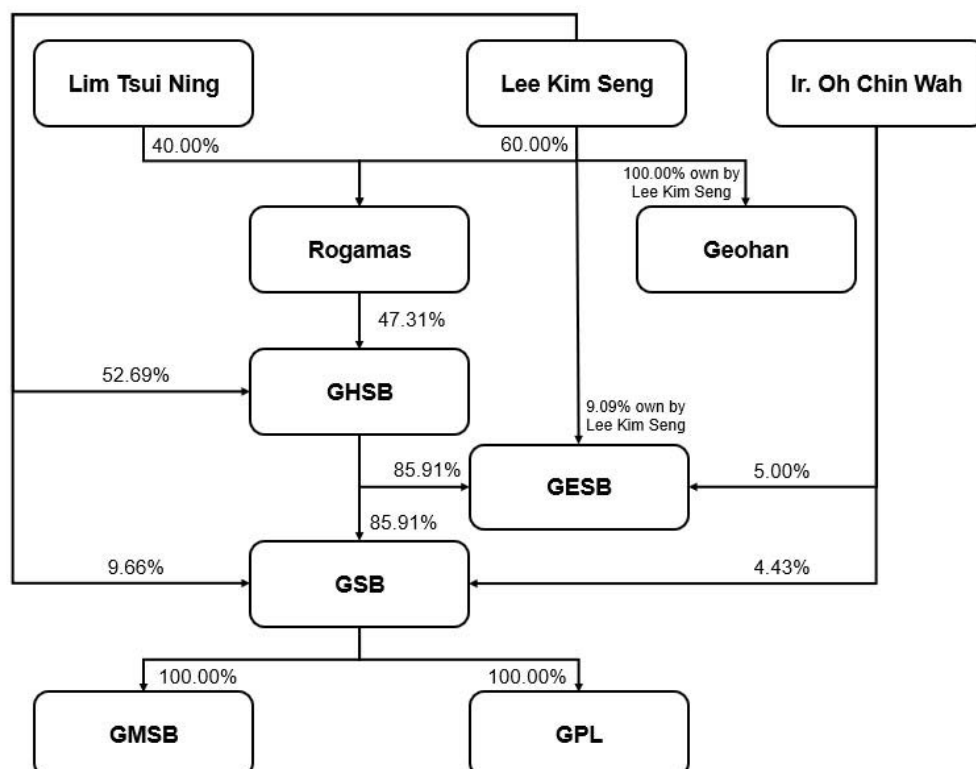
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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

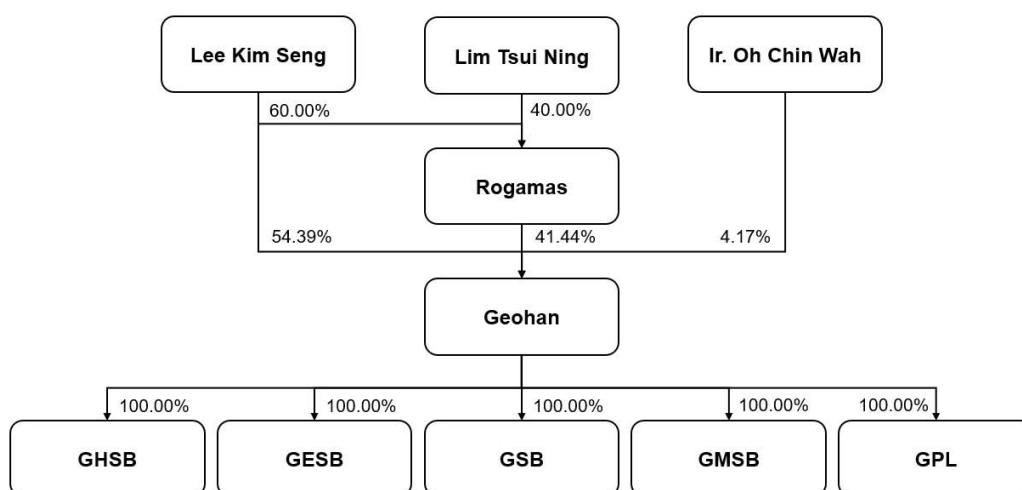
1. GENERAL INFORMATION (CONT'D)

1.4 Group Structure

Before the Acquisitions



After the Acquisitions



12. ACCOUNTANTS' REPORT (Cont'd)

GEOHAN CORPORATION BERHAD

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

1. GENERAL INFORMATION (CONT'D)

1.5 Auditors

The Combined Financial Statements of Geohan Group reflect the financial information of Geohan Corporation Berhad, Geohan Holding Sdn Bhd, Geohan Sdn Bhd, Geohan Equipment Sdn Bhd, Geohan Mix Sdn Bhd and Geohan Pte Ltd.

The relevant financial years of the audited financial statements presented for the purpose of this report and the Auditors of the company within the Group is as follows:-

Company	Relevant Financial Years	Auditors
Geohan Corporation Berhad Geohan Holding Sdn Bhd Geohan Sdn Bhd Geohan Equipment Sdn Bhd Geohan Mix Sdn Bhd	Financial years ended 31 December 2022, 31 December 2023 and 31 December 2024	Grant Thornton Malaysia PLT
Geohan Pte Ltd	Financial years ended 31 December 2022, 31 December 2023 and 31 December 2024	Solaris Assurance PAC (formerly known as Robert Tan & Co)

The audited financial statements of Geohan Group for the Relevant Financial Years reported above were not subject to any qualification or modification.

12. ACCOUNTANTS' REPORT (*Cont'd*)

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2. BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS

2.1 Statement of Compliance

The Combined Financial Statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards ("IFRSs") based on the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants in relation to the Listing.

The Combined Financial Statements consist of the financial statements of the combining entities ("the Group") as disclosed in Note 1.3 to this report, which were under common control throughout the reporting years by virtue of common controlling shareholders.

The Combined Financial Statements have been prepared using financial information obtained from the records of the combining entities during the reporting years.

The financial information as presented in the Combined Financial Statements do not correspond to the financial statements of the Group, as the Combined Financial Statements reflect business combinations under common control for the purpose of the Listing. Consequently, the financial information from the Combined Financial Statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting years.

2.2 Basis of Measurement

The Combined Financial Statements of the Group are prepared under the historical cost convention.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

12. ACCOUNTANTS' REPORT (Cont'd)

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

2.2 Basis of Measurement (cont'd)

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

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

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

2.3 Functional and Presentation Currency

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

2.4 MFRSs

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

At the beginning of the current financial year, the Group adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2024.

Initial application of the new standards/amendments/improvements to the standards did not have material financial impact to the Combined Financial Statements.

12. ACCOUNTANTS' REPORT (Cont'd)

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

2.4 MFRSs (cont'd)

2.4.2 Standards Issued but Not Yet Effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's Combined Financial Statements are disclosed below. The Group intends to adopt new and amended standards, if applicable, when they become effective.

Effective for financial period beginning on or after effective 1 January 2025:-

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability
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Effective for financial period beginning on or after effective 1 January 2026:-

Amendments to MFRS 9 and MFRS 7	Financial Instruments and Financial Instruments - Disclosures - Amendments to the Classification and Measurement of Financial Instruments
Amendments to MFRS 9 and MFRS 7	Financial Instruments and Financial Instruments - Disclosures - Contracts Refencing Nature - Dependent Electricity

Annual Improvements to MFRS Accounting Standards - Volume 11

Effective for financial period beginning on or after effective 1 January 2027:-

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability - Disclosures

Amendments to MFRSs - effective date deferred indefinitely:-

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The initial application of the above applicable standards and amendments are not expected to have any material financial impact to the combined financial statements.

2.5 Significant Accounting Estimates and Judgements

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

12. ACCOUNTANTS' REPORT (Cont'd)

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

2.5.1 Estimation Uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are as follows.

Useful Lives of Depreciable Assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of the depreciable assets at the end of each reporting year. Management assess that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments which resulting the adjustment to the Group's assets.

Impairment of Non-financial Assets

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management make assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Provision for Expected Credit Losses ("ECLs") of Trade Receivables and Contract Assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns such as customer type and rating, and other forms of credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Income Taxes/Deferred Tax Liabilities

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters result is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

12. ACCOUNTANTS' REPORT (Cont'd)**GEOHAN CORPORATION BERHAD**

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2. BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS (CONT'D)**2.5 Significant Accounting Estimates and Judgements (cont'd)****2.5.1 Estimation Uncertainty (cont'd)**Fair Value Valuation of Investment Properties

The Group measures the investment properties at fair value with any change in fair value being recognised in profit or loss. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and reliance on the work of specialists. The Group engages independent valuation specialists to determine the fair values.

Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

2.5.2 Significant Management Judgement

The following are significant management judgements made in applying the accounting policies of the Group that has the most significant effect on the Combined Financial Statements.

Revenue from Contracts with Customers

Revenue is recognised when or as the control of the asset is transferred to our customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time. If control of the asset transfers over time, revenue is recognised over period of the contract by reference to the progress, based on the physical proportion of contract work-to-date certified by the Group and the customers.

Significant judgement is required in determining the process based on the certified work-to-date corroborated by the level of completion of the construction and installation based on actual costs incurred to date over the estimated total construction and installation costs. The total estimated costs are based on approved budgets, which requires assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgments, management relies on past experience and the work of specialists. A change in the estimated will directly affect the revenue to be recognised.

12. ACCOUNTANTS' REPORT (Cont'd)

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3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Freehold buildings RM	Freehold land and buildings RM	Motor vehicles RM	Furniture and fittings RM	Site equipment RM	Site furniture and fittings RM	Site machineries RM	Office equipment RM	Renovation RM	Site office equipment RM	Capital work-in- progress RM	Total RM
Cost													
At 1 January 2022	5,085,322	4,839,507	6,384,500	1,879,479	233,622	13,885,600	1,078,854	207,566,252	1,685,898	1,121,033	719,111	184,811	244,663,989
Additions	-	-	-	521,545	-	3,469,731	-	10,863,388	56,811	-	29,899	-	14,941,374
Disposals	-	-	-	(143,765)	-	-	-	(1,560,211)	(12,415)	-	(8,668)	-	(1,725,059)
Written off	-	-	-	-	-	(20,202)	(49,360)	(9,901)	(38,470)	-	(54,996)	-	(172,929)
Reclassification	-	-	-	-	-	182,211	-	-	-	-	-	(182,211)	-
At 31 December 2022	5,085,322	4,839,507	6,384,500	2,257,259	233,622	17,517,340	1,029,494	216,859,528	1,691,824	1,121,033	685,346	2,600	257,707,375
Additions	-	-	-	625,118	7,217	3,321,076	438,535	33,548,961	191,902	51,600	53,107	3,900	38,241,416
Disposals	-	-	-	(93,579)	-	(500,900)	-	(5,622,484)	(3,280)	-	(20,429)	-	(6,240,672)
Written off	-	-	-	-	(3,350)	(1,303,768)	-	(38,344)	(209,590)	(181,964)	(138,004)	-	(1,875,020)
At 31 December 2023	5,085,322	4,839,507	6,384,500	2,788,798	237,489	19,033,748	1,468,029	244,747,661	1,670,856	990,669	580,020	6,500	287,833,099
Additions	-	-	-	557,495	127,082	5,188,135	262,039	54,381,349	178,970	175,559	103,848	97,220	61,071,697
Disposals	-	-	-	(83,516)	-	-	-	(12,509,119)	(10,575)	-	(12,260)	-	(12,615,470)
Written off	-	-	-	-	-	(30,800)	(13,700)	(2,254,913)	(92,441)	-	(35,197)	-	(2,427,051)
Transfer to investment properties	-	-	(350,000)	-	-	-	-	-	-	-	-	-	(350,000)
At 31 December 2024	5,085,322	4,839,507	6,034,500	3,262,777	364,571	24,191,083	1,716,368	284,364,978	1,746,810	1,166,228	636,411	103,720	333,512,275

12. ACCOUNTANTS' REPORT (Cont'd)

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

	Freehold land RM	Freehold buildings RM	Freehold land and buildings RM	Motor vehicles RM	Furniture and fittings RM	Site equipment RM	Site furniture and fittings RM	Site machineries RM	Office equipment RM	Renovation RM	Site office equipment RM	Capital work-in- progress RM	Total RM
Accumulated depreciation													
At 1 January 2022	-	508,148	859,430	1,660,487	141,868	6,417,425	716,780	89,808,055	850,965	683,062	390,191	-	102,036,411
Charge for the financial year	-	96,790	127,690	100,608	22,534	1,506,304	101,087	18,765,250	134,255	93,892	63,349	-	21,011,759
Disposals	-	-	-	(143,761)	-	-	-	(1,437,292)	(8,046)	-	(4,756)	-	(1,593,855)
Written off	-	-	-	-	-	(18,377)	(42,810)	(6,960)	(33,161)	-	(36,940)	-	(138,248)
At 31 December 2022	-	604,938	987,120	1,617,334	164,402	7,905,352	775,057	107,129,053	944,013	776,954	411,844	-	121,316,067
Charge for the financial year	-	96,791	127,690	231,048	22,626	2,213,885	110,709	20,058,037	137,500	97,761	57,090	-	23,153,137
Disposals	-	-	-	(93,576)	-	(167,737)	-	(3,636,535)	(2,242)	-	(14,046)	-	(3,914,136)
Written off	-	-	-	-	(3,349)	(1,303,765)	-	(27,098)	(205,559)	(181,962)	(109,337)	-	(1,831,070)
At 31 December 2023	-	701,729	1,114,810	1,754,806	183,679	8,647,735	885,766	123,523,457	873,712	692,753	345,551	-	138,723,998
Charge for the financial year	-	96,790	127,690	316,734	30,374	2,804,139	133,970	23,956,220	152,472	112,259	52,948	-	27,783,596
Disposals	-	-	-	(83,515)	-	-	-	(12,349,772)	(9,866)	-	(11,268)	-	(12,454,421)
Written off	-	-	-	-	-	(28,633)	(13,698)	(2,226,056)	(86,501)	-	(23,632)	-	(2,378,520)
Transfer to investment properties	-	-	(54,250)	-	-	-	-	-	-	-	-	-	(54,250)
At 31 December 2024	-	798,519	1,188,250	1,988,025	214,053	11,423,241	1,006,038	132,903,849	929,817	805,012	363,599	-	151,620,403
Net carrying amount													
At 31 December 2022	5,085,322	4,234,569	5,397,380	639,925	69,220	9,611,988	254,437	109,730,475	747,811	344,079	273,502	2,600	136,391,308
At 31 December 2023	5,085,322	4,137,778	5,269,690	1,033,992	53,810	10,386,013	582,263	121,224,204	797,144	297,916	234,469	6,500	149,109,101
At 31 December 2024	5,085,322	4,040,988	4,846,250	1,274,752	150,518	12,767,842	710,330	151,461,129	816,993	361,216	272,812	103,720	181,891,872

12. ACCOUNTANTS' REPORT (Cont'd)

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

The Group's cost and carrying amounts of the freehold land are not segregated from the buildings as required details are not available and unreasonable expenses would be incurred.

3.1 Assets charged to secure banking facilities

The net carrying amount of assets pledged as securities for banking facilities are:-

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Freehold land	5,085,322	5,085,322	5,085,322
Freehold buildings	4,234,569	4,137,778	4,040,988
Freehold land and buildings	<u>4,649,750</u>	<u>4,549,750</u>	<u>4,154,000</u>
	<u>13,969,641</u>	<u>13,772,850</u>	<u>13,280,310</u>

3.2 Leased assets

Included in the net carrying amount of property, plant and equipment are right-of-use assets as below:-

	<u>Motor vehicles</u> RM	<u>Site machineries</u> RM	<u>Site equipment</u> RM	<u>Total</u> RM
Cost				
At 1 January 2022	87,377	108,772,534	3,398,743	112,258,654
Additions	521,545	7,622,182	463,406	8,607,133
Transfer to property, plant and equipment	<u>(87,377)</u>	<u>-</u>	<u>(370,500)</u>	<u>(457,877)</u>
At 31 December 2022	521,545	116,394,716	3,491,649	120,407,910
Additions	617,154	31,399,614	1,393,231	33,409,999
Transfer to property, plant and equipment	<u>-</u>	<u>(2,386,321)</u>	<u>(1,478,287)</u>	<u>(3,864,608)</u>
At 31 December 2023	1,138,699	145,408,009	3,406,593	149,953,301
Additions	547,117	36,971,538	1,118,000	38,636,655
Transfer from property, plant and equipment	-	4,538,660	-	4,538,660
Transfer to property, plant and equipment	<u>-</u>	<u>(32,730,333)</u>	<u>(1,049,681)</u>	<u>(33,780,014)</u>
At 31 December 2024	<u>1,685,816</u>	<u>154,187,874</u>	<u>3,474,912</u>	<u>159,348,602</u>

12. ACCOUNTANTS' REPORT (Cont'd)**GEOHAN CORPORATION BERHAD**

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3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**3.2 Leased assets (cont'd)**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as below (cont'd):-

	<u>Motor vehicles</u> RM	<u>Site machineries</u> RM	<u>Site equipment</u> RM	<u>Total</u> RM
Accumulated depreciation				
At 1 January 2022	81,552	21,789,909	892,912	22,764,373
Charge for the financial year	39,203	11,049,637	533,488	11,622,328
Transfer to property, plant and equipment	(87,376)	-	(132,763)	(220,139)
At 31 December 2022	33,379	32,839,546	1,293,637	34,166,562
Charge for the financial year	175,577	13,447,499	720,381	14,343,457
Transfer to property, plant and equipment	-	(1,245,766)	(724,706)	(1,970,472)
At 31 December 2023	208,956	45,041,279	1,289,312	46,539,547
Charge for the financial year	260,960	16,745,418	760,819	17,767,197
Transfer from property, plant and equipment	-	211,020	-	211,020
Transfer to property, plant and equipment	-	(18,638,935)	(889,567)	(19,528,502)
At 31 December 2024	469,916	43,358,782	1,160,564	44,989,262
Net carrying amount				
At 31 December 2022	488,166	83,555,170	2,198,012	86,241,348
At 31 December 2023	929,743	100,366,730	2,117,281	103,413,754
At 31 December 2024	1,215,900	110,829,092	2,314,348	114,359,340

The above assets are under finance lease arrangement are pledged as security for the related lease liabilities.

Material accounting policy information

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

12. ACCOUNTANTS' REPORT (Cont'd)

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

Material accounting policy information (cont'd)

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. All property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Freehold buildings	2%
Motor vehicles	20%
Furniture and fittings	10%
Site equipment	10%
Site furniture and fittings	10%
Site machineries	20%
Office equipment	10%
Renovation	10%
Site office equipment	10%

Freehold land is not depreciated but is subject to impairment test if there is indication of impairment.

Capital work-in-progress consists of software under installation for management and administration purposes. Assets under installation are not depreciated until it is completed and ready for their intended use.

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

Transfer to investment properties

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

Immediately before the transfer, the Group remeasured the property at fair value and recognised a gain of RM154,250 in other comprehensive income. The valuation techniques and significant unobservable input used in measuring the fair value of the building at the date of transfer were the same as those applied to investment properties.

12. ACCOUNTANTS' REPORT (Cont'd)

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4. INVESTMENT PROPERTIES

	At fair value		At cost		
	Freehold land and buildings RM	Leasehold buildings RM	Freehold buildings under construction RM	Leasehold buildings under construction RM	Total RM
At 1 January 2022	934,400	-	2,394,080	211,551	3,540,031
Additions	-	-	1,138,111	1,526,698	2,664,809
Disposals	-	-	-	(607,439)	(607,439)
At 31 December 2022	934,400	-	3,532,191	1,130,810	5,597,401
Additions	3,590,159	404,111	-	-	3,994,270
Disposals	(700,000)	-	-	-	(700,000)
Reclassification	1,624,723	1,130,810	(1,624,723)	(1,130,810)	-
At 31 December 2023	5,449,282	1,534,921	1,907,468	-	8,891,671
Additions	-	-	3,919,519	-	3,919,519
Disposals	(1,853,736)	(489,271)	-	-	(2,343,007)
Fair value loss	(900,535)	(75,650)	-	-	(976,185)
Reclassification	3,054,989	-	(3,054,989)	-	-
Transfer to assets held for sale	(2,990,000)	(970,000)	-	-	(3,960,000)
Transfer from property, plant and equipment	450,000	-	-	-	450,000
At 31 December 2024	3,210,000	-	2,771,998	-	5,981,998

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4. INVESTMENT PROPERTIES (CONT'D)

The net carrying amount of investment properties pledged as securities for banking facilities granted to the Group are:-

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Freehold land and buildings	498,800	2,690,632	1,900,000
Freehold buildings under construction	<u>1,837,037</u>	<u>212,314</u>	<u>-</u>
	<u>2,335,837</u>	<u>2,902,946</u>	<u>1,900,000</u>

Income and expenses recognised in profit or loss

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Rental income	27,600	27,600	30,300
Direct operating expenses:			
- Income generating investment properties	442	442	445
- Non-income generating investment properties	<u>9,484</u>	<u>29,050</u>	<u>69,326</u>

Fair value basic of investment properties

Fair value measurement of the investment properties was categorised as follows:-

	<u>Level 3</u> <u>31.12.2022</u> RM	<u>Level 3</u> <u>31.12.2023</u> RM	<u>Level 2</u> <u>31.12.2024</u> RM
Recurring fair value measurement:-			
Freehold land and buildings	934,400	5,449,282	3,210,000
Leasehold buildings	<u>-</u>	<u>1,534,921</u>	<u>-</u>

The fair value of the investment properties is based on valuations performed by an accredited independent valuer with recent transactions in the location and category of properties being valued (31.12.2023 and 31.12.2022: estimated by the Director based on the recent transacted prices in the market of properties with similar condition and location). The Directors are of the opinion that the prevailing market condition at the reporting date did not significantly change from the date on which the independent valuation was carried out.

Level 2 Fair Value

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

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4. INVESTMENT PROPERTIES (CONT'D)

Level 3 Fair Value

Level 3 fair value of the investment properties was estimated by the Directors based on the recent transacted prices in the market of properties with similar condition and location. In estimating the fair value of the investment properties, the highest and best use of the investment properties is its current use.

Investment properties at fair value

The operating lease payments to be received are as follows:-

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Within 1 year	27,600	27,600	30,300
Later than 1 year but not later than 5 years	-	27,600	-
	<u>27,600</u>	<u>55,200</u>	<u>30,300</u>

Material accounting policy information

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

Leasehold and freehold buildings under construction which are stated at cost comprise of condominiums under construction in Malaysia. Management concludes that due to the absence of an active market and observable/unobservable inputs, its fair value cannot be reliably determined.

5. GOODWILL ON CONSOLIDATION

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Brought forward/Carried forward	<u>683,758</u>	<u>683,758</u>	<u>683,758</u>

Impairment loss review of goodwill on consolidation

Goodwill acquired in a business combination is allocated, at acquisition date, to the cash-generating unit ("CGU") that is expected to benefit from the business combination.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

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5. GOODWILL ON CONSOLIDATION (CONT'D)

Impairment loss review of goodwill on consolidation (cont'd)

Key assumptions made in determining the value-in-use are as follows:

- Cash flows were projected based on actual operating results and the five-year business plan;
- The discount rate applied to the cash flows projections are derived from the weighted average cost of capital of the Group plus a reasonable risk premium;
- The size of operation will remain at least or not lower than the current results.

The key assumptions used for determining the value in use, which are determined based on management's past experience and expectation of the future development, are as follows:-

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	%	%	%
Projected growth rate	5	5	5
Discount rate	<u>5</u>	<u>5</u>	<u>5</u>

The projected cash flows from use are derived from the most recent financial budgets approved by management.

With regard to the assessments, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in the prevailing operating environment which are not ascertainable.

6. DEFERRED TAX ASSETS/(LIABILITIES)

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Brought forward	(5,531,959)	(4,208,547)	(4,051,006)
Recognised in profit or loss	<u>1,323,412</u>	<u>157,541</u>	<u>(3,074,348)</u>
Carried forward	<u>(4,208,547)</u>	<u>(4,051,006)</u>	<u>(7,125,354)</u>
Presented after appropriate offsetting as follows:-			
Deferred tax assets	1,636,000	2,396,000	990,500
Deferred tax liabilities	<u>(5,844,547)</u>	<u>(6,447,006)</u>	<u>(8,115,854)</u>
	<u>(4,208,547)</u>	<u>(4,051,006)</u>	<u>(7,125,354)</u>

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6. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The deferred tax assets/(liabilities) are made up of temporary differences arising from:-

Deferred tax assets

	Property, plant and equipment RM	Provision RM	Impairment RM	Unutilised business losses RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2022	(488,000)	1,002,000	317,000	-	805,000	1,636,000
Recognised in profit or loss	(401,000)	(687,000)	52,000	854,000	182,000	-
At 31 December 2022	(889,000)	315,000	369,000	854,000	987,000	1,636,000
Recognised in profit or loss	166,000	(9,000)	-	1,590,000	(987,000)	760,000
At 31 December 2023	(723,000)	306,000	369,000	2,444,000	-	2,396,000
Recognised in profit or loss	68,500	939,000	31,000	(2,444,000)	-	(1,405,500)
At 31 December 2024	(654,500)	1,245,000	400,000	-	-	990,500

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6. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The deferred tax assets/(liabilities) are made up of temporary differences arising from (cont'd):-

Deferred tax liabilities

	Property, plant and <u>equipment</u> RM	<u>Impairment</u> RM	<u>Total</u> RM
At 1 January 2022	(7,231,959)	64,000	(7,167,959)
Recognised in profit or loss	1,387,412	(64,000)	1,323,412
At 31 December 2022	(5,844,547)	-	(5,844,547)
Recognised in profit or loss	(602,459)	-	(602,459)
At 31 December 2023	(6,447,006)	-	(6,447,006)
Recognised in profit or loss	(1,668,848)	-	(1,668,848)
At 31 December 2024	(8,115,854)	-	(8,115,854)

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7. TRADE RECEIVABLES

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Trade receivables	34,968,544	51,969,915	31,475,111
Retention sum	<u>29,150,770</u>	<u>39,022,848</u>	<u>42,248,518</u>
	64,119,314	90,992,763	73,723,629
Less: Allowance for ECLs	<u>(1,535,957)</u>	<u>(1,535,957)</u>	<u>(1,665,075)</u>
	<u>62,583,357</u>	<u>89,456,806</u>	<u>72,058,554</u>

Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

The normal trade credit term granted by the Group to customers trade receivables is ranging from cash term to 60 days (31.12.2023 and 31.12.2022: cash term to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Retention sums are unsecured, non-interest bearing and are expected to be collected within the operating cycle ranging from 1 to 3 years (31.12.2023 and 31.12.2022: 1 to 3 years).

The movements in the allowance for ECLs in respect of trade receivables during the financial year were as follows:-

	<u>Individually</u> <u>impaired</u> RM	<u>Collectively</u> <u>impaired</u> RM	<u>Total</u> RM
At 1 January 2022	1,035,798	550,086	1,585,884
Additions	-	985,871	985,871
Written off	<u>(1,035,798)</u>	<u>-</u>	<u>(1,035,798)</u>
At 31 December 2022/31 December 2023	-	1,535,957	1,535,957
Additions	261,943	-	261,943
Reversal	<u>-</u>	<u>(132,825)</u>	<u>(132,825)</u>
At 31 December 2024	<u>261,943</u>	<u>1,403,132</u>	<u>1,665,075</u>

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8. OTHER RECEIVABLES

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Non-trade receivables	160,199	1,776,267	1,852,089
Advance to sub-contractors	5,295,276	13,709,068	9,219,126
Deposits	1,664,112	5,682,751	6,364,058
Prepayments	4,900,679	6,334,558	5,483,938
Goods and services tax recoverable	33,625	33,625	33,625
	<u>12,053,891</u>	<u>27,536,269</u>	<u>22,952,836</u>

9. CONTRACT ASSETS/(LIABILITIES)

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Contract assets			
Accrued billings	<u>41,448,921</u>	<u>42,800,725</u>	<u>70,596,193</u>
Contract liabilities			
Deposit received	<u>(6,545,940)</u>	<u>(17,300,782)</u>	<u>(10,772,298)</u>

Contract assets primarily relate to the Group's rights to consideration for work completed on construction services but not yet billed at the reporting date. Typically, the amount will be billed based on the terms stipulated in the signed contract.

Contract liabilities primarily relate to the advanced consideration received from customers for the goods or services which are yet to be transferred or performed by the Group as at the reporting date.

Contract value yet to be recognised as revenue

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of the Group is RM352,164,116 (31.12.2023: RM284,923,723 and 31.12.2022: RM164,844,641). The Group expected to recognise this revenue over the next 1 to 2 years (31.12.2023 and 31.12.2022: 1 to 2 years).

10. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks of the Group amounting to RM7,195,824 (31.12.2023: RM5,813,895 and 31.12.2022: RM7,179,301) have been pledged for banking facilities granted to the Group.

The interest rates for deposits with licensed banks of the Group ranging from 2.00% to 4.25% (31.12.2023: 1.30% to 4.25% and 31.12.2022: 1.30% to 3.80%) per annum.

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11. ASSETS HELD FOR SALE

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Transfer from investment properties/At 31 December	-	-	3,960,000

The freehold buildings are classified as assets held for sale following the commitment of the Group's management to a plan to disposal of the assets. Effort to sell the assets have commenced and a sale is expected by subsequent financial year.

The freehold buildings with net carrying amount of RM2,700,000 (31.12.2023 and 31.12.2022: RMNil) is pledged as securities to a financial institution for bank borrowings granted to the Group.

12. SHARE CAPITAL

	Number of ordinary shares		
	<u>31.12.2022</u> Unit	<u>31.12.2023</u> Unit	<u>31.12.2024</u> Unit
<u>Company</u>			
Issued and fully paid with no par value:-			
At 1 January	10	10	10
Issuance during the year	-	-	127,998
At 31 December	10	10	128,008
<u>GHSB</u>			
Issued and fully paid with no par value:-			
At 1 January/31 December	11,788,000	11,788,000	11,788,000
	11,788,010	11,788,010	11,916,008
	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
<u>Company</u>			
Issued and fully paid with no par value:-			
At 1 January	2	2	2
Issuance during the year	-	-	127,998
At 31 December	2	2	128,000
<u>GHSB</u>			
Issued and fully paid with no par value:-			
At 1 January/31 December	11,788,000	11,788,000	11,788,000
	11,788,002	11,788,002	11,916,000

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12. SHARE CAPITAL (CONT'D)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

13. RESERVE

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Non-distributable:-			
Foreign currency translation reserve	(16,496)	(40,056)	(8,628)
Revaluation reserve	-	-	132,516
	<u>(16,496)</u>	<u>(40,056)</u>	<u>123,888</u>

Foreign currency translation reserve

The foreign exchange translation reserve is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiary.

Revaluation reserve

Revaluation reserve arising from revaluation of property is not available for distribution as dividends.

14. NON-CONTROLLING INTERESTS

The Group's subsidiaries held by GHSB that have material non-controlling interests are as follows:-

	<u>GSB</u>	<u>GESB</u>	<u>Other individually immaterial subsidiaries</u>	<u>Total</u>
31.12.2022				
Percentage of ownership interest and voting interest (%)	<u>14.09</u>	<u>14.09</u>	<u>14.09</u>	
Carrying amount of non-controlling interest (RM)	<u>5,415,770</u>	<u>7,690,823</u>	<u>14,082</u>	<u>13,120,675</u>
Profit/(Loss) allocated to non-controlling interest (RM)	<u>165,329</u>	<u>905,094</u>	<u>(34,123)</u>	<u>1,036,300</u>
Total comprehensive income/(loss) allocated to non-controlling interest (RM)	<u>165,329</u>	<u>905,094</u>	<u>(36,562)</u>	<u>1,033,861</u>

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14. NON-CONTROLLING INTERESTS (CONT'D)

The Group's subsidiaries held by GHSB that have material non-controlling interests are as follows (cont'd):-

	<u>GSB</u>	<u>GESB</u>	<u>Other individually immaterial subsidiaries</u>	<u>Total</u>
31.12.2023				
Percentage of ownership interest and voting interest (%)	14.09	14.09	14.09	
Carrying amount of non- controlling interest (RM)	6,954,010	8,399,914	(8,762)	15,345,162
Profit/(Loss) allocated to non-controlling interest (RM)	1,538,240	709,091	(18,980)	2,228,351
Total comprehensive income/(loss) allocated to non-controlling interest (RM)	1,538,240	709,091	(22,844)	2,224,487
31.12.2024				
Percentage of ownership interest and voting interest (%)	14.09	14.09	14.09	
Carrying amount of non- controlling interest (RM)	7,158,073	9,137,629	(20,912)	16,274,791
Profit/(Loss) allocated to non-controlling interest (RM)	1,484,860	715,981	(17,305)	2,183,536
Total comprehensive income/(loss) allocated to non-controlling interest (RM)	1,484,860	737,715	(12,150)	2,210,425

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14. NON-CONTROLLING INTERESTS (CONT'D)

The summary of financial information before intra-group elimination for the Group's subsidiaries held by GHSB that have material non-controlling interests are as below:-

	GSB RM	GESB RM
31.12.2022		
Summary of financial position		
Non-current assets	18,617,691	124,959,381
Current assets	130,664,372	17,161,665
Non-current liabilities	(4,464,132)	(45,149,032)
Current liabilities	(106,380,955)	(42,388,457)
Equity attributable to owners of the Company	38,436,976	54,583,557
Summary of financial performance		
Revenue	207,381,740	46,280,557
Expenses	(206,208,362)	(39,856,895)
Profit after tax and total comprehensive income for the financial year	1,173,378	6,423,662
Summary of cash flows		
Net cash from operating activities	5,102,497	33,294,051
Net cash used in investing activities	(569,558)	(6,041,672)
Net cash from/(used in) financing activities	594,392	(27,048,684)
Net cash inflows	5,127,331	203,695
31.12.2023		
Summary of financial position		
Non-current assets	21,954,134	138,422,698
Current assets	169,573,179	10,153,834
Non-current liabilities	(5,059,059)	(47,064,633)
Current liabilities	(137,114,033)	(41,895,760)
Equity attributable to owners of the Company	49,354,221	59,616,139
Summary of financial performance		
Revenue	326,410,836	54,465,454
Expenses	(315,493,591)	(49,432,872)
Profit after tax and total comprehensive income for the financial year	10,917,245	5,032,582
Summary of cash flows		
Net cash from operating activities	11,068,500	38,403,853
Net cash used in investing activities	(3,017,555)	(4,920,273)
Net cash used in financing activities	(8,965,627)	(33,740,804)
Net cash outflows	(914,682)	(257,224)

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14. NON-CONTROLLING INTERESTS (CONT'D)

The summary of financial information before intra-group elimination for the Group's subsidiaries held by GHSB that have material non-controlling interests are as below (cont'd):-

	<u>GSB</u> RM	<u>GESB</u> RM
31.12.2024		
Summary of financial position		
Non-current assets	17,348,846	171,608,274
Current assets	191,060,329	13,155,520
Non-current liabilities	(6,415,527)	(59,021,360)
Current liabilities	<u>(151,191,142)</u>	<u>(60,890,560)</u>
Equity attributable to owners of the Company	<u>50,802,506</u>	<u>64,851,874</u>
Summary of financial performance		
Revenue	395,062,573	59,650,528
Expenses	<u>(384,524,178)</u>	<u>(54,569,043)</u>
Profit for the financial year	10,538,395	5,081,485
Other comprehensive income	<u>-</u>	<u>154,250</u>
Total comprehensive income for the financial year	<u>10,538,395</u>	<u>5,235,735</u>
Dividend paid non-controlling interests	<u>1,280,796</u>	<u>-</u>
Summary of cash flows		
Net cash from operating activities	27,508,606	29,573,165
Net cash used in investing activities	(6,998,572)	(5,676,069)
Net cash used in financing activities	<u>(14,192,281)</u>	<u>(22,621,786)</u>
Net cash inflows	<u>6,317,753</u>	<u>1,275,310</u>

15. LEASE LIABILITIES

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Non-current	36,084,826	38,062,046	49,238,767
Current	<u>22,766,662</u>	<u>25,882,530</u>	<u>24,128,535</u>
	<u>58,851,488</u>	<u>63,944,576</u>	<u>73,367,302</u>

The maturity analysis of lease liabilities is disclosed in Note 30 to the combined financial statements.

The Group's total cash outflows for leases amounting to RM42,169,502 (31.12.2023: RM36,137,146 and 31.12.2022: RM29,147,880).

The effective interest rates of the lease liabilities of the Group are ranging from 4.08% to 9.31% (31.12.2023: 4.08% to 9.31% and 31.12.2022: 4.08% to 7.07%) per annum.

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15. LEASE LIABILITIES (CONT'D)

The lease liabilities of the Group amounting to RM71,189,067 (31.12.2023: RM56,914,906 and 31.12.2022: RM47,456,541) are secured by way of corporate guarantee by the Group and/or a personal guarantee by the Director of the Company.

16. BORROWINGS

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Secured:-			
Non-current			
Term loans	<u>7,770,614</u>	<u>7,615,529</u>	<u>8,083,155</u>
Secured:-			
Current			
Bankers' acceptances	16,136,000	16,449,000	3,139,000
Invoice financing	601,255	1,000,245	14,897,679
Term loans	<u>782,962</u>	<u>803,459</u>	<u>837,413</u>
	<u>17,520,217</u>	<u>18,252,704</u>	<u>18,874,092</u>
	<u>25,290,831</u>	<u>25,868,233</u>	<u>26,957,247</u>
Amount repayable:-			
Within 1 year	17,520,217	18,252,704	18,874,092
Later than 1 year but not later than 5 years	3,988,872	3,428,469	3,029,859
More than 5 years	<u>3,781,742</u>	<u>4,187,060</u>	<u>5,053,296</u>
	<u>25,290,831</u>	<u>25,868,233</u>	<u>26,957,247</u>

The borrowings of the Group are secured by means of the followings:-

- First party legal charges over the freehold land and building and freehold buildings under construction of the Group as disclosed in Notes 3, 4 and 11 to the combined financial statements;
- First party legal charges over the freehold land and building of the Group;
- First party charge over deposits placed with the licensed banks of the Group;
- Corporate guarantee by GHSB;
- Corporate guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad;
- Personal guarantee by a Director of the Company; and
- Pledged by insurance policy coverage of the Group.

The term loans of the Group bear interest rates ranging from 3.39% to 8.50% (31.12.2023: 3.27% to 8.50% and 31.12.2022: 3.27% to 10.70%) per annum.

The bankers' acceptances of the Group bear interest rates ranging from 4.83% to 5.03% (31.12.2023: 4.80% to 5.02% and 31.12.2022: 3.21% to 5.10%) per annum.

The invoice financing of the Group bear interest rates ranging from 4.71% to 4.88% (31.12.2023: 4.72% to 5.10% and 31.12.2022: 3.70% to 5.15%) per annum.

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17. TRADE PAYABLES

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Trade payables	32,416,879	52,866,588	52,654,375
Related party	142,388	500,747	132,580
Retention sum	<u>4,381,475</u>	<u>6,347,488</u>	<u>8,165,445</u>
	<u>36,940,742</u>	<u>59,714,823</u>	<u>60,952,400</u>

The normal trade credit term granted by the suppliers of the Group is ranging from 30 to 90 days (31.12.2023 and 31.12.2022: 30 to 90 days).

Related party refer to a company connected to a shareholder.

18. OTHER PAYABLES

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Non-trade payables	98,969	1,745,613	2,174,665
Deposits received	683,529	664,689	711,394
Accruals	39,546,451	52,030,474	81,568,393
Provision for contract foreseeable losses	<u>1,311,476</u>	<u>1,276,587</u>	<u>5,188,635</u>
	<u>41,640,425</u>	<u>55,717,363</u>	<u>89,643,087</u>

19. AMOUNT DUE TO DIRECTORS

In prior financial year, the amount due to Directors are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

20. REVENUE

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Revenue from contracts with customers			
<u>Services transferred over time:-</u>			
Contract revenue	<u>207,975,215</u>	<u>323,834,136</u>	<u>395,215,995</u>

20.1 Performance obligations

Information about the Group's performance obligations are summarised below:-

Contract revenue

Revenue from the construction contract is recognised by reference to the stage of completion. Stage of completion is measured by reference to actual cost incurred to date as a percentage of total budgeted cost for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

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21. FINANCE INCOME

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Interest income:			
- Deposits with licensed banks	280,243	349,023	992,925
- Bank balances	<u>1,319</u>	<u>6,748</u>	<u>16,897</u>
	<u>281,562</u>	<u>355,771</u>	<u>1,009,822</u>

22. FINANCE COSTS

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Interest expenses:			
- Bank overdraft	143,191	42,100	42,962
- Lease liabilities	18,145	21,043	23,607
- Term loans	382,458	395,207	441,649
- Others	<u>7,658</u>	<u>21,751</u>	<u>70,243</u>
	<u>551,452</u>	<u>480,101</u>	<u>578,461</u>

23. PROFIT BEFORE TAX

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

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Auditors' remuneration:-			
Grant Thornton Malaysia PLT:			
- Statutory audit	114,000	114,000	143,000
Other external auditor	4,787	5,097	5,131
Bad debts written off	304,207	-	-
Bankers' acceptance interest:			
- Included in cost of sales	532,390	722,518	404,482
Bank guarantee interest:			
- Included in cost of sales	278,977	363,721	808,904

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23. PROFIT BEFORE TAX (CONT'D)

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

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Invoice financing interest:			
- Included in cost of sales	37,223	71,453	246,236
Depreciation of property, plant and equipment	21,011,759	23,153,137	27,783,596
Expenses arising from short-term leases:			
- Included in cost of sales	5,044,731	7,953,116	9,852,429
Fair value loss on investment properties	-	-	976,185
Net gain on disposal of property, plant and equipment	(331,156)	(224,629)	(3,201,459)
Impairment loss on trade receivables	985,871	-	261,943
Lease liabilities interest:			
- Included in cost of sales	3,335,971	3,073,053	3,744,995
Loss on disposal of investment properties	24,549	25,000	36,007
Property, plant and equipment written off	34,681	43,950	48,531
Reversal of impairment loss on trade receivables	-	-	(132,825)
Net realised loss/(gain) on foreign exchange	30	32,397	(347)
Rental income	(155,520)	(155,117)	(174,400)
Waiver of debts	(63,447)	-	-

24. TAX EXPENSE

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Current tax			
- Current financial year	896,679	809,846	3,054,138
- Under provision in prior financial year	26,613	732,593	147,791
	<u>923,292</u>	<u>1,542,439</u>	<u>3,201,929</u>
Deferred tax			
- Current financial year	5,511,795	3,870,049	3,128,048
- Over recognised in prior financial year	(4,188,383)	(4,027,590)	(53,700)
	<u>1,323,412</u>	<u>(157,541)</u>	<u>3,074,348</u>
	<u>2,246,704</u>	<u>1,384,898</u>	<u>6,276,277</u>

Malaysian income tax is calculated at the statutory tax rate 24% (31.12.2023 and 31.12.2022: 24%) of the estimated taxable profit for the financial year.

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24. TAX EXPENSE (CONT'D)

The numerical reconciliation between the effective tax rate and the statutory tax rate of the Group are as follows:-

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Profit before tax	<u>9,967,426</u>	<u>17,559,881</u>	<u>22,284,211</u>
Tax at statutory tax rate of 24%	2,392,182	4,214,371	5,348,210
Tax effects in respect of:-			
Expenses not deductible for tax	564,140	433,782	797,540
Income not subject to tax	(99,736)	-	(14,688)
Movement of deferred tax assets not recognised	3,551,888	31,742	51,124
Under provision of tax expense in prior financial year	26,613	732,593	147,791
Over recognised of deferred tax in prior financial year	<u>(4,188,383)</u>	<u>(4,027,590)</u>	<u>(53,700)</u>
	<u>2,246,704</u>	<u>1,384,898</u>	<u>6,276,277</u>

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Unutilised business losses	<u>309,718</u>	<u>444,080</u>	<u>657,097</u>

The expiry of the unutilised business losses is as follows:-

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
<u>Unutilised business losses</u>			
- foreign subsidiary (without expiry)	204,625	366,886	579,903
- expiring year of assessment 2028	583	-	-
- expiring year of assessment 2032	<u>104,510</u>	<u>77,194</u>	<u>77,194</u>
	<u>309,718</u>	<u>444,080</u>	<u>657,097</u>

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25. EMPLOYEE BENEFITS EXPENSE

The employee benefits expenses of the Group include the Directors of the Group, key senior management of the Group and other employees of the Group, in which the details are as follows:-

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Directors of the Group			
Directors of the Company			
- Salaries	859,800	1,069,500	1,271,000
- Defined contribution plan	103,188	99,142	114,920
- Social security contribution	2,004	1,936	1,997
- Other emoluments	7,000	135,250	181,000
	<u>971,992</u>	<u>1,305,828</u>	<u>1,568,917</u>
Director of the subsidiary			
- Salaries	153,182	173,988	201,249
- Defined contribution plan	13,148	28,491	41,826
	<u>166,330</u>	<u>202,479</u>	<u>243,075</u>
Total Directors' remuneration	<u>1,138,322</u>	<u>1,508,307</u>	<u>1,811,992</u>
Key senior management of the Group			
- Salaries, wages and bonus	362,400	484,500	1,022,205
- Defined contribution plan	43,488	58,284	128,886
- Social security contribution	1,002	1,159	3,763
- Other employee benefits	23,365	37,200	117,065
	<u>430,255</u>	<u>581,143</u>	<u>1,271,919</u>
Other employees of the Group			
- Salaries, wages and bonus	27,151,915	44,307,031	50,991,774
- Defined contribution plan	1,759,614	2,219,275	2,843,679
- Social security contribution	253,093	425,530	603,856
- Other employee benefits	1,337,003	2,514,042	2,041,962
	<u>30,501,625</u>	<u>49,465,878</u>	<u>56,481,271</u>
Total employee benefits expenses	<u>32,070,202</u>	<u>51,555,328</u>	<u>59,565,182</u>

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26. RELATED PARTY DISCLOSURES

(a) Significant related party transactions for the financial year were as follows:-

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Advance from Directors	5,763,102	269,076	-
Purchase from a related party	<u>409,254</u>	<u>974,759</u>	<u>817,589</u>

(b) The outstanding balances arising from related party transactions as at reporting date are disclosed in Notes 17 and 19 to the combined financial statements.

27. EARNINGS PER SHARE

Basic/Diluted earnings per ordinary share

Basic earnings per share are calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company by the enlarged number of ordinary shares of the Company upon completion of the Listing.

Diluted earnings per ordinary share equals to basic earnings per share as there are no dilutive potential ordinary shares.

Profits attributable to equity holders of the Company

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
Profit used for the computation of basic/diluted earnings per ordinary share:			
- Profit attributable to equity holders of the Company (RM)	<u>6,684,422</u>	<u>13,946,632</u>	<u>13,824,398</u>
Enlarged number of ordinary shares	440,000,000	440,000,000	440,000,000
Basic/Diluted earnings per ordinary share (sen)	<u>1.52</u>	<u>3.17</u>	<u>3.14</u>

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28. DIVIDEND

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
<u>In respect of the financial year ended 31 December 2024:-</u>			
<u>Geohan Holding Sdn Bhd</u>			
First interim single tier dividend of RM0.5131 per ordinary share, paid on 29 November 2024	-	-	6,048,095
Second interim single tier dividend of RM0.1494 per ordinary share, paid on 30 December 2024	-	-	1,761,136
<u>Geohan Sdn Bhd</u>			
First interim single tier dividend of RM0.8000 per ordinary share, paid on 28 November 2024	-	-	991,951
Second interim single tier dividend of RM0.2330 per ordinary share, paid on 27 December 2024	-	-	288,845
	<u>-</u>	<u>-</u>	<u>9,090,027</u>

The Directors do not recommend any final dividend for the current financial year.

29. CAPITAL COMMITMENTS

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Authorised and contracted for in respect of:-			
Site machineries	6,674,558	22,451,218	3,115,005
Freehold buildings under construction	8,201,909	7,265,332	4,798,602
Leasehold buildings under construction	705,590	-	-
	<u>15,582,057</u>	<u>29,716,550</u>	<u>7,913,607</u>

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30. FINANCIAL INSTRUMENTS**30.1 Categories of Financial Instruments**

The table below provides an analysis of financial instruments categories as financial assets and financial liabilities measured at amortised cost.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Financial assets			
Trade receivables	62,583,357	89,456,806	72,058,554
Other receivables	7,119,587	21,168,086	17,435,273
Deposits with licensed banks	12,879,302	25,987,625	31,317,093
Cash and bank balances	11,885,025	8,456,599	10,499,197
	<u>94,467,271</u>	<u>145,069,116</u>	<u>131,310,117</u>
Financial liabilities			
Trade payables	36,940,742	59,714,823	60,952,400
Other payables	41,640,425	55,717,363	89,643,087
Amount due to Directors	4,722,296	2,334,891	-
Borrowings	25,290,831	25,868,233	26,957,247
	<u>108,594,294</u>	<u>143,635,310</u>	<u>177,552,734</u>

30.2 Financial Risk Management

The Group are mainly exposed to credit risk, liquidity risk and interest rate risk. The Group has formal risk management policies and guidelines, as approved by the Board of Directors, which set out its overall business strategies, its tolerance for risks and its general risk management philosophy. Such policies are monitored and undertaken by the management.

The following sections explain key risks faced by the Group and its management.

30.2.1 Credit Risk

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Group. For other financial assets, the Group adopts the policy of dealing with reputation institutions.

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30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

30.2.1 Credit Risk (cont'd)

Following are the areas where the Group are exposed to credit risk.

Exposure to credit risk

Maximum exposure of the Group to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:-

	31.12.2022 RM	31.12.2023 RM	31.12.2024 RM
Classes of financial assets:-			
Trade receivables	62,583,357	89,456,806	72,058,554
Other receivables	7,119,587	21,168,086	17,435,273
Contract assets	41,448,921	42,800,725	70,596,193
Deposits with licensed banks	12,879,302	25,987,625	31,317,093
Cash and bank balances	11,885,025	8,456,599	10,499,197
	<u>135,916,192</u>	<u>187,869,841</u>	<u>201,906,310</u>

Receivables and contract assets

Recognition and measurement of impairment loss

In managing credit risk of trade receivables and contract assets, the Group manages its debtors and take appropriate actions to recover long overdue balances. For trade receivables' and contract assets' credit term that are past due but not impaired, the Group will initiate a structured debt recovery process which is monitored via management reporting procedures.

The Group applies the simplified approach under MFRS 9 to measure expected credit losses, which uses a lifetime expected credit losses for all trade receivables and contract assets. The Group evaluates the credit losses on a case-by-case basis.

The Group assesses the expected loss rates based on historical payment profiles of the trade receivables and contract assets and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the financial capability of the debtor and default or significant delay in payments. No significant changes to estimation techniques or assumptions were made during the reporting period.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired. The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Trade receivables and contract assets that are written off are still subjected to enforcement activities.

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30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

30.2.1 Credit Risk (cont'd)

Receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

None of the Group's financial assets are secured by collateral or other credit enhancements.

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables and contract assets.

		Days past due				
	Current	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	RM	RM	RM	RM	RM	RM
31.12.2022						
Trade receivables	47,076,013	6,045,043	2,490,299	2,064,519	6,443,440	64,119,314
Collectively impaired	(71,995)	(139,082)	(163,527)	(112,268)	(1,049,085)	(1,535,957)
Net balance	47,004,018	5,905,961	2,326,772	1,952,251	5,394,355	62,583,357
Contract assets	41,448,921	-	-	-	-	41,448,921
31.12.2023						
Trade receivables	69,073,155	10,971,316	1,765,877	524,734	8,657,681	90,992,763
Collectively impaired	(209,540)	(212,715)	(127,677)	(61,872)	(924,153)	(1,535,957)
Net balance	68,863,615	10,758,601	1,638,200	462,862	7,733,528	89,456,806
Contract assets	42,800,725	-	-	-	-	42,800,725
31.12.2024						
Trade receivables	59,950,365	2,258,401	1,732,800	945,061	8,837,002	73,723,629
Collectively impaired	(171,113)	(23,883)	(24,130)	(16,648)	(1,167,358)	(1,403,132)
Individual impaired	(261,943)	-	-	-	-	(261,943)
Net balance	59,517,309	2,234,518	1,708,670	928,413	7,669,644	72,058,554
Contract assets	70,596,193	-	-	-	-	70,596,193

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30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

30.2.1 Credit Risk (cont'd)

Credit risk concentration profile

All the trade receivables and contract assets are concentrated within Malaysia.

In prior financial year, 10% (31.12.2022: Nil) of the Group's trade receivable is due from 1 customer (31.12.2022: Nil).

As at the reporting date, 17% (31.12.2023: 37% and 31.12.2022: 14%) of the Group's contract assets is due from 1 customer (31.12.2023: 3 and 31.12.2022: 1 customer).

The Group continuously monitors credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. External credit ratings and/or reports on customers and other counterparties may also be used.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group are of the view that the allowance is not material and hence, it is not provided for.

Performance guarantee

The Group provides unsecured financial guarantees to banks in respect of performance guarantees granted to certain customers. The maximum exposure to credit risk is disclosed in Note 30.2.2 to the combined financial statements as at the reporting date. The Group monitors on an ongoing basis the results and repayments made by the customers. As at the end of the reporting year, there was no indication that the customers would default on repayment.

30.2.2 Liquidity Risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting its obligations as they fall.

In managing its exposure to liquidity risk arises principally from its various payables, the Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure it has sufficient liquidity to meet its liabilities when they fall due.

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30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

30.2.2 Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows:-

			Contractual cash flows		
			Current	Non-current	
	Carrying amount	Total	On demand/ Within one	2 to 5	More than
	RM	RM	year	years	5 years
			RM	RM	RM
31.12.2022					
<i>Non-derivative financial liabilities</i>					
Trade payables	36,940,742	36,940,742	36,940,742	-	-
Other payables	41,640,425	41,640,425	41,640,425	-	-
Amount due to Directors	4,722,296	4,722,296	4,722,296	-	-
Lease liabilities	58,851,488	63,364,633	25,288,237	38,076,396	-
Borrowings	25,290,831	30,034,402	18,066,820	5,713,836	6,253,746
	167,445,782	176,702,498	126,658,520	43,790,232	6,253,746
Performance guarantee*	-	12,571,097	12,571,097	-	-
31.12.2023					
<i>Non-derivative financial liabilities</i>					
Trade payables	59,714,823	59,714,823	59,714,823	-	-
Other payables	55,717,363	55,717,363	55,717,363	-	-
Amount due to Directors	2,334,891	2,334,891	2,334,891	-	-
Lease liabilities	63,944,576	69,990,192	28,747,223	41,242,969	-
Borrowings	25,868,233	31,174,787	18,829,947	5,277,312	7,067,528
	207,579,886	218,932,056	165,344,247	46,520,281	7,067,528
Performance guarantee*	-	24,645,655	24,645,655	-	-

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30. FINANCIAL INSTRUMENTS (CONT'D)**30.2 Financial Risk Management (cont'd)****30.2.2 Liquidity Risk (cont'd)**Analysis of financial instruments by remaining contractual maturities (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows (cont'd):-

	Carrying amount RM	Total RM	Contractual cash flows		
			Current On demand/ Within one year RM	Non-current 2 to 5 years RM	More than 5 years RM
31.12.2024					
<i>Non-derivative financial liabilities</i>					
Trade payables	60,952,400	60,952,400	60,952,400	-	-
Other payables	89,643,087	89,643,087	89,643,087	-	-
Lease liabilities	73,367,302	81,591,371	27,702,527	53,888,844	-
Borrowings	26,957,247	32,546,030	19,468,263	5,083,886	7,993,881
	<u>250,920,036</u>	<u>264,732,888</u>	<u>197,766,277</u>	<u>58,972,730</u>	<u>7,993,881</u>
Performance guarantee*	-	33,758,660	33,758,660	-	-

* This exposure is included in liquidity risk for illustration only. No performance guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

30.2.3 Interest Rate Risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instruments of the Group. The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowing is at fixed interest rates. The exposure to interest rates for the Group's short-term placement is considered immaterial.

12. ACCOUNTANTS' REPORT (Cont'd)**GEOHAN CORPORATION BERHAD**

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30. FINANCIAL INSTRUMENTS (CONT'D)**30.2 Financial Risk Management (cont'd)****30.2.3 Interest Rate Risk (cont'd)**

The carrying amount of the Group's financial instruments that are exposed to interest rate risk are as follows:-

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Fixed rate instruments			
<u>Financial asset</u>			
Deposits with licensed banks	<u>12,879,302</u>	<u>25,987,625</u>	<u>31,317,093</u>
<u>Financial liabilities</u>			
Lease liabilities	(58,851,488)	(63,944,576)	(73,367,302)
Bankers' acceptances	(16,136,000)	(16,449,000)	(3,139,000)
Invoice financing	<u>(601,255)</u>	<u>(1,000,245)</u>	<u>(14,897,679)</u>
	<u>(75,588,743)</u>	<u>(81,393,821)</u>	<u>(91,403,981)</u>
	<u>(62,709,441)</u>	<u>(55,406,196)</u>	<u>(60,086,888)</u>
Floating rate instruments			
<u>Financial liability</u>			
Term loans	<u>(8,553,576)</u>	<u>(8,418,988)</u>	<u>(8,920,568)</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Fair value sensitivity analysis for floating rate instruments

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/-25 (31.12.2023 and 31.12.2022: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

12. ACCOUNTANTS' REPORT (Cont'd)

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30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management (cont'd)

30.2.3 Interest Rate Risk (cont'd)

Fair value sensitivity analysis for floating rate instruments (cont'd)

	Effect on (loss)/profit for the year/equity	
	RM +25bp	RM -25bp
31.12.2022	<u>(21,384)</u>	<u>21,384</u>
31.12.2023	<u>(21,047)</u>	<u>21,047</u>
31.12.2024	<u>(22,301)</u>	<u>22,301</u>

Fair value measurement

The carrying amounts of financial assets and liabilities of the Group at the reporting date approximate their fair values due to their short-term nature or they are floating rate instruments re-priced to market interest rates on or near the reporting date.

30.3 Fair Value of Financial Instruments

The carrying amounts of financial assets and liabilities of the Group at the reporting date approximate their fair values due to their short-term nature and insignificant impact of discounting.

30.4 Fair Value Hierarchy

No fair value hierarchy has been disclosed as the Group does not have financial instruments measured at fair value.

31. CAPITAL MANAGEMENT

The capital structure of the Group consists of debts and equity. The Group monitors their capital using a gearing ratio, based on total borrowings divided by total equity. The Directors review the capital structure on a quarterly basis, and consider the cost of capital and the risks associated with each class of capital. During the current financial year, no significant changes were made in the objectives, policies or processes for managing capital.

12. ACCOUNTANTS' REPORT (Cont'd)

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32. EVENTS AFTER THE REPORTING PERIOD

- (a) On 22 January 2025, GSB has entered into a Sale and Purchase Agreement with a third party to dispose a freehold building for a total cash consideration of RM480,000.
- (b) On 22 April 2025, the Company has entered into a share sale and purchase agreement ("SSA") with the vendors of GHSB, GESB and GSB for the acquisition of 100% equity interest in GHSB, 14.09% equity interest in GESB and approximately 14.09% equity interest in GSB, for a total purchase consideration of approximately RM131,522,915 which will be satisfied entirely by the issuance and allotment of 307,871,992 new ordinary shares in the Company ("Share") in aggregate at an issue price of RM0.4272 per Share.
- (c) On 22 April 2025, the Company has entered into a SSA with the vendors of the GESB, GSB and GMSB for the acquisition of 85.91% equity interest in GESB, approximately 85.91% equity interest in GSB and 100% equity interest in GMSB, for a total purchase consideration of RM26,330,000, which shall be settled in such manner and on such terms as may be agreed between the Company and GHSB and GSB.
- (d) On 22 April 2025, the Company has entered into a SSA with the vendor of GPL for the acquisition of 100% equity interest in GPL for a total purchase consideration of RM80,000, which shall be settled in such manner and on such terms as may be agreed between the parties.

33. SEGMENTAL INFORMATION

The Group is principally involved in provision of foundation and geotechnical services, as well as other related services.

Business segment

For management purposes, the Group is organised into two major business units based on their services which comprises the following:-

- (a) Segment I - Foundation and geotechnical services
- (b) Segment II - Other related services

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspects as explained in the table below, is measured differently from operating profit or loss in the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

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33. SEGMENTAL INFORMATION (CONT'D)

Business segment (cont'd)

Transfer prices between operating segments are on negotiated basis.

	<u>Note</u>	<u>Segment I</u> RM	<u>Segment II</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
31.12.2022					
Revenue:-					
External revenue		203,673,328	4,301,887	-	207,975,215
Inter-segment revenue	(a)	-	67,087,311	(67,087,311)	-
Total revenue		203,673,328	71,389,198	(67,087,311)	207,975,215
Results:-					
Finance income					281,562
Finance costs					(551,452)
Depreciation					(21,011,759)
Other non-cash expenses	(b)				(1,261,132)
Tax expense					(2,246,704)
Segment profit	(c)				7,990,612
Assets:-					
Unallocated segment assets	(d)				283,522,963
Additions to non-current assets	(e)				17,606,183
Liabilities:-					
Unallocated segment liabilities	(f)				89,849,403
31.12.2023					
Revenue:-					
External revenue		298,645,518	25,188,618	-	323,834,136
Inter-segment revenue	(a)	-	73,901,854	(73,901,854)	-
Total revenue		298,645,518	99,090,472	(73,901,854)	323,834,136
Results:-					
Finance income					355,771
Finance costs					(480,101)
Depreciation					(23,153,137)
Other non-cash expenses	(b)				(43,950)
Tax expense					(1,384,898)
Segment profit	(c)				16,299,313
Assets:-					
Unallocated segment assets	(d)				352,922,554
Additions to non-current assets	(e)				42,235,686
Liabilities:-					
Unallocated segment liabilities	(f)				135,067,859

12. ACCOUNTANTS' REPORT (Cont'd)

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33. SEGMENTAL INFORMATION (CONT'D)

Business segment (cont'd)

	<u>Note</u>	<u>Segment I</u> RM	<u>Segment II</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
31.12.2024					
Revenue:-					
External revenue		351,389,825	43,826,170	-	395,215,995
Inter-segment revenue	(a)	-	65,019,506	(65,019,506)	-
Total revenue		351,389,825	108,845,676	(65,019,506)	395,215,995
Results:-					
Finance income					1,009,822
Finance costs					(578,461)
Depreciation					(27,783,596)
Other non-cash expenses	(b)				(1,153,834)
Tax expense					(6,276,277)
Segment profit	(c)				15,576,573
Assets:-					
Unallocated segment assets	(d)				399,891,501
Additions to non-current assets	(e)				64,991,216
Liabilities:-					
Unallocated segment liabilities	(f)				161,367,785

Notes:-

- (a) Intersegment revenues are eliminated on consolidation.
- (b) Notes to other non-cash income/(expenses) consist of the following items:-

	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM
Bad debt written off	(304,027)	-	-
Fair value loss on investment properties	-	-	(976,185)
Impairment loss on trade receivables	(985,871)	-	(261,943)
Property, plant and equipment written off	(34,681)	(43,950)	(48,531)
Reversal of impairment loss on trade receivables	-	-	132,825
Waiver of debts	63,447	-	-
	<u>(1,261,132)</u>	<u>(43,950)</u>	<u>(1,153,834)</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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33. SEGMENTAL INFORMATION (CONT'D)

Business segment (cont'd)

Notes (cont'd):-

- (c) The following items are added to/(deducted from) segment profit to arrive at profit after tax reported in the statements of profit or loss:-

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Segment profit	7,990,612	16,299,313	15,576,573
Finance income	281,562	355,771	1,009,822
Finance costs	(551,452)	(480,101)	(578,461)
Profit after tax	<u>7,720,722</u>	<u>16,174,983</u>	<u>16,007,934</u>

- (d) The following items are added to segment assets to arrive at total assets reported in the statements of financial position:-

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Segment assets	283,522,963	352,922,554	399,891,501
Tax recoverable	2,906,118	337,780	970,574
Deferred tax assets	<u>1,636,000</u>	<u>2,396,000</u>	<u>990,500</u>
Total assets	<u>288,065,081</u>	<u>355,656,334</u>	<u>401,852,575</u>

- (e) Additions to non-current assets consist of:-

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Property, plant and equipment	14,941,374	38,241,416	61,071,697
Investment properties	<u>2,664,809</u>	<u>3,994,270</u>	<u>3,919,519</u>
	<u>17,606,183</u>	<u>42,235,686</u>	<u>64,991,216</u>

- (f) The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:-

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM	RM	RM
Segment liabilities	89,849,403	135,067,859	161,367,785
Borrowings	25,290,831	25,868,233	26,957,247
Lease liabilities	58,851,488	63,944,576	73,367,302
Tax payable	88,931	41,220	520,209
Deferred tax liabilities	<u>5,844,547</u>	<u>6,447,006</u>	<u>8,115,854</u>
Total liabilities	<u>179,925,200</u>	<u>231,368,894</u>	<u>270,328,397</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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33. SEGMENTAL INFORMATION (CONT'D)

Geographical information

All revenue and non-current assets are earned and held in Malaysia.

Information about major customers

The following are major customers with revenue equal or more than 10 percent of the Group's revenue:-

	RM	%	Operating Segment
<u>31.12.2022</u>			
Customer A	34,408,504	16	Foundation and geotechnical services
Customer B	<u>22,137,506</u>	<u>11</u>	Foundation and geotechnical services
	<u>56,546,010</u>	<u>27</u>	
<u>31.12.2023</u>			
Customer A	<u>33,033,459</u>	<u>10</u>	Foundation and geotechnical services
<u>31.12.2024</u>			
Customer A	<u>59,388,219</u>	<u>15</u>	Foundation and geotechnical services

12. ACCOUNTANTS' REPORT (Cont'd)

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STATEMENT BY DIRECTORS

We, the undersigned, being the Directors of the Group, do hereby state that, in our opinion, the accompanying Combined Financial Statements set out on pages 4 to 57 are drawn up in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards so as to give a true and fair view of the combined statements of financial position of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024, and of combined statements of profit or loss and other comprehensive income, combined statements of change of equity and combined statements of cash flows of the Group for the financial years then ended.

Signed by the Directors in accordance with a resolution of the Board of Directors.



.....
LEE KIM SENG



.....
IR. OH CHIN WAH

Kuala Lumpur
30 May 2025