



CN ASIA CORPORATION BHD

(Registration No.: 199601027090 (399442-A))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 31 MARCH 2026**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND FINANCIAL QUARTER ENDED 31 MARCH 2026**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 Months Ended 31.03.2026 RM'000	3 Months Ended 31.03.2025 ** RM'000	6 Months Ended 31.03.2026 RM'000	6 Months Ended 31.03.2025 ** RM'000
Revenue	4,537	-	11,473	-
Cost of sales	(2,774)	-	(7,762)	-
Gross profit	1,763	-	3,711	-
Selling and distribution expenses	(9)	-	(27)	-
Administrative expenses	(1,389)	-	(2,613)	-
Other operating expenses	(2,447)	-	(2,553)	-
Other income	55	-	119	-
Loss from operations before interest and tax	(2,027)	-	(1,363)	-
Finance costs	(122)	-	(245)	-
Loss before tax	(2,149)	-	(1,608)	-
Tax expense	-	-	-	-
Loss after tax for the period	(2,149)	-	(1,608)	-
Other comprehensive expense, net of tax that may be reclassified subsequently to profit and loss	-	-	-	-
Total comprehensive expenses for the period	(2,149)	-	(1,608)	-
Net loss for the period attributable to: -				
Owners of the Company	(2,149)	-	(1,608)	-
Non-controlling interests	-	-	-	-
	(2,149)	-	(1,608)	-
Total comprehensive loss for the period attributable to: -				
Owners of the Company	(2,149)	-	(1,608)	-
Non-controlling interests	-	-	-	-
	(2,149)	-	(1,608)	-
Loss per share (sen)				
- Basic	(0.80)	-	(0.60)	-
- Diluted	(0.80)	-	(0.60)	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial period ended 30 September 2025 and the accompanying explanatory notes attached to the interim financial statements.

*** In view of the change in financial year end from 31 March 2025 to 30 September 2025, there was no comparative financial information available for the quarter ended 31 March 2026 and the 6 months financial period ended 31 March 2026.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

	As At Current Financial Period Ended 31.03.2026 (Unaudited) RM'000	As At Preceding Financial Period Ended 30.09.2025 (Audited) RM'000
ASSETS		
Non-current Assets		
<i>Property, plant and equipment</i>	5,581	5,954
<i>Right-of-use asset</i>	5,943	6,637
	11,524	12,591
Current Assets		
<i>Inventories</i>	5,355	3,624
<i>Trade and other receivables</i>	9,691	11,524
<i>Current tax asset</i>	179	348
<i>Cash and cash equivalents</i>	13,724	12,243
	28,949	27,739
TOTAL ASSETS	40,473	40,330
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	41,684	41,684
<i>Share options reserve</i>	162	162
<i>Accumulated losses</i>	(20,817)	(19,209)
Shareholders' Equity	21,029	22,637
Liabilities		
Non-current Liability		
<i>Lease liabilities</i>	942	1,629
<i>Term loan</i>	2,827	2,881
	3,769	4,510
Current Liabilities		
<i>Trade and other payables</i>	3,038	3,374
<i>Contract liabilities</i>	5,917	3,014
<i>Short-term borrowings</i>	5,364	5,552
<i>Lease liabilities</i>	1,356	1,243
	15,675	13,183
TOTAL LIABILITIES	19,444	17,693
TOTAL EQUITY AND LIABILITIES	40,473	40,330
Net Assets Per Share (RM)	0.08	0.08

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended 30 September 2025 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND FINANCIAL QUARTER ENDED 31 MARCH 2026**

	← Financial Period Ended →	
	31.03.2026	31.03.2025 **
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss Before Tax	(1,608)	-
Adjustments For:-		
Depreciation of property, plant and equipment	458	-
Depreciation of right-of-use asset	612	-
Loss on foreign exchange - Unrealised	70	-
Interest expenses	246	-
Interest income	(112)	-
	1,274	-
Operating Loss Before Working Capital Changes	(334)	-
Changes In Working Capital		
Inventories	(1,730)	-
Receivables	1,862	-
Payables	2,566	-
Cash Generated From Operations	2,364	-
Interest paid	(246)	-
Tax refund	69	-
Net Cash From Operating Activities	2,187	-
Cash Flows From Investing Activities		
Interest received	112	-
Purchase of property, plant and equipment	(4)	-
Net Cash From Investing Activities	108	-
Cash Flows From Financing Activities		
Placement of pledged fixed deposit	(112)	-
Net proceeds from issuance of share	-	-
Net drawdown of bankers' acceptance	(152)	-
Net repayments of lease liabilities	(573)	-
Net repayments of term loan	(52)	-
Net Cash From Financing Activities	(889)	-
Net Increase In Cash And Cash Equivalents	1,406	-
Cash And Cash Equivalents At Beginning Of The Financial Period	(878)	-
Cash And Cash Equivalents At End Of The Financial Period	528	-
Cash and cash equivalents at end of the financial period comprise:		
Cash and cash equivalents	13,724	-
Bank overdrafts	(1,368)	-
	12,356	-
Less: Deposits pledged as security for banking facilities	(11,828)	-
	528	-

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period ended 30 September 2025 and the accompanying explanatory notes attached to the interim financial statements.

*** In view of the change in financial year end from 31 March 2025 to 30 September 2025, there was no comparative financial information available for the 6 months financial period ended 31 March 2026.*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 31 MARCH 2026**

	-----Attributable to owners of the Company-----			
	Non-distributable		Distributable	
	SHARE CAPITAL RM'000	SHARE OPTIONS RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
Current financial period ended 31 March 2026				
At 1 April 2024	75,046	162	(43,253)	31,955
<u>Transaction with owners:</u>				
Issuance of shares from - private placements	1,638	-	-	1,638
Share capital reduction	(35,000)	-	35,000	-
Loss after tax	-	-	(10,956)	(10,956)
At 30 September 2025	41,684	162	(19,209)	22,637
Loss for the financial period	-	-	(1,608)	(1,608)
At 31 March 2026	41,684	162	(20,817)	21,029

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 30 September 2025 and the accompanying explanatory notes attached to the interim financial statements.

*** In view of the change in financial year end from 31 March 2025 to 30 September 2025, there was no comparative financial information available for the 6 months financial period ended 31 March 2026.*

**Notes To The Condensed Consolidated Interim Financial Statements
For The Second Financial Quarter Ended 31 March 2026**

Part A: Explanatory Notes Pursuant To MFRS 134

A1. Corporate information

CN ASIA CORPORATION BHD is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

A2. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the financial period ended 30 September 2025.

Change in Accounting Standards

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements of the Group for the financial period ended 30 September 2025 except for the adoption of the following MFRSs and Amendments to MFRSs that are applicable to the Group’s financial period beginning on 1 January 2026: -

- Amendments to MFRS 121, MFRS 9, MFRS 7, MFRS 18, MFRS 19, MFRS 10 and MFRS 128.

The Group intend to adopt the above amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned amendments to standards are not expected to have any significant impacts on the financial statements of the Group.

A3. Change in Financial Year End

The current financial period under review covers a period of six (6) months from 01 October 2025 to 31 March 2026, representing the second financial quarter subsequent to the change in the Group’s financial year end from 31 March to 30 September.

In view of the change in financial year end from 31 March 2025 to 30 September 2025, there was no comparative financial information available for the quarter ended 31 March 2026 and the 6 months financial period ended 31 March 2026.

A4. Auditors’ report on preceding annual financial statements

The auditors’ report of the Group’s annual audited financial statements of the preceding financial period was not subject to any qualification.

A5. Seasonal and cyclical factors

The business operations of the Group were not significantly affected by any seasonal and cyclical factors in the current quarter and financial year-to-date.

A6. Items of an unusual nature

There were no item affecting assets, liabilities, equity, net income, or cash flows that are unusual due to their nature, size or incidence.

A7. Material changes in estimates

There were no changes in estimates reported in prior financial period, which have a material effect in the current interim period and the financial year-to-date.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Second Financial Quarter Ended 31 March 2026 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

A8. Changes in debts and equity securities

There were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities for the current financial year-to-date up to the date of this report.

A9. Dividend paid

There was no dividend paid during the financial year-to-date.

A10. Operating Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as the chief operating decision makers in order to allocate resources to segments and to assess performance of the Group. For management purposes, the Group is organised into business units based on their products and services provided, and has the following main business segments: -

- (a) Manufacturing - Manufacture tanks and related products, engineering and fabrication works.
- (b) Financial services - Providing moneylending services.
- (c) Energy Management - The business of energy management focused on nano technology lighting and urban farming.
- (d) Investment - Investment holdings comprise of companies providing management services.

<u>Business segments</u>	Manufacturing RM'000	Financial Services RM'000	Energy Management RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	10,783	690	-	-	-	11,473
Inter-segment revenue	-	-	-	230	(230)	-
Total revenue	10,783	690	-	230	(230)	11,473
Results						
Segment results	694	(1,781)	(45)	(142)	(200)	(1,474)
Finance costs	(246)	(200)	-	-	200	(246)
Interest income	112	-	-	-	-	112
(Loss) / Profit before tax	560	(1,981)	(45)	(142)	-	(1,608)
Tax expense	-	-	-	-	-	-
(Loss) / Profit after tax	560	(1,981)	(45)	(142)	-	(1,608)
Assets						
Segment assets	35,217	2,036	278	2,942	-	40,473
Liabilities						
Segment liabilities	19,091	109	-	244	-	19,444
Included in the measure of segment assets						
Capital expenditure	4	-	-	-	-	4
Depreciation	1,048	-	2	(2)	-	1,048

Geographical information – Not Applicable.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Second Financial Quarter Ended 31 March 2026 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

A11. Trade and other receivables

	Financial Quarter Ended 31.03.2026 (Unaudited) RM'000	Financial Period Ended 30.09.2025 (Audited) RM'000
Trade receivables		
Non-related parties	5,509	5,784
Less: Allowance for impairment of receivables	(1,134)	(1,134)
	<u>4,375</u>	<u>4,650</u>
Loan Receivables – related party	8,155	7,945
Loan Receivables – non-related parties	19,231	18,751
	<u>27,386</u>	<u>26,626</u>
Less: Allowance for impairment on loan receivables		
-related parties	(6,405)	(4,445)
-non-related parties	(19,231)	(18,751)
	<u>1,750</u>	<u>3,500</u>
	<u>6,125</u>	<u>8,150</u>
Other receivables, deposits and prepayments	3,566	3,374
Total trade and other receivables	<u>9,691</u>	<u>11,524</u>

The trade receivables of the Group, net of allowance for impairment, as at the end of the current quarter amounted to RM6.1 million (period ended 30 September 2025: RM8.2 million), consist of loan receivables of RM1.8 million (period ended 30 September 2025: RM3.5 million), and manufacturing receivables of RM4.4 million (period ended 30 September 2025: RM4.7 million). The loan receivables are due upon the loan maturity by April 2025 and an amount of RM25.6 million was provided as expected credit losses up to the current financial quarter ended 31 March 2026 was deemed sufficient. The manufacturing receivables are analysed as follows: -

	----- Credit Period -----				Total
	----- Within Not past due, not impaired	----- 1 to 30 days past due, not impaired	----- 31 to 60 days past due, not impaired	----- > 60 days past due, not impaired	
Manufacturing receivables (RM'000)	252	988	1,791	1,344	4,375
% of total manufacturing receivables (%)	6	22	41	31	100

The Group's normal trade credit term granted to its customers ranges from 30 to 90 days. The manufacturing receivables, net of allowance for impairment, that are past due for more than 60 days amounted to RM1.3 million, representing approximately 31% of the total manufacturing receivables of the Group. These receivables are creditworthy receivables and the Group maintains good business relationship with on-going business transactions with these customers. Given the credit exposure of the Group's portfolio of these receivables, an allowance for impairment of approximately RM1.1 million has been made up to the current financial quarter. As at the date of this report, RM2.0 million or 46% of these receivables have been collected.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Second Financial Quarter Ended 31 March 2026 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

A12. Material subsequent events

There were no material event subsequent to the end of the current quarter reported, to 18 May 2026, being the latest practicable date (“LPD”), which is not earlier than seven (7) days from the date of issuance of this quarterly report, that has not been reflected in the financial statements for the period, except as disclosed in Note B6 of this report.

A13. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

A14. Changes in contingent liabilities

	Financial Quarter Ended 31.03.2026 (Unaudited) RM'000	Financial Period Ended 30.09.2025 (Audited) RM'000
<u>Secured</u>		
Bankers’ guarantee issued in favour of third parties	219	167

A15. Capital commitments

There were no capital expenditure approved and contracted for in the current quarter and the financial year-to-date.

A16. Significant related party transactions

There were no significant transactions entered into between the Group and other related parties during the current quarter under review, saved as disclosed below:

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2026 RM'000	3 Months Ended 31.03.2025 ** RM'000	6 Months Ended 31.03.2026 RM'000	6 Months Ended 31.03.2025** RM'000
Interest Income	105	-	210	-

*** In view of the change in financial year end from 31 March 2025 to 30 September 2025, there was no comparative financial information available for the quarter ended 31 March 2026 and the 6 months financial period ended 31 March 2026.*

The interest income was in respect of a loan granted by Southborn Capital Sdn Bhd to SMT Turbojet Resources Sdn Bhd, a subsidiary of SMTrack Berhad. Datuk Seri Tan Choon Hwa, a Director of the Group, had also served as a director of SMTrack Berhad until his resignation on 24 April 2026. Accordingly, the interest income ceased to be a related party transaction with effect from 24 April 2026.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Second Financial Quarter Ended 31 March 2026 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities

B1. Performance review

	Individual Quarter				Cumulative Quarter			
	3 Months Ended	3 Months Ended**	Variance		6 Months Ended	6 Months Ended **	Variance	
	31.03.2026 RM'000	31.03.2025 RM'000	Amount RM'000	%	31.03.2026 RM'000	31.03.2025 RM'000	Amount RM'000	%
Revenue	4,537	-	-	-	11,473	-	-	-
Loss before interest and tax	(2,027)	-	-	-	(1,363)	-	-	-
Loss before tax	(2,149)	-	-	-	(1,608)	-	-	-
Loss after tax	(2,149)	-	-	-	(1,608)	-	-	-
Loss attributable to owners of the Company	(2,149)	-	-	-	(1,608)	-	-	-

*** In view of the change in financial year end from 31 March 2025 to 30 September 2025, there was no comparative financial information available for the quarter ended 31 March 2026 and the 6 months financial period ended 31 March 2026.*

The Group reported a revenue of RM4.5 million for the current quarter and RM11.5 million for the 6 months financial period. This revenue was mainly contributed by the manufacturing segment, particularly from the supply of storage tanks to various data centres, in addition to traditional pressure vessels and storage tanks for the oil and gas industry.

The Group recorded a loss before tax (“LBT”) of RM2.1 million for the current quarter and RM 1.6 million for the 6 months financial period. The current quarter’s LBT was mainly due to an impairment of RM2.4 million for expected credit losses on loan receivables from the financial services segment. For the 6 months financial period, the manufacturing segment remained profitable, recording a modest profit of RM0.5 million.

B2. Comments on results against the immediate preceding quarter

	3 Months Current Quarter	3 Months Preceding Quarter	Variance	
	31.03.2026 RM'000	31.12.2025 RM'000	Amount RM'000	%
	Revenue	4,537	6,936	(2,399)
(Loss) / Profit before interest and tax	(2,027)	664	(2,691)	(405)
(Loss) / Profit before tax	(2,149)	541	(2,690)	(497)
(Loss) / Profit after tax	(2,149)	541	(2,690)	(497)
(Loss) / Profit attributable to owners of the Company	(2,149)	541	(2,690)	(497)

The Group recorded a revenue of RM4.5 million for the current quarter, down 35% from RM6.9 million in the preceding quarter. The decrease was mainly due to delayed customers deliveries in the manufacturing segment during the Chinese New Year, fasting month and Hari Raya holidays period.

The Group reported a loss before tax of RM2.1 million for the current quarter, compared with a profit before tax of RM0.5 million in the preceding quarter. This was mainly attributable to an impairment of RM2.4 million for expected credit losses on loan receivables from the financial services segment.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Second Financial Quarter Ended 31 March 2026 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

B3. Commentary of prospects

The Board is of the view that the business environment remains challenging and competitive in view of the rising inflation rate and the worldwide geographical conflict. Moving forward, the group's performance may be affected by the fluctuations in foreign currency exchange rates and material costs.

Amidst the uncertainties and unpredictable business environment, the Group will continue to remain cautious and continuously monitor the developments of the global economic growth situation by taking appropriate measures to pursue more projects to expand its revenue base to sustain the Group's business and improve the Group's performance.

Barring further unforeseen circumstances, the Group expects its overall performance for the coming financial periods to remain challenging.

B4. Profit forecast or profit guarantee

Not applicable as no profit forecast was announced or disclosed in any public document.

B5. Tax expense

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2026 RM'000	3 Months Ended 31.03.2025 ** RM'000	6 Months Ended 31.03.2026 RM'000	6 Months Ended 31.03.2025** RM'000
Income tax				
- Current year	-	-	-	-
- Overprovision in prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>

*** In view of the change in financial year end from 31 March 2025 to 30 September 2025, there was no comparative financial information available for the quarter ended 31 March 2026 and the 6 months financial period ended 31 March 2026.*

No income tax expense was recognised for the current quarter as the Group have sufficient unutilised tax losses to offset taxable profits.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Second Financial Quarter Ended 31 March 2026 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

B6. Status of corporate proposals

Save for the following disclosures, there were no other corporate proposals that has been announced by the Company that remained incomplete as at the LPD.

(a) Central Processing Complex Agreement.

The Company announced on 16 June 2023 that the Company had entered into a central processing complex agreement with Markmore Energy (Labuan) Limited and CaspiOil Gas LLP. The establishment of the proposed CPC Plant and First Pipeline at the Rakushechnoye Oil and Gas Field in the Republic of Kazakhstan to process the natural gas to produce liquefied petroleum gas and condensate and the processing and production of natural gas extracted from the Rakushechnoye Oil and Gas Field in Kazakhstan (“Proposed Gas Processing”). This agreement is subject to approval by the shareholders at the general meeting to be held at a date to be determined. In conjunction with the Proposed Gas Processing, the Company announced multiple proposals comprising of proposed private placement, proposed renounceable rights issue with free detachable warrants, proposed RCPS, proposed diversification of the business into the downstream oil and gas industry and proposed amendments to the Company’s Constitution to facilitate the proposed issuance of RCPS (“Proposals”).

On 10 July 2024, the Company announced that the Board was in the midst of reviewing the structure of the Proposals. Further announcement will be made upon finalisation of the revision of the Proposals.

(b) Framework Agreement (“FA”) - Jianghe Electromechanical Equipment Engineering Co., Ltd (“JHEEE”).

The Company announced on 5 September 2024 that the Company had entered into a FA with JHEEE to formalize and set out the preliminary terms of the Signing Parties relationship with each other via their respective investment participation in the collaboration through the third party company as envisaged to tender for the Project on a commercial basis (“Collaboration”) in the spirit and in the manner pursuant to the FA and in accordance to the Award.

On 2 December 2024, the Board announced that there is no material development as announced previously except the parties are still in the process of formalising the terms of the Collaboration. Further announcement will be released should there be any new development to the FA.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Second Financial Quarter Ended 31 March 2026 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

B7. Group borrowings

	Financial Period Ended 31.03.2026 (Unaudited) RM'000	Financial Period Ended 30.09.2025 (Audited) RM'000
<u>SECURED</u>		
Short term		
Bank overdraft	1,368	1,406
Bankers' acceptance	3,889	4,041
Term Loan	107	105
	5,364	5,552
Long term		
Term loan	2,827	2,881
	8,191	8,433
Total Borrowings	8,191	8,433

The Group does not have foreign currency borrowings.

B8. Material litigation, claims and arbitration

There is no pending litigation against the Group at the date of this report either as plaintiff or defendant which may materially affect the financial position or business of the Group, saved as disclosed below:

Shah Alam High Court Judicial Review Application No. BA-25-126/10/2024

Chip Ngai Engineering Works Sdn Bhd ("Chip Ngai Engineering Works") vs Majlis Bandaraya Subang Jaya ("MBSJ")

- (a) On 18 October 2024, Chip Ngai Engineering Works, a wholly-owned subsidiary of CN Asia, the applicant, filed a judicial review against MBSJ, the respondent, regarding several actions and notices issued by MBSJ against Chip Ngai Engineering Works ("Judicial Review").
- (b) Chip Ngai Engineering Works operates the subject property held under HS(M) 20480, PT 17040, Mukim Petaling, Daerah Petaling, Negeri Selangor, which has been used for industrial purposes since obtaining its Certificate of Fitness in 1994. Originally, Chip Ngai Engineering Works owned the property but sold it to a third party in 2016. Following the sale, Chip Ngai Engineering Works entered into a leaseback arrangement to continue its operations on the premises. Chip Ngai Engineering Works alleges that MBSJ issued multiple unreasonable and unlawful notices ("MBS Notices"), including:
 - (i) demand to restore the land to its original condition;
 - (ii) orders for business closure to prevent alleged nuisances;
 - (iii) rejection of its application to expand business operations to include storage and office activities; and
 - (iv) revocation of its business and advertisement license during a council meeting without prior notice or justification.
- (c) Through the Judicial Review, Chip Ngai Engineering Works seeks to nullify all MBSJ Notices as well as actions taken by MBSJ, secure approval for its business expansion application, and claim compensation for damages caused. In any event if the MBSJ notices are enforced, Chip Ngai Engineering Works may face significant financial losses, operational disruptions, and potential layoff of employees.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Second Financial Quarter Ended 31 March 2026 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

B8. Material litigation, claims and arbitration (Cont'd)

- (d) In conjunction with the Judicial Review applications, an application of interlocutory injunction was also filed by Chip Ngai Engineering Works to prevent MBSJ from taking further enforcement actions pending the disposal of the Judicial Review (“Injunction”). However, the Injunction application was dismissed by the court on 19 February 2025.
- (e) Despite the dismissal of the Injunction application, the court simultaneously granted leave for Chip Ngai Engineering Works to proceed with the Judicial Review. During the case management for Judicial Review held on 26 November 2025, a hearing date was fixed for 23 February 2026. However, pursuant to a subsequent email from the court, the hearing scheduled for 23 February 2026 has been vacated and converted to a case management session for the purpose of fixing a new hearing date. The new hearing date has been fixed on 05 August 2026. The court’s decision to grant leave for the Judicial Review indicates that the case presents a prima facie arguable issue, warranting further examination by the court.
- (f) Chip Ngai Engineering Works’ solicitor is of the opinion that Chip Ngai Engineering Works has strong legal grounds to challenge MBSJ’s actions, and the court’s dismissal of the Injunction application does not affect the merit of Chip Ngai Engineering Works’ positions in the Judicial Review.

B9. Dividend

There was no interim dividend declared during the current quarter and financial year-to-date.

B10. Loss per share

(a) Basic loss per share

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2026 RM'000	3 Months Ended 31.03.2025 ** RM'000	6 Months Ended 31.03.2026 RM'000	6 Months Ended 31.03.2025 ** RM'000
Loss after tax for the period	(2,149)	-	(1,608)	-
Weighted average number of ordinary shares in issue ('000)	269,183	-	269,183	-
Basic loss per share (sen)	(0.80)	-	(0.60)	-

(b) Diluted loss per share

Loss after tax for the period	(2,149)	-	(1,608)	-
Weighted average number of ordinary shares in issue ('000)	269,183	-	269,183	-
Effect of potential exercise of share options ('000)	600	-	600	-
	269,783	-	269,783	-
Diluted loss per share (sen)	(0.80)	-	(0.60)	-

*** In view of the change in financial year end from 31 March 2025 to 30 September 2025, there was no comparative financial information available for the quarter ended 31 March 2026 and the 6 months financial period ended 31 March 2026.*

**Notes To The Condensed Consolidated Interim Financial Statements
For The Second Financial Quarter Ended 31 March 2026 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

B11. Additional disclosure on loss before tax

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2026 RM'000	3 Months Ended 31.03.2025 ** RM'000	6 Months Ended 31.03.2026 RM'000	6 Months Ended 31.03.2025 ** RM'000
Loss before tax is derived after charging/(crediting) the following: -				
Depreciation of property, plant and equipment	229	-	458	-
Depreciation of right-of-use asset	306	-	612	-
Interest expenses	123	-	246	-
Interest income	(56)	-	(112)	-
Loss on foreign exchange				
- Unrealised	2	-	70	-
- Realised	1	-	2	-

*** In view of the change in financial year end from 31 March 2025 to 30 September 2025, there was no comparative financial information available for the quarter ended 31 March 2026 and the 6 months financial period ended 31 March 2026.*

B.12 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 May 2026.