



OPAQUE
AND
AT
STAKE

Fair value accounting makes losses visible, but offers little insight into the quality of the decisions behind them. Without clearer governance disclosure, shareholders are left seeing outcomes without understanding whether they reflect market forces or flawed judgment.

FAIR VALUE: WHEN LOSSES ARE SEEN BUT NOT EXAMINED

Fair value accounting has made investment losses highly visible. Numbers are marked to market, movements are recorded, and financial statements reflect current valuations rather than historical cost.

Losses are quantified, disclosed and audited, but the decision-making behind the investments is often not clearly explained, independently assessed, or consistently challenged.

A fundamental question remains: do these numbers reveal anything about the quality of decisions behind them?

A Handful of Observations

The patterns differ across listed companies, but the underlying issue is consistent. Many reported significant fair value losses on their investments in quoted securities.

In the 15-month financial period ended 30 September 2025, **Vsolar Group Berhad** recognised a fair value loss of RM15.7 million - more than two-thirds of its pre-tax losses.

While the Company highlighted the existence of formal investment policies, due diligence and board oversight, it did not disclose the identities of specific investees or the detailed rationale for its investments. This limits shareholders' ability to assess concentration risk and individual investment performance.

	Note	Group		Company	
		From 01.07.2024 to 30.09.2025 RM	From 01.07.2023 to 30.06.2024 RM	From 01.07.2024 to 30.09.2025 RM	From 01.07.2023 to 30.06.2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(23,308,905)	(3,174,260)	(32,396,727)	(3,219,659)
Fair value loss on other investments	9	15,698,873	1,295,129	-	-

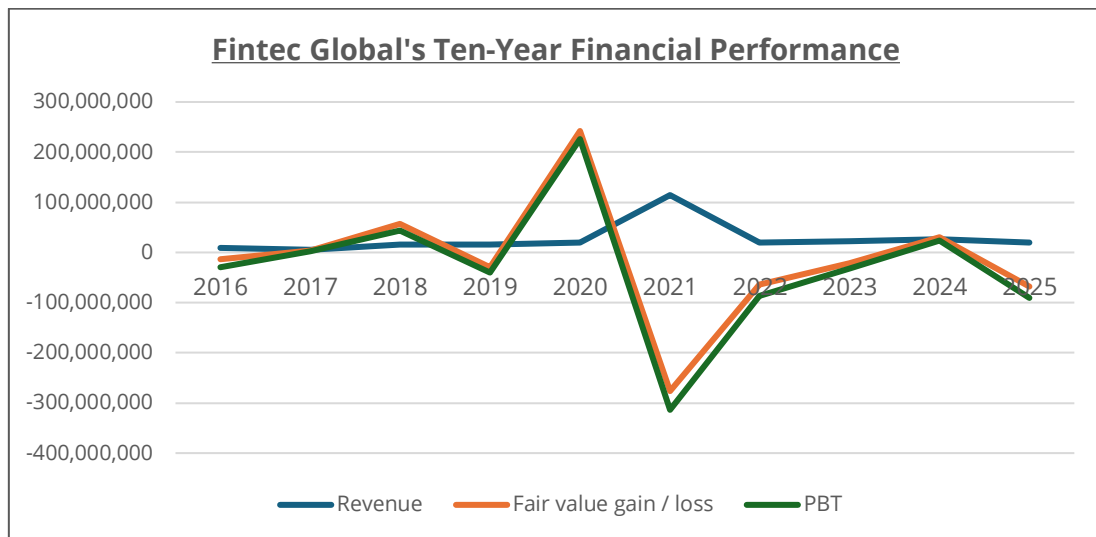
(Source: Page 83 of Vsolar Group Berhad Annual Report 2025)

The Group first disclosed its quoted investment in 2021, but without details on the underlying holdings or their acquisition cost. More granular disclosure – such as sector-level information - only emerged after queries were raised by MSWG. Even then, the lack of investee-level transparency, i.e., investee identities, detailed investment rationale, continued to constrain meaningful assessment.

At **Fintec Global Berhad**, earnings have been shaped by recurring fair value gains and losses, including a substantial RM67.37 million mark-to-market loss in FY2025. These fluctuations are broadly consistent with its positioning as a “technology incubator” and

“strategic investment firm”, where exposure to high-growth or early-stage assets naturally entails valuation swings.

The Group provides relatively detailed disclosure (refer to [here](#)), including identification of investee companies and commentary on portfolio performance. However, its earnings profile remains significantly influenced by fair value movements based on market prices of investee companies (refer to the chart below), with reported results consistently driven by valuation changes.



Source: Fintec Global Annual Reports

This highlights a different dimension of the issue — even where disclosure is present, fair value can dominate reported outcomes, creating a convenient explanatory framework — one that may normalise volatility without necessarily prompting deeper scrutiny of the underlying investment decisions or earnings quality.

In the case of **APB Resources Berhad**, a RM140 million long-term investment in Globetronics Berhad declined significantly over time. The bulk of the loss became visible only upon reclassification following the loss of significant influence in Globetronics, resulting in a fair value of RM35.35 million and a recognised loss of approximately RM68.7 million in FY2025.

While the accounting treatment appropriately reflected the change, the timing and presentation may frame the loss as temporary rather than prompting a reassessment of the earlier investment decision.

Management continues to characterise the decline as temporary, but its narrative offers limited assurance regarding the quality of the underlying judgment - whether decisions are rigorously challenged, independently assessed, or subjected to post-investment review.

APB Resources Berhad's acquisition of Globetronics

(a) Acquisition of shares in Globetronics Technology Bhd.

In previous financial period (18-month FPE 31 March 2024), the Company entered into a share sale agreement ("SSA") to acquire 70,000,000 ordinary shares, representing 10.41% of the equity interest in Globetronics Technology Bhd. ("Globetronics") for a total cash consideration of RM140,000,000.

(b) Reclassification of investment and loss of significant influence

On 1 November 2024, the Company's representative on the Board of Globetronics resigned, resulting in the cessation of the Group's significant influence over Globetronics. Consequently, the investment was reclassified from an investment in associate to a financial asset measured at fair value through profit or loss ("FVPL") in accordance with MFRS 9 *Financial Instruments*. The fair value of the quoted investment on 1 November 2024 was RM35,350,000. The Group and the Company recognised a loss on derecognition of the quoted investment amounting to RM68,702,811 and RM68,250,000 respectively, being the difference between the carrying amount of the investment in associate and its fair value of the investment at the date of loss of significant influence. This loss on derecognition is recognised in profit or loss in the financial year ended 31 March 2025.

(Source: Page 124 of APB Resources Berhad Annual Report 2025)

	Note	Group		Company	
		01.04.2024 to 31.03.2025 (12 months) RM	01.10.2022 to 31.03.2024 (18 months) RM (Restated)	01.04.2024 to 31.03.2025 (12 months) RM	01.10.2022 to 31.03.2024 (18 months) RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(80,956,924)	(29,861,356)	(86,503,880)	(35,054,281)
Loss on derecognition of investment in an associate	9	68,702,811	-	68,250,000	-

(Source: Page 107 of APB Resources Berhad Annual Report 2025)

Similarly, at **NexG Berhad**, RM145.6 million in fair value losses on quoted investments (MMAG Holdings Berhad and Classita Holdings Berhad) resulted in a net loss of RM130.9 million for the third quarter ended 31 December 2025 and triggered an internal review.

NexG board clarified that NexG's investments had been made in compliance with applicable laws and listing requirements, and that the substantial fair-value losses should not be interpreted as *"a reflection of any impropriety or lack of strategic rationale behind investment decisions made by the company"*.

Across these cases, the numbers are clear. What remains opaque is whether the decisions that led to those outcomes were ever meaningfully examined. Without such visibility, shareholders cannot determine whether losses reflect market conditions or weaknesses in capital allocation — nor whether similar decisions may recur.

The Comfort of Fair Value

Fair value is often perceived as objective, market-based and external. It reflects observable prices and is grounded in established accounting standards.

This objectivity, however, can shift focus away from decision-making. Losses are easily framed as market-driven or temporary, making it more convenient to attribute outcomes to external conditions rather than scrutinise internal judgment.

Fair value measures assets and liabilities based on current market evaluations but also comfort in explanation. It explains what has changed, but not whether the underlying decisions were sound. In doing so, it subtly shifts attention from how capital was allocated to how markets have moved.

Building on this, some company executives also tend to sidestep investors' concerns by emphasising that fair value losses are non-cash in nature, implying that such concerns are misplaced or overstated.

This creates an important risk — losses may be accepted as external outcomes, even when they may reflect decisions that were never meaningfully examined.

The Missing Layer: Governance Judgment

Disclosures exist and numbers are accurate, but the focus remains largely on *what* happened, rather than *why* it happened or whether it should have happened at all.

Boards and audit or risk committees are expected not only to oversee financial reporting, but also to exercise judgment over significant capital allocation decisions, including evaluating investment rationale, assessing risk exposure, and challenging management decisions. However, the most consistent gap is the lack of visibility into whether and how such a challenge takes place, particularly when investment outcomes fall short.

For shareholders, this creates a fundamental blind spot. Without insight into who approved the investment, what limits were applied, whether independent challenge occurred, and how outcomes were evaluated, it becomes difficult to distinguish between unavoidable losses and those arising from flawed capital allocation.

In the absence of this layer of judgment, fair value losses risk being accepted as outcomes of the market, rather than examined as consequences of decisions.

A Possible Way Forward: Key Governance Matters

If financial reporting highlights areas of significant audit judgment through Key Audit Matters, a similar approach could be considered for governance.

Our suggestion to the Securities Commission Malaysia is the introduction of “Key Governance Matters”, where independent directors shall disclose insights into significant decisions, particularly major investments. This could include the investment rationale, key risks considered, the nature of board challenge, and how the investment is monitored over time, including exit considerations.

This would provide shareholders with clearer insight not only into the decisions made but also into how they were challenged and evaluated. Without this, the gap between outcomes and accountability will persist.

Accountability Obscured Behind Fair Value

The real gap is not in the numbers, but in the narrative. Financial statements have become increasingly precise in capturing outcomes, yet remain noticeably thin in explaining the thinking that produced them.

What is missing is not disclosure, but conviction. A clear articulation of why capital was deployed, what risks were consciously taken, and whether those decisions still stand up to scrutiny today. Without that, reporting risks becomes an exercise in recording movement rather than demonstrating judgment.

In the end, fair value is like a weather report. It tells you the storm has arrived, how strong it is, and how much damage it caused. But it says nothing about who chose to sail into it.

[END]

MSWG AGM/EGM WEEKLY WATCH

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

QUICK-TAKE

Date & Time	Company	Quick-take
21.04.26 (Tue) 02.30 pm	Country View Berhad (AGM)	<p>The Group's revenue and PBT were mainly supported by its property development division, with strong growth of 94% and 248% y-o-y.</p> <p>This was supported by ongoing project progress, i.e., higher-priced sales of residential units, bumi-release units, contributions from affordable housing under the Rumah Mampu Milik Johor scheme, and the sale of four commercial land plots.</p> <p>Inventories decreased to RM475.9 million from RM514.3 million, reflecting continued property and land sales. Investment properties also declined following the sale of a three-storey shop office, which generated RM1.8 million in cash inflows for FY2025.</p>
22.04.26 (Wed) 09.30 am	United Plantations Berhad (AGM)	<p>UP Group recorded revenue of RM2.5 billion in FY2025 - a 14% increase from RM2.2 billion in 2024, supported by higher production, firmer commodity prices, and contributions from the downstream segment. PBT rose by 18% to RM1.1 billion, while net profit reached a new high of RM830 million, up 15% from the previous year.</p> <p>This performance was supported by record production, driven by an all-time high yield of 6.58 MT CPO per hectare and stronger commodity prices.</p>
22.04.26 (Wed) 10.00 am	Affin Bank Berhad (AGM)	<p>For FY2025, Affin's revenue increased by 12.5% to RM2.44 billion, driven by balanced contributions from both interest (NII) and non-interest income (NOII).</p> <p>NII rose by 10.8%, supported by solid loan expansion and focused growth in higher-yielding segments.</p>

Date & Time	Company	Quick-take
		<p>Meanwhile, NOII grew by 15.5%, reflecting stronger performance from treasury activities and contributions from an expanding range of advisory, wealth and investment solutions. This translated into a 7.8% increase in PBT to RM755 million.</p> <p>Loan growth grew ahead of the market at 10.4%, with particular momentum in enterprise and commercial banking.</p>
22.04.26 (Wed) 10.00 am	Petronas Chemicals Group Berhad (AGM)	PCG posted a 10% decline in revenue at RM27.5 billion due to lower product prices and the strengthening of ringgit against the greenback. Meanwhile, EBITDA declined by RM1.6 billion, or 46%, reflecting lower product spreads and a lower contribution from a joint operation entity. In line with the declining performance, PCG turned loss-making with a net loss of RM2.1 billion, compared to a net profit of RM1.3 billion
23.04.26 (Thur) 10.00 am	OSK Holdings Berhad (AGM)	<p>In FY2025, OSK achieved a 12% increase in revenue to RM1.9 billion from RM1.7 billion in 2024, supported by improved domestic economic conditions. The operating environment remained challenging, with geopolitical uncertainties, rising construction costs, and high interest rates in Australia contributing to cautious market sentiment and cost pressures across the industry.</p> <p>Notwithstanding these, its PBT increased by 4% to RM634.0 million, largely supported by its core segments, with the Property, Financial Services, and Investment Holding divisions collectively contributing 94% of total PBT.</p>
23.04.26 (Thur) 10.00 am	S P SETIA Berhad (AGM)	For FY 2025, the Company reported a revenue of RM4.22 billion with property sales reaching RM5.1 billion, primarily driven by strong local demand and land bank monetisation. Despite a lower topline, PBT remained stable at RM969 million, reflecting high-margin land transactions and construction cost savings, effectively project close out which partially offset with write-downs in inventories.
23.04.26 (Thur) 11.00 am	Artroniq Berhad (EGM)	Artroniq is tabling the resolutions below for shareholders' approval:

Date & Time	Company	Quick-take
		<p>Resolution 1: Proposed Acquisition of 51% Equity Interest in Axe Innovation Sdn Bhd (AISB) Artroniq proposes to acquire 51% equity interest in AISB for RM5.1 million, to be satisfied via the issuance of 51 million new Artroniq shares at an issue price of 10 sen per share. Upon completion, AISB will become a 51% owned subsidiary of Artroniq.</p> <p>Resolution 2: Proposed Diversification into ICT Solutions Artroniq proposes to diversify its principal activities to include the provision of ICT solutions.</p> <p>Both proposals are inter-conditional.</p>

POINTS OF INTEREST

Company	Points/Issues to Be Raised												
Country View Berhad (AGM)	<p>The Group declared a fourth interim single-tier dividend of 13 sen per share, bringing the total dividend payout for FY2025 to 53 sen, compared to 15 sen in FY2024. The latest dividend was paid on 16 March 2026.</p> <p>Details of the dividends proposed for the financial year ended 30 November 2025 are disclosed on page 13 of the Annual Report 2025.</p> <p>a) To what extent was the dividend funded by proceeds from asset disposals or other non-recurring sources, and is such reliance sustainable in the long term?</p> <p>b) How does the Board assess the impact of high dividend payouts on the Group's ability to fund future projects and acquire land bank? What percentage of earnings is retained for reinvestment?</p>												
Petronas Chemicals Group Berhad (AGM)	<p>In October 2022, PCG completed the acquisition of Perstorp Holding AB for RM7.31 billion. Later in 2023, Perstorp and BRB combined to form PCG's Specialty Chemicals (SC) division. Since FY2023 onwards, the SC division has posted results as follows:</p> <table border="1" data-bbox="587 1832 1366 1946"> <thead> <tr> <th></th> <th>FY2025</th> <th>FY2024</th> <th>FY2023</th> </tr> </thead> <tbody> <tr> <td>Revenue (RM million)</td> <td>5,693</td> <td>6,542</td> <td>6,385</td> </tr> <tr> <td>EBITDA (RM million)</td> <td>223</td> <td>332</td> <td>179</td> </tr> </tbody> </table>		FY2025	FY2024	FY2023	Revenue (RM million)	5,693	6,542	6,385	EBITDA (RM million)	223	332	179
	FY2025	FY2024	FY2023										
Revenue (RM million)	5,693	6,542	6,385										
EBITDA (RM million)	223	332	179										

Company	Points/Issues to Be Raised			
	Net profit/(loss) (RM million)	(707)	46	(198)
	Sales volume (KMT)	844	897	841
(Source: PCG's AR2023 – 2025)				
<p>a) In FY2025, an impairment of RM439 million was made on property, plant and equipment (page 66, Financial Report 2025). Was the impairment related to Perstorp, as suggested in the Financial Review by CFO Encik Mohd Azli Ishak (page 38, IR2025)? If so, which assets of Perstorp were impaired? What events resulted in the impairment being made?</p>				
<p>b) While the SC portfolio currently contributes about 20.71% of PCG's revenue, the bottomline contribution has been tepid since the full consolidation of Perstorp and BRB results.</p>				
<p>Since the acquisition of Perstorp in late 2022, what has been the value addition and return on investment in monetary terms from the acquisition?</p>				
<p>Has the acquisition achieved the internal rate of return (IRR) that PCG aspired to when acquiring the company? Additionally, does the targeted IRR remain intact given the challenging operating environment over the near and medium term? When does the Group expect the investment to achieve break-even?</p>				



DISCLOSURE OF INTERESTS

With regard to the companies mentioned, MSWG holds a minimum number of shares in all the companies covered in this newsletter.

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