Q&A

Pre-submitted Question

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Question 1

To what extent has the ongoing Iran conflict impacted management's outlook for FY2026, particularly in terms of market demand and cost pressures?

- We are closely monitoring ongoing geopolitical developments in the Middle East and their potential implications on global markets although our revenue or order book did not link to Middle East projects. At this stage, the Group have not observed any significant disruptions to project execution. The Group continues to actively manage potential risks through disciplined procurement strategies, diversified supply chains, contractual protection and as well as close engagement with clients and business partners.

- While we remain cautious given the external environment, we believe the Group is well-positioned to navigate these challenges.

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Question 2

Given the lack of meaningful contract wins since October 2025 and the order book falling below RM100.0 million in FY2026 Q1, how confident is management in sustaining the Group's stable earnings record in the upcoming quarters?

- The apparent reduction in FY2026 Q1 order book is mainly attributable to the completion of two (2) key projects in industrial process plants segment, as well as three (3) major projects in industrial process equipment segment that are in their final stages, which naturally reduces the outstanding balance, coupled with the timing of new large project awards, which typically have longer award cycles. In addition, not all contracts secured in ordinary course of business are announced, in accordance with Bursa Malaysia Listing Requirements.

- Importantly, earnings sustainability is therefore supported not only by new order inflows, but also by the execution progress of existing projects already in hand. These projects continue to contribute to revenue recognition based on their stage of completion.

- While we remain mindful of the order book profile, the Group is supported by ongoing project execution, disciplined cost management, and an active tender pipeline.

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Question 3

Of the RM7.5 million IPO proceeds earmarked for investment in a new 2 MW biomass power plant and Bercham plant output improvements, none have been utilized. What is the current status of these two (2) projects – are they delayed, facing challenges, or abandoned?

- The utilization remains within the approved timeline as disclosed, and we still have time available for deployment in accordance with the current timeline.
- The new 2 MW biomass power plant deployment is dependent on the outcome of SEDA e-bidding application submitted in March 2026, and we are currently awaiting the relevant approval process. As such, the timing of utilization is externally driven.
- The timeline to upgrade of existing Bercham plant to further enhance operational efficiency was extended due to unforeseen circumstances affecting a key component of the project. The project is currently undergoing further technical and evaluation studies.

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Question 4

(a) Has the intended synergy and competitive advantage from acquiring I Precision Sdn. Bhd (IPSB) been realized?
(b) Considering IPSB's net loss of RM2.4 million in the current financial year, what strategies are in place to turn around this subsidiary?
(c) Is there any going concern issue for IPSB, given that current liabilities exceed current assets and significant cash outflows were used in operating activities?

- IPSB is currently still in a loss-making position, which we acknowledge. However, the acquisition was undertaken as part of our long-term strategy to expand into oil and gas (O&G) sector, complementing our capabilities and positioning the Group for future growth.

- The current losses are mainly attributable to project challenges and the longer gestation period typical of O&G contracts. We are taking proactive steps to improve performance, including operational restructuring, cost optimization, and strengthening of the management team. While the turnaround will take time, we remain confident that IPSB will deliver sustainable value and contribute positively to the Group's earnings over the medium to long term.

- IPSB has high unutilized business losses and capital allowances for the Group's good use. The costs reflected in the subsidiary are largely non-cash nature, primarily related to depreciation of property, plant and equipment. These do not impact the Group's cash flow significantly. In addition, the actual operational costs of IPSB are manageable for the Group, given our 51% stake.

Pre-submitted Question

Question 5

The Group's contract assets have increased significantly (RM22.8 million in FY2024, then RM40.4 million in FY2025 and further increase to RM71.6 million to FY2026 Q1). What is driving this increase? Are billing milestones structured in a way that delays revenue collection despite work completion?

- The increase in contract assets was primarily driven by stronger contributions from the renewable energy and co-generation and industrial process equipment segments, which grew from RM20.0 million and RM15.7 million in FY2025 to RM43.3 million and RM21.6 million in FY2026 Q1, respectively.

- The Group's revenue and gross profit are recognised based on the progress of project execution milestones, in line with the stage of completion. Billing milestones, on the other hand, are commercially agreed terms with customers which may not always align exactly with the timing of work performed. As such, there can be timing differences between revenue recognition and billing.

- This is a normal feature of project type contracts, and these terms are structured upfront as part of the overall commercial arrangement.

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Question 6

How much of the RM33.5 million trade receivables and RM40.4 million contract assets have been subsequently billed and collected, particularly the RM14.4 million past due trade receivables?

- 76% of the RM33.5 million trade receivables and 58% of the RM40.4 million past due trade receivables has been collected as of 13 April 2026 subsequent to FY2025.

Pre-submitted Question

Question 7

The Audit and Risk Management Committee Report states that a consulting advisory firm attended ARMC meetings during FY2025. What was the purpose of such an appointment and the scope of work?

- The appointment was for the purposes of conducting financial due diligence on I Precision Sdn. Bhd., in fulfilment of the conditions precedent under the agreement.

Pre-submitted Question

Question 8

At what stage is the Group preparing for sustainability reporting under IFRS S1 (General Requirements for Disclosure of Sustainability – related Financial Information) and IFRS S2 (Climate - related Disclosure), which will be mandatory for ACE Market issuers in 2027?

- The Group has already adopted the foundational elements of IFRS S1 and S2, including governance structure, materiality assessment as well as emissions tracking. We are progressively enhancing our disclosures to incorporate financial impact analysis, S3 emissions, and climate risk assessment in line with the 2027 Bursa requirement.

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Question 9

What are the Key Performance Indicators (KPIs) for senior management, and do they include performance in addressing material sustainability risks and opportunities, in line with MCCG Practice 4.4?

- While ESG is not currently structured as a standalone KPI category, key sustainability elements are embedded within management KPIs, including safety performance, regulatory compliance, governance, and operational efficiency.
- The Group is progressively strengthening its approach by incorporating more explicit ESG-linked KPIs, in line with the expectations of MCCG Practice 4.4.

Pre-submitted Question

Question 10

The proportion of spending on local suppliers decreased from 87% (FY2024) to 75% (RY2025). What caused this decline, and why was the target reduced from 80% (FY2024) to 70% (FY2025) in the Sustainability Statement?

- The reduction in the proportion of spending on local suppliers was primarily driven by project specific requirements, including specialized equipment specifications that were not readily available from local sources.

- The benchmark for local sourcing was adjusted to better align with the nature of current projects and procurement requirements, including the need for specialized equipment not readily available locally. This ensures that the benchmark remains practical and meaningful, while the Group remains committed to supporting local suppliers and will continue to prioritize local sourcing where it is technically and commercially viable.

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Question 11

Page 95 to the Annual Report – potential error in financial year ended in point 3?

- We have noted the typographical error. The correct financial year end is 31 October 2025.

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Question 12

Page 129 to the Annual Report – potential error of the date in Note 6 (b) first paragraph?

- Thank you for your query. We wish to clarify that the date disclosed is the agreement date of the acquisition, which is correctly stated.

Pre-submitted Question

Question 13

Page 158 to the Annual Report – potential error in inter-segment revenue of “Others” segment for the financial year ended 31 October 2025 disclosed as RM1,000,000?

- We acknowledge the typographical error. The correct figure is RM11,000,000. The subtotal is correctly presented and is not affected.

Pre-submitted Question

Question 14

Page 157 to the Annual Report – Note 29 stated no disclosure of segment assets/ liabilities, yet page 159 to the Annual Report reported them. Could management clarify if this is a disclosure error?

- We noted the inconsistency between the narrative in page 157 and the disclosure in page 159 arose from a minor drafting oversight during the finalization of the Annual Report. We had aligned the disclosure accordingly to ensure consistency and compliance with MFRS 8 Operating Segments in the final version.