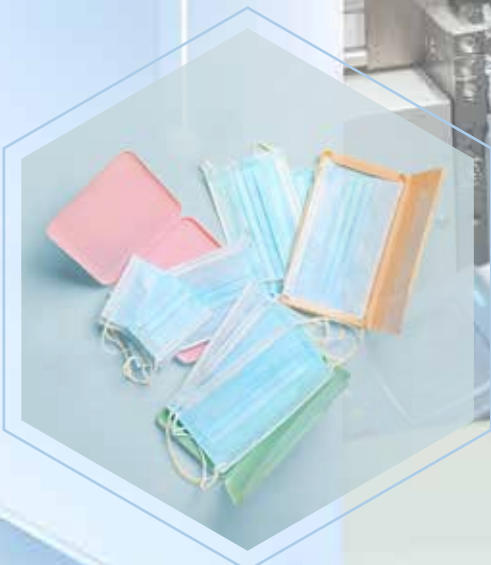


IKOMARK

Registration No. 199601001919 (374265-A)

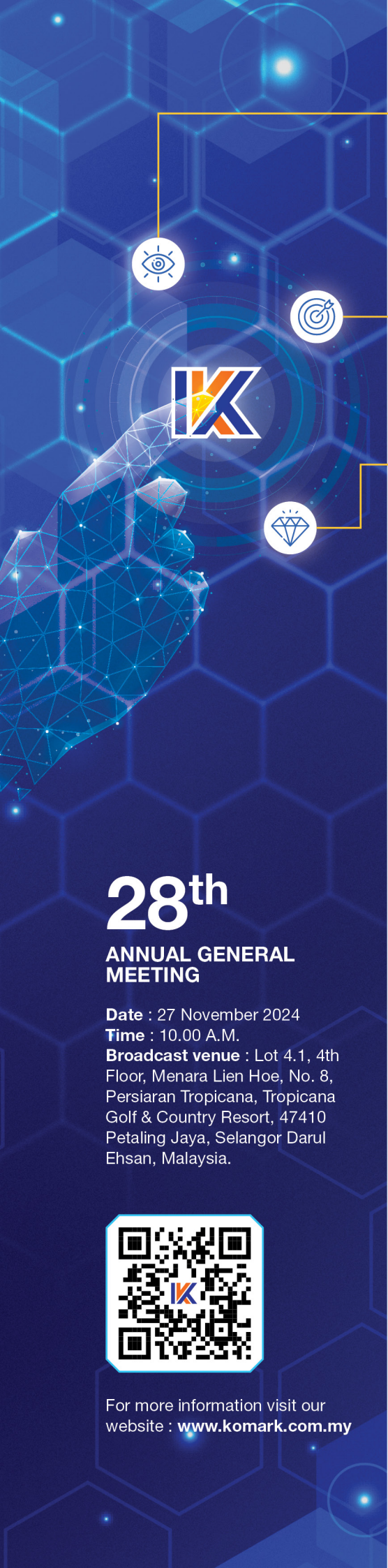
LEVERAGE THE **STRENGTH**

OF THE
TOMORROW



ANNUAL REPORT
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VISION Becoming a world class total solution provider of premium labels and flexible packaging manufacturer and largest face mask manufacturer in Southeast Asia delivering sustainable shareholder value to all stakeholders.

MISSION

- To be a progressive organisation providing products and services of superior quality and reliability.
- To constantly pursue in research and development (“R&D”) and pioneer into technological excellence.
- To excel in everything we do and attaining **“Total Customer’s Satisfaction”**.
- “Total Customer’s Satisfaction”** guided by our core values, we have continuously develop prestige and innovative packaging and machineries through our established R&D centre, customer service and technical support team.

CORE VALUES The 8 Core Values of Komarkcorp Berhad are:

- | | | |
|----------------|------------|------------|
| Trustability | Commitment | Compliance |
| Responsibility | Passion | Speed |
| Innovation | Integrity | |

2024 ANNUAL REPORT CONTENTS

28th
ANNUAL GENERAL MEETING

Date : 27 November 2024
Time : 10.00 A.M.
Broadcast venue : Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia.



For more information visit our website : www.komark.com.my

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* Form of Proxy



CORPORATE INFORMATION

BOARD OF DIRECTORS

- ▶ **YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad**
(Independent Non-Executive Chairman)
- ▶ **Roy Ho Yew Kee**
(Executive Director)
- ▶ **Koo Kien Keat**
(Independent Non-Executive Director)
- ▶ **Dr Chan Jee Peng**
(Independent Non-Executive Director)
- ▶ **Dr Azizah Binti Sulaiman**
(Independent Non-Executive Director)

AUDIT COMMITTEE

Dr Chan Jee Peng, *Chairman*
Koo Kien Keat, *Member*
Dr Azizah Binti Sulaiman, *Member*

NOMINATION COMMITTEE

Koo Kien Keat, *Chairman*
Dr Chan Jee Peng, *Member*
Dr Azizah Binti Sulaiman, *Member*

REMUNERATION COMMITTEE

Dr Azizah Binti Sulaiman, *Chairperson*
Dr Chan Jee Peng, *Member*
Koo Kien Keat, *Member*

AUDITORS

MORISON LC PLT
(LLP0032572-LCA & AF 002469)
Chartered Accountants
Level 11-01, Uptown No. 3,
Jalan SS 21/39,
Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.

Tel: +603-7491 4419

REGISTERED OFFICE

B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur

Tel: +603-9770 2200
Fax: +603-2201 7774
Email: boardroom@boardroom.com.my

COMPANY SECRETARY

Tan Tong Lang
*(SSM PC NO. 202208000250/
MAICSA 7045482)*

PRINCIPAL PLACE OF BUSINESS

Lot 132, Jalan 16/1,
Kawasan Perindustrian Cheras Jaya,
43200 Balakong,
Selangor Darul Ehsan

Tel: +603 9080 3333
Fax: +603 9080 5233
Website: <https://komark.com.my>
Email: enquiry@komark.com.my

SHARE REGISTRAR

Aldpro Corporate Services Sdn Bhd
[Registration No. 202101043817
(1444117-M)]

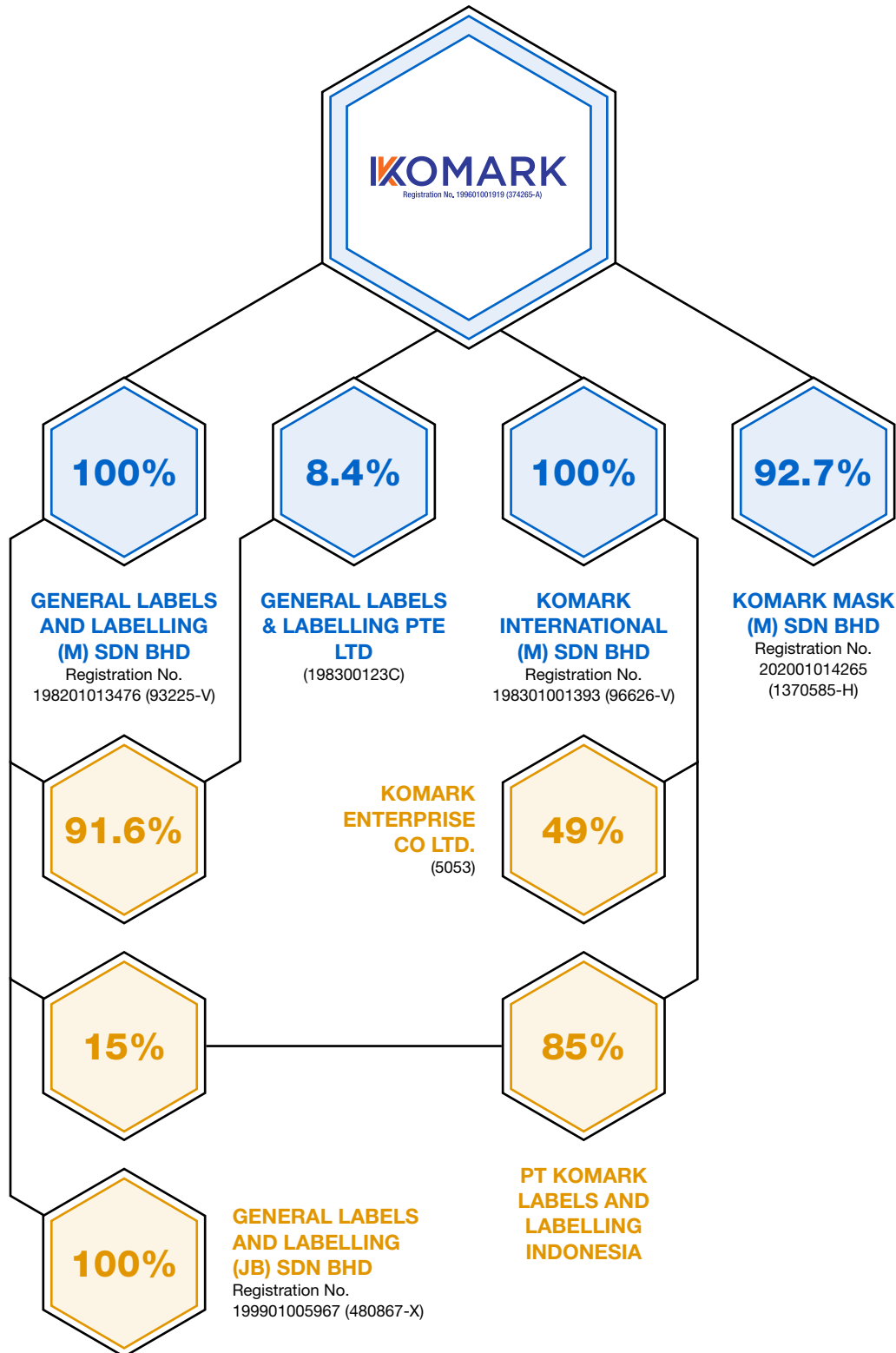
B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur

Tel: +603-9770 2200
Fax: +603-2201 7774
Email: admin@aldpro.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name: KOMARK
Stock Code: 7017
Sector: Industrial Products & Services

CORPORATE STRUCTURE





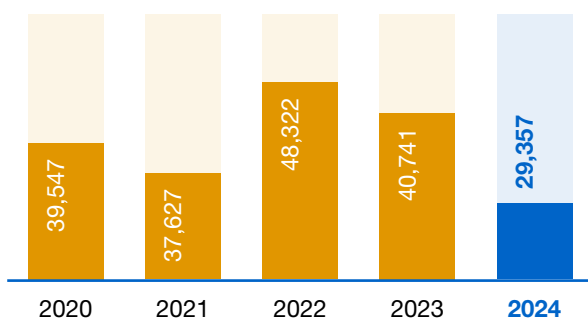
FIVE-YEARS GROUP FINANCIAL HIGHLIGHTS

	2020	2021	2022	2023	2024
OPERATING RESULT (RM'000)					
Revenue	39,547	37,627	48,322 [^]	40,741	29,357
Loss Before Tax	(10,357)	(16,131)	(7,940) [^]	(4,133)	(41,637)
Loss After Tax	(10,706)	(15,955)	(10,236) [^]	(5,097)	(41,641)
Total Comprehensive Loss	(7,002)	(15,943)	(9,964)	(5,359)	(41,641)
KEY BALANCE SHEET DATA (RM'000)					
Total Assets	84,533	127,157	132,546	118,821	124,971
Total Interest Bearing Borrowings	8,650	8,162	5,414	4,972	9,315
Total Liabilities	27,603	28,621	31,213	23,499	26,130
Paid-Up Capital	62,789	120,166	132,927	132,927	173,277
Shareholders' Equity	56,930	98,485	101,419	95,745	101,382
SHARE INFORMATION					
No of shares in issued ('000)	205,577	481,116	577,339	577,339	230,917
PER SHARE (SEN)					
Basic LPS	(4.78)	(6.05)	(1.78) [^]	(4.12) [^]	(18.80)
Gross Dividend (Recommended)	0.00	0.00	0.00	0.00	0.00
Gross Dividend Paid	0.00	0.00	0.00	0.00	0.00
Net Assets	27.69	20.48	17.57	16.58	43.90
FINANCIAL RATIO (%)					
Return on Equity	(18.81)	(16.20)	(10.09) [^]	(5.32)	(41.07)
Return on Total Assets	(12.66)	(12.55)	(7.72) [^]	(4.29)	(33.32)
Gearing ratio	29.89	14.26	12.67	8.95	16.01

[^] Restated

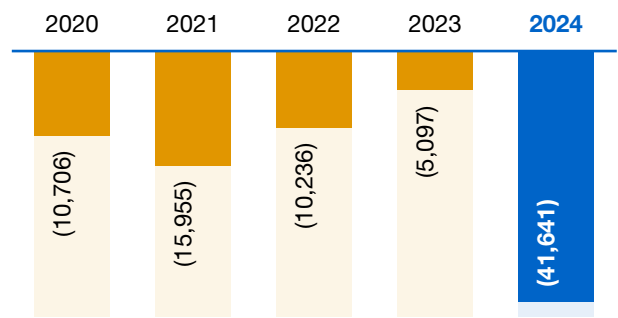
Revenue (RM'000)

29,357



Loss After Tax (RM'000)

(41,641)



DIRECTORS' PROFILE



YM TENGKU EZUAN ISMARA BIN TENGKU NUN AHMAD

Independent Non-Executive Chairman



Malaysia



Male



Aged 46

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad was appointed to the Board as Independent Non-Executive Chairman on 11 August 2020.

After graduated from the International Islamic University with a Master in Law majoring in Banking and Anti Money Laundering, YM Tengku Ezuan furthered his study at University of East London with a degree in Bachelor of Science (Hons) Accounting and Finance.

He is a member of the Royal Family and a long serving corporate citizen exposed to a multitude of industries, including Oil & Gas, Defence, Private Equity, Finance and ICT Consulting. Over the years, he has engaged in business dealings with prominent entities such as Petronas, HESS Petroleum, and GL Noble Denton.

Presently, he sits on the Board of XOX Networks Berhad as Independent Non-Executive Chairman and Uzma Berhad as Independent Non-Executive Director.

He has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Group.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.





DIRECTORS' PROFILE



ROY HO YEW KEE

Executive Director



Mr. Roy Ho Yew Kee was appointed to the Board as Independent Non-Executive Director of the Company on 25 June 2020. Subsequently, he was redesignated as Executive Director on 3 November 2020.

Mr. Roy obtained his Bachelor of Commerce from the Griffith University, Brisbane, Australia. Mr. Roy brings over 20 years of financial service and restructuring experience both locally and abroad in various capacities.

Mr. Roy started his career in Australia in 1998 within the financial services sector, joining Hartley Poynton Ltd, a subsidiary of Royal Bank of Canada, where he was trained as a financial advisor, specialising in derivatives and first generation fintech products. He then moved to a boutique trading firm, Tricom Futures Ltd, in 2003, where he set up a trading desk in greenfield markets, specialising in debt instruments, capital raising, equity linked structures and derivatives.

In 2011, Mr. Roy returned to Malaysia where he joined Key Alliance Group Berhad as an Executive Director overseeing corporate strategy. In 2017, he was redesignated as Managing Director of Key Alliance Group Berhad and subsequently redesignated as Executive Director in 2024.

Presently, Mr. Roy sits on the Board of XOX Bhd, Cheetah Holdings Berhad, Key Alliance Group Berhad and D'nonce Technology Bhd as Executive Director.

He has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Group.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

DIRECTORS' PROFILE



KOO KIEN KEAT

Independent Non-Executive Director



Malaysia



Male



Aged 39

Mr. Koo Kien Keat was appointed to the Board on 11 August 2020 as Independent Non-Executive Director. He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company.

Mr. Koo, a graduate of St. Michael's Institute and Bukit Jalil Sports School, is a Malaysian former professional badminton player. In 2007, he achieved a career-high world ranking of No. 1 in Men's Doubles and became the youngest ever men's doubles pair to win an Asian Games Gold Medal. He also made history by winning five Gold Medals at the Commonwealth Games, the most by any Malaysian athlete. Mr. Koo was a club coach cum club manager for Badminton Asia High Performance Director and currently owns a badminton club.

Presently, he sits on the Board of Cheetah Holdings Berhad as Independent Non-Executive Director.

He has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Group.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.





DIRECTORS' PROFILE



DR CHAN JEE PENG

Independent Non-Executive Director



Dr Chan Jee Peng was appointed to the Board as Independent Non-Executive Director on 1 May 2021. He is the Chairman of the Audit Committee and a member of Nomination Committee and Remuneration Committee of the Company.

Dr Chan holds several distinguished qualifications in accounting and related fields. He is a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants (ACCA). Additionally, he is an Associate Member of both the Chartered Tax Institute of Malaysia and the Institute of Internal Auditors of Malaysia. His expertise extends further with Associate Membership in the Association of Certified Fraud Examiners.

Academically, he has earned a Professional Doctorate from the European International University in Paris, along with a Master's Degree in Accounting from the University of London. He also hold an Honours Degree in Applied Accounting from Oxford Brookes University, rounding out his comprehensive qualifications in finance and accounting.

Dr Chan has close to twenty (20) years of audit and financial management experience. He started his career with two (2) of the Big Four accounting firms and has held senior financial position in public listed companies. Subsequently, he joined a mid-tier accounting firm and rose to the ranks of an Executive Director and then joined UHY Malaysia as their Audit Partner. He was involved in various audit of public listed companies, multinational companies and local government agencies. He was in charge of many reporting accountants assignments for various corporate exercise of public listed companies including initial public offering, restructuring and due diligence assignment. Currently, he is the Managing Partner of SFAI Malaysia which provides assurance, tax and advisory services.

Dr Chan currently sits on the Board of LKL International Berhad and Fast Energy Holdings Berhad as Independent Non-Executive Director.

He has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Group.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

DIRECTORS' PROFILE



DR AZIZAH BINTI SULAIMAN

Independent Non-Executive Director



Malaysia



Female



Aged 54

Dr Azizah Binti Sulaiman was appointed to the Board as Independent Non-Executive Director on 1 June 2023. She is the Chairperson of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

Dr Azizah obtained her Bachelor of Medicine and Surgery (MBBS) in Manipal Academy of Higher Education (India) and subsequently obtained Letter of Credentialing & Privileging Aesthetic Medical Practice from Ministry of Health Malaysia.

She completed her housemanship and continued her work in the government sector at Queen Elizabeth Hospital Kota Kinabalu, Sabah. There she trained in multiple disciplines until she decided to specialise in Aesthetic Medicine. Currently, she is the Medical Director of Klinik Cosmedic, she has successfully positioned the clinic as a reputable and trusted provider of Aesthetic Medical Services.

In Malaysia, Dr Azizah is recognised as one of the most renowned pioneers in Aesthetic Medicine and Vice President for Persatuan Doktor Estetik Berdaftar Malaysia (PDEBM). Since 2017 she has been elected by the Ministry of Health department to be a panel member and examiner for the Aesthetic Medical Practice Division.

Dr Azizah currently sits on the Board of Key Alliance Group Berhad as Independent Non-Executive Director.

She has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Group.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon her by any relevant regulatory bodies.





KEY SENIOR MANAGEMENT'S PROFILE

LIM KEE FOOK

Assistant Financial Controller



Mr. Lim Kee Fook graduated with a diploma in accountancy in year 2007. He has 16 years of working experience in the areas of auditing, accounting, commercial business, finance and taxation. He began his career in 2007 with an audit firm as an Audit Assistant. Prior to joining the Group, he was the Assistant Finance Manager for Kerjaya Prospek Property Berhad.

In August 2023, he promoted as the Assistant Financial Controller and he is responsible for overseeing the Finance and Taxation Department of the Group. He currently does not hold any directorship in public companies and listed issuers.

He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

BRANDON CHEONG WEN RONG

Group Assistant General Manager



Mr. Brandon graduated with a Bachelor of Degree in Science from University Southern New Hampshire in year 2018. He started his career with MHI as a Business Development Manager.

In January 2023, he was appointed as General Manager of the Middle Office and was later promoted to the Group Assistant General Manager in January 2024. In this role, he oversees several key departments, including Production, Purchasing, Warehouse, I.T., Graphics, Planning & Customer Service. He currently does not hold any directorship in public companies and listed issuers.

He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

KEY SENIOR MANAGEMENT'S PROFILE



HO HOCK LAI

Branch Manager for General Label and Labelling (JB) Sdn Bhd



Malaysia



Male



Aged 36

Mr. Ho Hock Lai graduated with a Diploma in Business Management in year 2023, he is currently pursuing a bachelor of degree programme of the similar field to further enhance his management expertise.

Mr. Ho has over 10 years of experience in the printing industry since 2010, specialised in managing sales and marketing strategies. In recent years, he has also been involved in business management and operations.

He was appointed as the Branch Manager of Komark's Johor Bahru factory in May 2022, where he is responsible for overseeing both sales administration and operations. He currently does not hold any directorship in public companies and listed issuers.

He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.



MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS OVERVIEW

“

Komarkcorp Berhad (“KMC” or “the Company”) and its subsidiaries (“the Group”), is a pioneer in the packaging industry, has been a prominent turnkey labelling solutions provider in Malaysia for 49 years.

”

The Group operates strategically located facilities in Selangor and Johor serving diverse industries with innovative packaging solutions and self-adhesive labels. These industries include chemical and agrochemical, food and beverage, home and personal care, industrial and lubricant oil, and pharmaceuticals.

In response to the global pandemic in 2020, we strategically diversified our offerings to include the manufacturing and sale of medical-grade disposable face masks. Our product line encompasses sterile and non-sterile surgical tie-on face masks, 3-ply, 4-ply, KF94 and KN95 masks, all of which are SIRIM and Medical Devices Authority (“MDA”) certified, positioning the Group as a reliable medical device supplier in the healthcare industry.

This MD&A reflects our commitment to driving operational excellence and continuous growth across all business segments, ensuring that KMC remains at the forefront of innovation and customer satisfaction.

MANAGEMENT DISCUSSION & ANALYSIS



REVIEW OF FINANCIAL PERFORMANCE

	FPE 2024 (15 months) (RM'000)	FYE 2023 (RM'000)
Revenue	29,357	40,741
Gross profit margin ("GP") (%)	4.59%	9.92%
Loss Before Taxation	(41,637)	(4,133)
Loss after taxation	(41,641)	(5,097)
Total assets	124,971	118,821
Total liabilities	26,130	23,499
Total borrowings	9,315	4,972

For the financial period ended ("FPE 2024"), KMC reported a 15-month revenue of RM29.36 million, a significant drop as compared to RM40.74 million for the financial year ended 31 March 2023 ("FYE 2023"). Despite the decrease in revenue in FPE 2024, the Group demonstrated adaptability by securing substantial revenue contributions from the Label and Packaging segment, which was recorded at RM24.13 million (FYE 2023: RM20.04 million), while revenue from the Face Mask segment declined sharply to RM5.23 million (FYE 2023: RM20.70 million). This reduction was largely due to the decreased demand for face masks, as the global healthcare industry moved further along its post-COVID recovery. Over the past three years, the face mask segment had been a

substantial contributor to the Group's overall revenue. Additionally, the loss of income from the disposal of our Thailand plant in FYE 2023 and the cessation of Singapore operations further impacted overall earnings.

In FPE 2024, GP was declined slightly to 4.59% (FYE 2023: 9.92%) and the Group reported losses at RM41.64 million, primarily attributed to impairment of assets.

The Group's total assets for FPE 2024 stood at RM124.97 million, while liabilities were recorded at RM26.13 million. Borrowings for the year amounted to RM9.32 million, reflecting the Group's financial position during this challenging period.



Revenue

**RM29.36
million**

2023: RM40.74 million



GP

4.59%

2023: 9.92%



Total assets

**RM124.97
million**

2023: RM118.82 million



Liabilities

**RM26.13
million**

2023: RM23.50 million



Borrowings

**RM9.32
million**

2023: RM4.97 million

Liquidity and Capital Resources

In FPE 2024, the Group's cash and bank balances amounted to RM24.57 million, primarily bolstered by the issuance of ordinary shares through rights. These initiatives have contributed positively to our liquidity and financial flexibility as we navigate the challenging market conditions.



MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF OPERATING ACTIVITIES



LABEL AND PACKAGING SEGMENT

For FPE 2024, KMC's Label and Packaging segment experienced fair performance and reported a revenue of RM24.13 million, (FYE 2023: RM20.04 million). Nevertheless, the segment experienced a significant increase in loss after taxation of RM12.61 million (FYE 2023: RM3.66 million).

The higher losses were primarily due to intensified market competition and reduced demand, exacerbated by several customers experiencing lower demand due to boycott movements arising from the conflict in Gaza. These external pressures negatively impacted profitability despite the revenue increase.

To mitigate these challenges, the Company is focusing on strategies to improve performance in this segment. These include increasing operational efficiency, implementing cost-cutting measures, and intensifying efforts to attract new customers to expand the market base and restore profitability.



Revenue
RM24.13
million

2023: RM20.04 million



FACE MASKS SEGMENT

In FPE 2024, KMC's Face Mask segment reported a revenue of RM5.23 million (FYE 2023: RM20.70 million), a sharp decline from revenue earned in the previous years, when demand for face masks were high during the pandemic and in the immediate successive years. The segment recorded a significant increase in loss after taxation of RM29.03 million compared to RM0.50 million for FYE 2023.

The substantial loss was driven by a sharp drop in market demand for face masks, which affected overall sales and profitability. Despite these

challenges, the Company is actively pursuing new opportunities, focusing on expanding into export markets to capture international demand and revitalise the performance of the Face Mask segment.



Revenue
RM5.23
million

2023: RM20.70 million



MANAGEMENT DISCUSSION & ANALYSIS



ANTICIPATED RISKS

Operational risk

The Group's businesses are exposed to operational risks inherent in both the labelling and face mask industries. These risks may arise from various factors, such as machine breakdowns, site accidents, manufacturing defects, disruptions to the supply chain, fluctuations in raw material costs, and workforce shortages.

In the event of a machine breakdown, the Group could incur significant repair or replacement costs, while experiencing production delays. Additionally, site accidents may lead to potential liabilities, including compensation claims, and manufacturing defects may expose the Group to product liability claims.

Disruptions in the supply chain, such as delays in the delivery of critical raw materials, and workforce shortages could lower production output, impacting the Group's ability to meet demand. Furthermore, fluctuating raw material costs may negatively affect profit margins, placing further pressure on the Group's operational efficiency and financial performance.

Competition risk

The Group's success hinges primarily on our ability to secure contracts and purchase orders from both existing and new customers for our core segments of label and packaging and the face masks. This requires the Group to remain competitive against other market players, both locally and internationally. Notably, the barrier to entry in both the labelling and face mask markets is relatively low, as these products are fairly homogeneous and easier to manufacture, without requiring a high degree of technical expertise.

Machineries needed for production can be sourced and assembled easily, while raw materials such as plastic fibres and tapes are inexpensive, abundant, and readily available. Consequently, the Group operates in a highly competitive market environment, where multiple producers can offer similar products. We are also cognisant that profit margins for labels and face masks are inherently low due to the high number of producers.

In this competitive landscape, the Group must contend with other market players, especially in terms of economies of scale, pricing strategies, and value-added services to differentiate our offerings and secure sustainable growth.

Experience in the face mask business

The Group only embarked on the new segment of face masks in October 2020, leveraging our experience in the label and packaging segment. We applied our operational expertise to enter the face mask business, however, the production processes and marketing strategies required for this segment differs in several aspects from those of labels and packaging. Despite these differences, the Group believes that certain manufacturing processes from our label and packaging operations can be applied to the production of face masks.

The manufacturing of face masks does not require a high level of technical expertise, and the Group is continuously adapting and learning to ensure the smooth operation of this new segment. While the Group is confident in the availability of a sufficient talent pool in Malaysia with the necessary technical expertise, there is no guarantee that the Group will be able to recruit and retain the required talent. Should difficulties in assembling a team with the relevant expertise arise, this could impact the seamless operation of the face mask business.

Political, economic and regulatory risks

The Group's business is inherently influenced by the political, economic, and regulatory environment in Malaysia. Changes in these conditions, such as fluctuations in interest rates, adjustments in government policies, or new regulations affecting the manufacturing and face mask industries, can significantly impact operations.

For instance, the removal of government policies regarding the mandatory wearing of face masks in public spaces has adversely affected demand for face masks. Additionally, the manufacturing of medical-grade face masks, such as surgical masks, is subject to stringent regulatory approvals, including certification from the SIRIM and MDA, which the Group has successfully obtained.

The Group is aware that demand for face masks is directly impacted by global healthcare industry factors, as such we will retain a focus on our core business of labels and packaging.



MANAGEMENT DISCUSSION & ANALYSIS

POSITIONED TO EXPAND HORIZONS AND LEVERAGE MARKET OPPORTUNITIES

As the global and domestic economy strengthens, the Group is cautiously optimistic of market potential and continues to be vigilant of business opportunities. We are aware of the rising nuances of our business, especially the face mask segment, and management has implemented targeted mitigation strategies to address challenges. As such, the management is committed to a two-pronged strategy, redirecting resources towards the labels and printing business while continuing to pursue export market opportunities for face masks.

In our Label and Packaging segment, the on-going Gaza conflict has impacted some of our customers, resulting in reduced demand due to the boycott movement. To counter this, the Group is actively expanding

our customer base by participating in more tenders. In response to intensifying market competition, the Group has emphasised cost control and increased operational efficiency to maintain competitiveness.

On the local front, with Malaysia's gross domestic product ("GDP") expected to grow by 4.9%¹, there are early signs of recovery in the local manufacturing industry which achieved 3.7%² growth in the first half of the year. We have experienced a positive spill over from this rapid recovery, evidenced by the gradual increase in printing and labelling orders. Additionally, the Group's Johor operations has seen a positive uptick, driven by increasing demand from Singaporean customers. Teamed with the Government's rising focus creating a high-value economy

and encouraging manufacturing for the export markets, we are optimistic of the potential for our label and packaging services, essential complementary services to the manufacturing sector.

Meanwhile, the Face Mask segment is experiencing a decline in domestic demand prompting the Group to explore export market penetration. Efforts to penetrate the surgical mask business, both locally and abroad, have been challenging, as the business is highly commoditised, and competition from low-cost, lower-grade masks made in China remains strong. However, we are cognisant of the potential for export particularly to the US market following the impending tariff imposition by the US government on face masks from China³.

1 <https://www.thestar.com.my/news/nation/2024/10/08/world-bank-upgrades-malaysia039s-gdp-growth-forecast-to-49>

2 <https://www.malaymail.com/news/money/2024/08/09/dosm-malaysias-manufacturing-sector-sees-37pc-growth-in-h1-2024-with-sales-hitting-rm9215b/146482>

3 <https://themalaysianreserve.com/2024/09/18/us-tariffs-on-china-likely-to-ramp-up-malaysian-glove-makers/>





SUSTAINABILITY STATEMENT



The Board of Director (“The Board”) of Komarkcorp Berhad (“KMC” or “the Group”) is pleased to present its Sustainability Statement (“Statement”) for the financial period ended 30 June 2024 (“FPE 2024”). This Statement highlights our firm commitment to the pillars of Economic, Environmental, and Social (“EES”) of sustainability and provides an overview of the Group’s sustainability performance for the financial period from 1 April 2023 to 30 June 2024, unless stated otherwise. This Statement should be read in conjunction with the entire Annual Report.





SUSTAINABILITY STATEMENT

REPORTING SCOPE & BOUNDARIES

This Statement covers the Group's sustainability performance and progress of all significant business operations that we operate in.

REPORTING FRAMEWORK AND STANDARDS

This Statement is prepared in accordance with Bursa Malaysia's Listing Requirements, with reference to Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and the principles of the Malaysia Code of Corporate Governance.

ASSURANCE

This Statement, with the sustainability reporting process, has not been subjected to any internal audit review or external assurance. Nonetheless, the Group endeavours to provide accurate and up-to-date data in this Statement and has undertaken the necessary measures to improve the completeness and accuracy of the reported data.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group maintains a comprehensive governance framework to attain its sustainability objectives. The composition, roles and responsibilities of the governance framework are as follows:

(i) The Board of Directors

The Board plays a pivotal role in the governance of sustainability within the organisation. They are ultimately responsible for overseeing sustainability-related aspects of the Group, encompassing key areas such as sustainability strategy and targets, materiality assessment, and the identification and management of climate related risks and opportunities.

Moreover, The Board ensures that sustainability considerations are integrated into the decision making processes across the entire Group and within the individual business segments. Their role extends to fostering and instilling a robust sustainability culture throughout the organisation, promoting ongoing progress and commitment to sustainable practices.

(ii) The Audit Committee

The Board is supported by the Audit Committee ("AC") which plays a critical role in the governance of sustainability within the organisation. This involves reviewing the adequacy and integrity of the Group's internal control systems and processes. The committee oversees assurance activities related to the Group's sustainability reporting processes, ensuring their reliability and accuracy,

The AC also scrutinises the interconnectedness between the Group's material sustainability matters and its financial performance. It holds the responsibility of approving key elements such as sustainability strategy and targets, policies, materiality assessment processes and outcomes, as well as the sustainability statement.

(iii) The Sustainability Steering Committee

The AC is supported by the Sustainability Steering Committee ("SSC") which develops the Group's sustainability strategy and policies, evaluating sustainability performance and targets and ensuring the consistent implementation of the sustainable strategies for the Group.



SUSTAINABILITY STATEMENT



STAKEHOLDER ENGAGEMENT

A summary of the stakeholder engagement methods and key focus areas of every key stakeholder group for FPE 2024 is provided below:

Stakeholder	Engagement	Frequency
Investors & Shareholders <i>Enhancing shareholders' and investors' confidence</i>	<ul style="list-style-type: none"> Annual & Extraordinary General Meetings Annual Report KMC's Website Updates Bursa Announcements 	<ul style="list-style-type: none"> Annually & when necessary Annually Timely Updates When necessary
Government & Regulators <i>Compliance with law and regulations</i>	<ul style="list-style-type: none"> Reports Dialogues, Seminars & Meetings 	<ul style="list-style-type: none"> Ad hoc & periodically When necessary
Suppliers & Vendors <i>Continuity in supply of quality material and services</i>	<ul style="list-style-type: none"> Meetings – from onboarding, performance evaluation to contract renewal Written communications 	<ul style="list-style-type: none"> During onboarding & Annually Periodically
Employees <ul style="list-style-type: none"> - Retention of competent workforce - Safe working environment - On-going professional development 	<ul style="list-style-type: none"> Training & Professional Development Performance Appraisal Internal Policies & Memo Management & Committee Meetings 	<ul style="list-style-type: none"> Periodically Annually When necessary When necessary
Customers <i>Fulfil customer needs</i>	<ul style="list-style-type: none"> Meetings Customer Satisfaction Surveys 	<ul style="list-style-type: none"> When necessary After engagement
Financial Institutions <i>Ensure continuous financial support</i>	<ul style="list-style-type: none"> Annual Report Quarterly Report Meetings 	<ul style="list-style-type: none"> Annually Quarterly When necessary
Local Communities <i>Develop relationship with the community</i>	<ul style="list-style-type: none"> Community Engagement Activities 	<ul style="list-style-type: none"> When necessary

MATERIAL MATTERS

In FPE 2024, KMC had performed a materiality assessment to identify the Group's Economic, Environmental, and Social Material Sustainability Matters ("MSM"). This assessment was achieved through a combination of internal trend analysis and engagement with external stakeholders. Methods of engagement included discussions at the Annual General Meeting, a review of new laws and regulations, and an evaluation of the overall business environment.

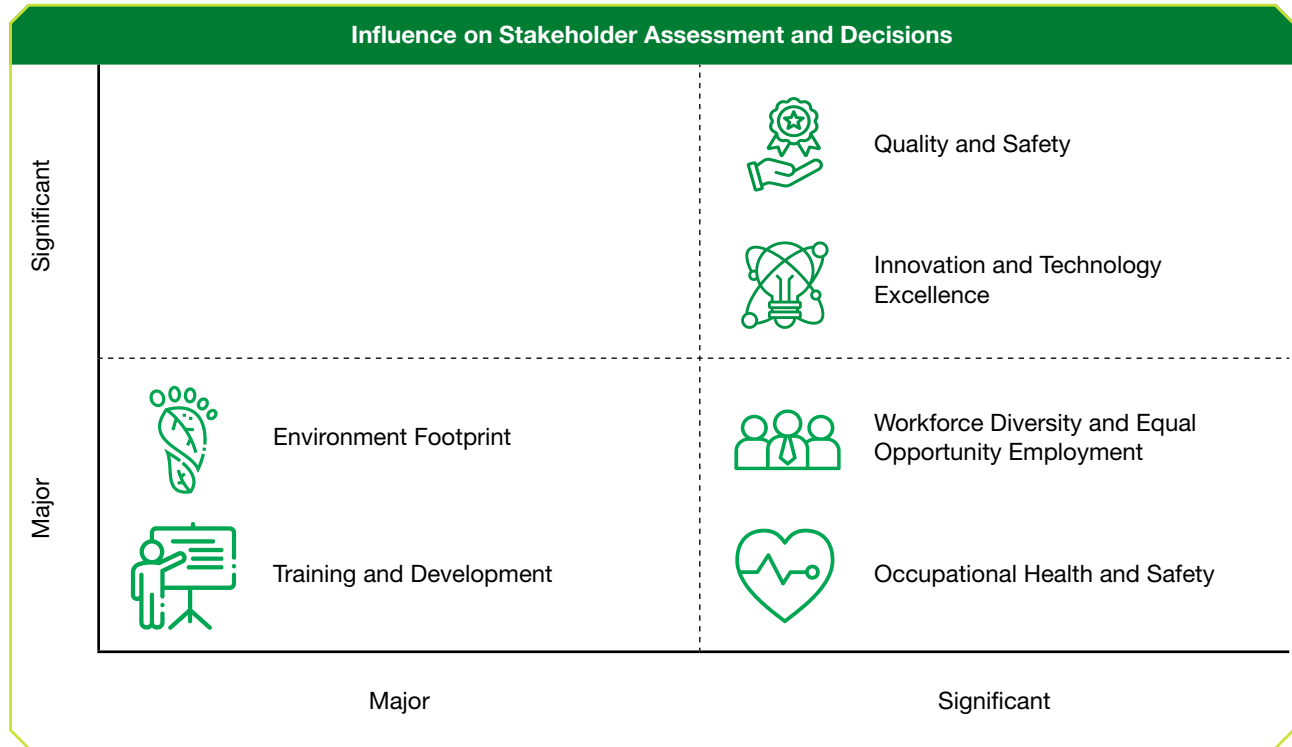
This resulted in the creation of a matrix that clearly outlines the Group's most critical material sustainability matters—representing issues that the Group significantly influences or is most affected by.



SUSTAINABILITY STATEMENT

MATERIAL MATTERS (CONT'D)

A summary of the stakeholder engagement methods and key focus areas of every key stakeholder group for FPE 2024 is provided below:



Significant	Major
Workforce Diversity and Equal Opportunity Employment	Environment Footprint
Occupational Health and Safety	Training and Development
Quality and Safety	
Innovation and Technology Excellence	

For FPE 2024, the identified have been grouped according to the three pillars of EES and will be reported in compliance with guidelines stipulated in this document.

The subsequent discussion will be organised according to the EES Pillar as follows:

Economic	Environmental	Social
<ul style="list-style-type: none"> Quality & Safety Innovation & Technology Experience Data privacy & security Supply Chain Management 	<ul style="list-style-type: none"> Environment Footprint Energy Management Water Waste Management Emissions Management Effluents 	<ul style="list-style-type: none"> Workforce Diversity & Equal Opportunity Employment Occupational Health & Safety Training and Development Anti-Corruption Labour Practices & Standards

SUSTAINABILITY STATEMENT



ECONOMIC



We continue to uphold our commitment to sustainable growth by embedding quality, safety, and innovation, recognising the importance of maintaining the highest standards across our operations, ensuring that our offerings are not only reliable but also safe for all stakeholders. Additionally, Supply Chain Management plays a vital role in our economic sustainability. By maintaining responsible and efficient supply chain practices, we contribute to long-term, sustainable growth.

1. Quality & Safety

The Group upholds rigorous standards to ensure both product excellence and compliance with industry regulations. It has secured several important certifications, including ISO 13485:2016, SIRIM product certification, and the Medical Device Authority (“MDA”) certification, which has been maintained since 2020. These certifications underline the Group’s dedication to meeting and exceeding regulatory and quality benchmarks.

Additionally, the Group has instituted a Quality and Food Safety Policy that guides all employees in upholding the highest standards of product safety and quality. This policy is a testament to the Group’s unwavering commitment to customer satisfaction and legal compliance. The framework driving the Group’s quality and safety efforts is based on three key principles:

- Continuously improving product efficiency
- Ensuring timely and reliable delivery
- Maintaining the highest standards for safe and quality products.

Through these initiatives, the Group ensures the delivery of safe, reliable, and high-quality products that meet industry and regulatory expectations.

2. Innovation & Technology Experience

During the review period, KMC did not record any complaints or incidents related to breaches of Data Privacy and Security. All our e-mail storage data is now cloud-based.

3. Supply Chain Management

The Group’s Procurement Policy aligns with ISO 9001, ISO 22000, and FSSC 22000 standards, alongside internal protocols outlined in the Group’s Quality Manual for vendor selection and evaluation. This rigorous selection process ensures any cost savings are passed on to the Group’s customers.

In line with sustainable practices, the Group prioritises local suppliers, maintaining a balance between cost-efficiency and high-quality products and services. In FPE 2024, 99.04% of our procurement spending was on local suppliers.





SUSTAINABILITY STATEMENT

ENVIRONMENTAL FOOTPRINT



Our commitment to environmental sustainability is a core pillar of our operations, as we continuously strive to minimise our ecological footprint and promote responsible environmental practices. In FPE 2024, we have continued our focus on enhancing resource efficiency, reducing waste, and implementing innovative solutions that drive eco-friendly manufacturing processes. We have enhanced our efforts in monitoring and reporting energy consumption by collecting data on fuel consumption for business travelling purposes.

Guided by global environmental standards and regulations, we prioritise initiatives that foster sustainable growth, ensuring that our business operations not only contribute to economic success but also preserve the environment for future generations.

1. Energy and Emissions Management

KMC's energy management initiatives focus on reducing energy consumption and minimising environmental impact through the implementation of energy-efficient technologies. A key aspect of these efforts is the installation of LED lighting systems across all operational facilities, which significantly lowers power consumption compared to traditional lighting options.

In line with KMC's dedication to environmental sustainability, we installed solar panels power generation system at our headquarter in Balakong in December 2022. The Renewable Energy initiative brought a notable reduction in total energy consumption for the year, demonstrating KMC's commitment to reducing our environmental impact and embracing renewable energy solutions.

KMC's energy consumption for FPE 2024 is summarised as follows:

	FYE 2024
	MWh
Petrol consumption ¹	113.341
Diesel consumption ²	168.755
Purchased electricity ³	1,704.565
Solar-based electricity generated and consumed	453.861
Total energy consumption	2,440.522
Total energy sold to TNB	187.872

¹ Petrol consumption data began to be collected in FPE 2024.

² Diesel consumption data began to be collected in FPE 2024.

³ Electricity data from electricity bills for the headquarter and Johor Branch

During FPE 2024, KMC generated 1,362 tonnes of CO₂e from our company vehicles, business visits and purchased electricity.

		FYE 2024
		tCO ₂ e
Scope 1 Emissions ⁴	Petrol consumption	27.673
	Diesel consumption	42.447
Scope 2 Emissions	Purchased electricity ⁵	1,292.060
Total emissions		1,362.180

⁴ FY2024 emissions data from petrol and diesel are using GHG Protocol. Reference: Transport_Tool_v2, <https://ghgprotocol.org/calculation-tools-and-guidance>.

⁵ Grid Emission Factor ("GEF") for Peninsula Malaysia in 2021, published by the Energy Commission of Malaysia, is used to estimate the emissions associated with purchased electricity. 2021 GEF data is the latest available as of the preparation of this Statement.



SUSTAINABILITY STATEMENT



ENVIRONMENTAL FOOTPRINT (CONT'D)

2. Water Management

As a manufacturer of industrial products, we recognise the critical importance of water as a finite and essential resource. We are committed to adopting industry best practices in water resource management, with a focus on our manufacturing sites due to their higher risk to aquatic ecosystems compared to administrative facilities

Total water usage in FPE 2024 was 10.789 ML. No comparison data is available due to the change in financial year.

3. Waste Management

We recognise that responsible waste management is critical to our operations, which promotes sustainable consumption and production patterns. Our operations generate general, recyclable, and scheduled waste, all of which are managed responsibly. Waste is disposed through third-party contractors, ensuring it is sent to proper disposal or treatment facilities. Currently, KMC has not implemented measures to capture total waste generated for disposal, and we will continue engaging third party contractor for our waste disposal needs.

SOCIAL



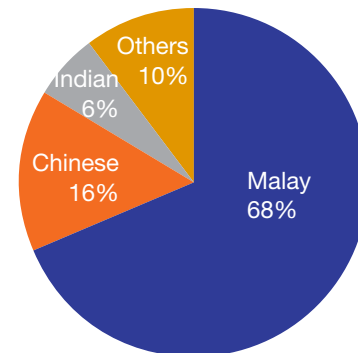
Our initiatives in the Social Pillar focus on fostering a positive impact on our employees, local communities, and broader society. The Group remains committed to promoting a safe, inclusive, and supportive workplace, with a strong emphasis on employee well-being, diversity, and continuous professional development. KMC strived to align our efforts with our core values, ensuring operations contribute positively to both societal well-being and economic progress.

1. Workforce Diversity & Equal Opportunity Employment

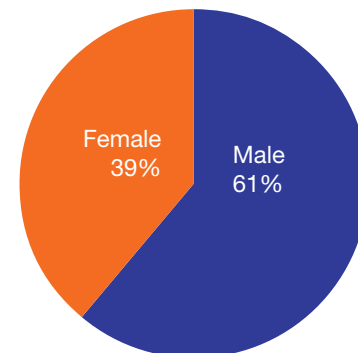
KMC prioritises fostering a diverse and inclusive workplace, recognising that it drives innovation, enhances business success, and supports sustainable growth. Our focus is on creating an environment that upholds equality of opportunity and firmly opposes all forms of discrimination. By embracing diversity, we attract and retain top talent while promoting high performance and overall effectiveness. We are dedicated to fostering an inclusive environment where every employee, irrespective of background, is empowered with opportunities for growth and achieving their fullest potential.

The charts below illustrate our workforce diversity that drive our collective progress:

Group Ethnic Diversity



Group Gender Distribution





SUSTAINABILITY STATEMENT

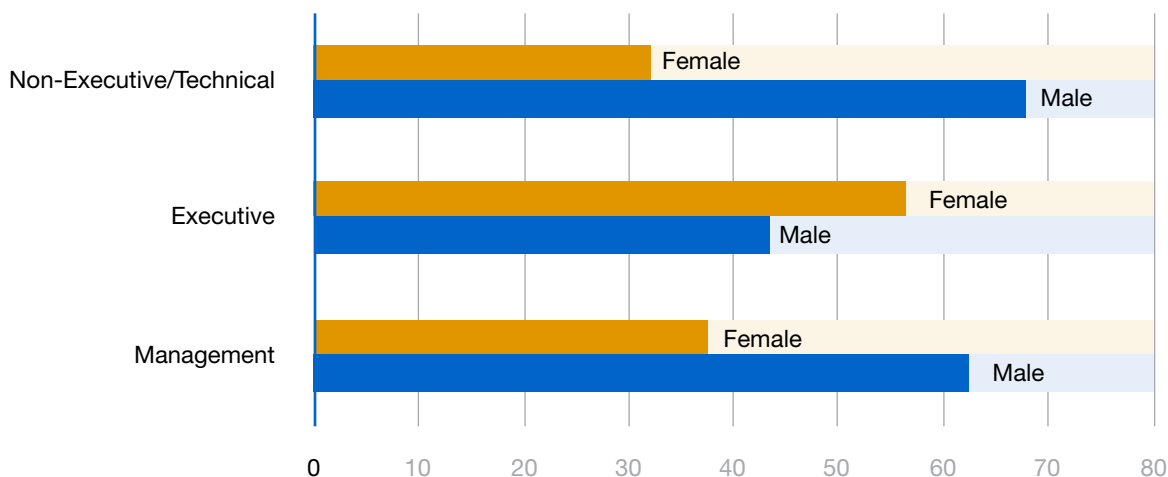
SOCIAL (CONT'D)

1. Workforce Diversity & Equal Opportunity Employment (cont'd)

In FPE 2024, the Group's total employees were recorded at 145 (FYE 2023: 201) of which 97% were locals. The gender gap widened marginally as males formed 61% of the workforce compared to 55.72% in the previous year.

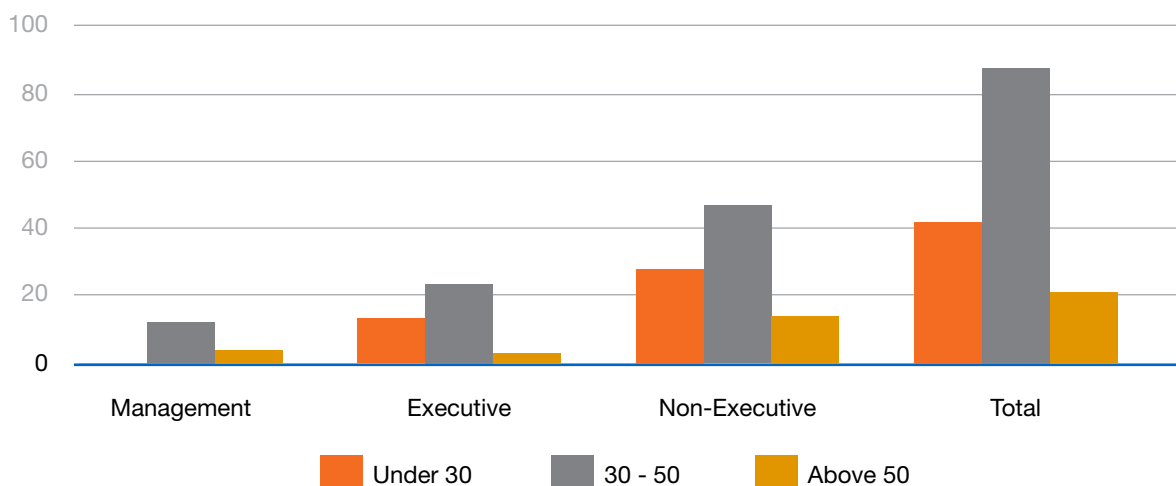
As a manufacturing company, our non-executives are largely males due to the job scope, however at executive level the gender gap is fair.

Percentage of employees by gender, by employee category



Due to the staffing requirements for the production facility, non-executives comprise the largest employed personnel, particularly in the age groups of 30 - 50 years. Majority of our employees are also in the age category of 30 - 50 years.

Employees by Age and Category



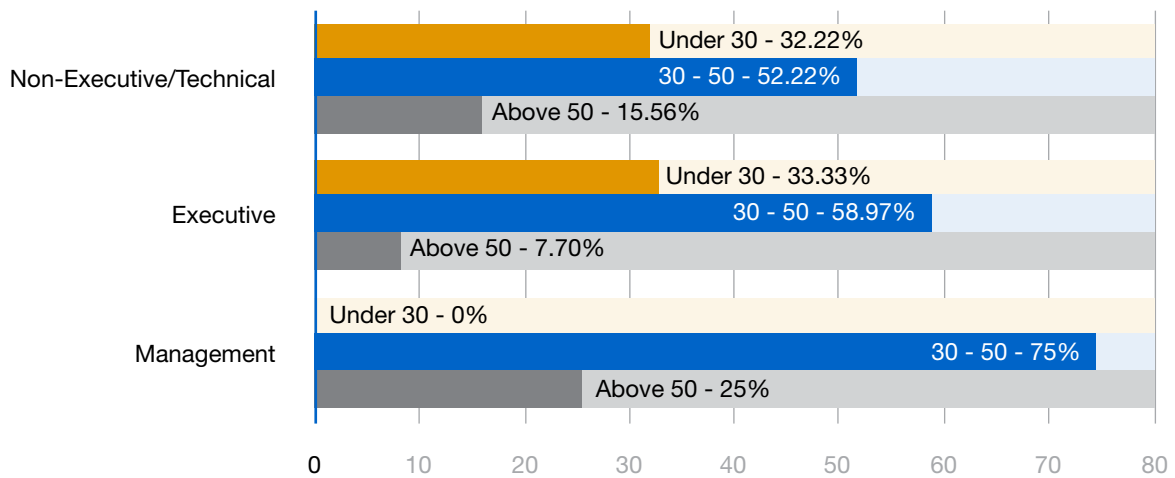
SUSTAINABILITY STATEMENT



SOCIAL (CONT'D)

1. Workforce Diversity & Equal Opportunity Employment (cont'd)

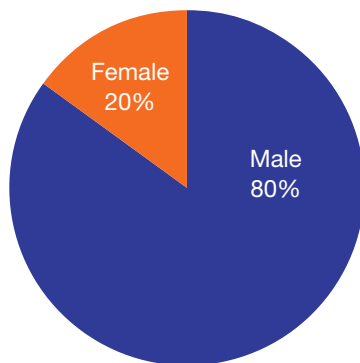
Percentage of employees by age, by employee category



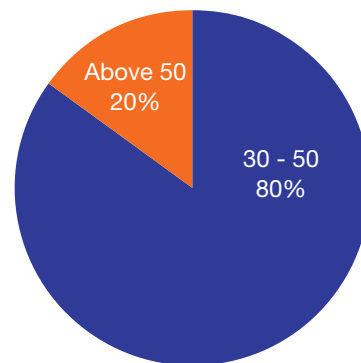
Board Composition

In FPE 2024, our Board of Directors comprised 80% male and 20% female, mainly between the ages of 30 and 50. We are cognisant of the need to increased female participation in our Board.

Percentage of Directors by Gender



Percentage of Directors by Age Group %



2. Occupational Health & Safety

The Group has established an Occupational Safety & Health Committee ("OHS Committee") to ensure a safe working environment for all employees. This committee plays a critical role in implementing and monitoring safety protocols in line with the Occupational Safety and Health Act 1994 (Act 514), Amendment 2022, and the Occupational Safety and Health (Safety and Health Committee) Regulations 1996. No new Health, Safety and Environment ("HSE") practices were introduced during the review period.



SUSTAINABILITY STATEMENT

SOCIAL (CONT'D)

2. Occupational Health & Safety (cont'd)

In FPE 2024 the Group successfully recorded zero work-related fatalities to workplace incidents. However, the lost time incident rate due to workplace incidents was recorded at 0.18 during FPE 2024. KMC carries out thorough root cause analyses of any accidents on-site and implements preventative measures to reduce injuries. Additionally, 81 employees have received comprehensive training on various aspects of Occupational Safety and Health. This commitment reflects the Group's focus on fostering a safe and healthy workplace.

The following training programmes were conducted to reinforce OSHA values during the year:

- Safety Forklift Handling Training ("SFHT")
- Basic Occupational First Aid ("BOFA") Training
- Emergency Response Plan ("ERP") Training
- Noise & Hearing Conservation Training
- Basic Chemical Containments and Spillage Training
- Schedule Waste Training ("CepSwam")
- Ergonomic in The Workplace Training ("ETP")

To reinforce OSHA values, all employees are expected to:

- Comply with local health and safety regulations and any additional measures needed to meet our standards.
- Report work-related injuries or illnesses to their supervisors immediately.
- Utilise protective gear and equipment as required for their duties.
- Participate in relevant safety training and committee activities when asked.
- Identify and mitigate any unsafe conditions, reducing potential hazards.

By following these guidelines, we cultivate a workplace culture focused on safety, responsibility, and care, ensuring the protection of everyone at KMC. During the review period, no work-related fatalities were reported.

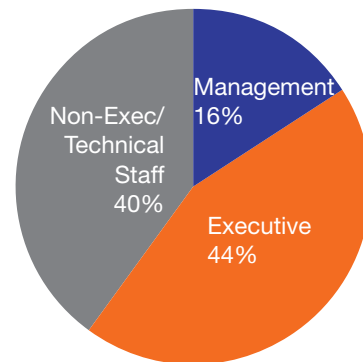
3. Training & Development

The Group prioritises employee development through comprehensive training programmes covering safety, production techniques, leadership skills, and self-development. Recognising that human resources are the driving force behind the Group's business growth, we advocate for employee

development by offering fair and equal training opportunities at all organisational levels. Attracting top talent and enhancing employee capabilities are seen as essential for maintaining a competitive edge.

The Group acknowledges the importance of continuous learning and development for its workforce in ensuring sustained growth and success. We consistently invest in human resources development through rank-based training, covering non-executives, executives and managerial levels, and the Board. Throughout the year, we conducted 1,930 hours of training, averaging 13.31 hours per employee. Of the total training hours, executives' received 851 hours of training, accounting for 44% of total training hours, followed by non-executive and technical staff receiving 40% or 762 hours and management, 317 hours or 16%. During the period under review, a total of RM26,000 was spent on an average of RM180.34 per employee.

Training Hours by Employee Category



Total Training Hours	1,930 hours
Average Training Hours Per Employee	13.31 hours
Training Spend	RM26,000

The table below show the employee turnover rate for FPE 2024:

Employee Turnover Number	FPE 2024
Management	8
Executive	22
Non-executive/Technical Staff	38

SUSTAINABILITY STATEMENT



SOCIAL (CONT'D)

4. Anti-Corruption

The Group is firmly committed to ethical business practices and upholds a zero-tolerance policy against corruption, established through its Anti-Bribery and Anti-Corruption Policy ("ABAC Policy"). All new employees are briefed on the ABAC Policy, ensuring they are prepared to recognise and address unethical behavior.

This proactive approach ensures that employees are well-equipped to recognise and combat unethical behaviour, further promoting transparency and integrity throughout the organisation. Detailed breakdowns of the training initiatives are provided in the following chart, reflecting the Group's ongoing efforts to uphold the highest standards of corporate governance. During the period under review, no incidents of corruption were reported.

Percentage of Employees Who Received Anti-Corruption Training by employee category as of FPE 2024

Director	60.00
Management	31.25
Executive	15.38
Non-Exec/Technical Staff	5.56

Whistleblowing

We communicate our whistleblowing policy effectively to ensure all employees are familiar with it. New hires receive an orientation covering the policy, and existing staff undergo regular training to stay updated. The policy is also included in the Employee Handbook for easy reference, ensuring that all employees can access and review it whenever needed. This ensures transparency and reinforces the importance of reporting any unethical or illegal activities without fear of retaliation.

For the period under review, no cases/incidents were reported.

5. Labour Practices & Standards

KMC upholds strong labour practices and standards, ensuring fair treatment and safeguarding the rights of all employees. The Group's workforce is predominantly permanent employees, 95.86% while contracted or temporary staff make up 4.14%.

Human Rights

As a manufacturing company, we are vigilant of human rights violations and ensure all employees' working hours are in compliance with labour laws. There were no human rights violations reported in FPE 2024.

Minimum Wage

Following the issuance of the Minimum Wages Order 2022, the Group ensures the minimum monthly salary of our employees adheres to the required RM1,500. We will continue to monitor the regulatory landscape and adhere to changes as required.



SUSTAINABILITY STATEMENT

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Directors	Percentage	60.00
Management	Percentage	31.25
Executive	Percentage	15.38
Non-executive/Technical Staff	Percentage	5.56
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	75.00
Management Above 50	Percentage	25.00
Executive Under 30	Percentage	33.33
Executive Between 30-50	Percentage	58.97
Executive Above 50	Percentage	7.70
Non-executive/Technical Staff Under 30	Percentage	32.22
Non-executive/Technical Staff Between 30-50	Percentage	52.22
Non-executive/Technical Staff Above 50	Percentage	15.56
Gender Group by Employee Category		
Management Male	Percentage	62.50
Management Female	Percentage	37.50
Executive Male	Percentage	43.59
Executive Female	Percentage	56.41
Non-executive/Technical Staff Male	Percentage	67.78
Non-executive/Technical Staff Female	Percentage	32.22
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	80.00
Female	Percentage	20.00
Under 30	Percentage	0.00
Between 30-50	Percentage	80.00
Above 50	Percentage	20.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	2,440.52

Internal assurance

External assurance

No assurance

(*)Restated

SUSTAINABILITY STATEMENT



PERFORMANCE DATA TABLE (CONT'D)

Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.18
Bursa C5(c) Number of employees trained on health and safety standards	Number	81
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	317
Executive	Hours	851
Non-executive/Technical Staff	Hours	762
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.14
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	8
Executive	Number	22
Non-executive/Technical Staff	Number	38
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.04
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	10.789000

Internal assurance

External assurance

No assurance

(*)Restated

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**the Board**”) of Komarkcorp Berhad (“**the Company**” or “**KMC**”) believes that good corporate governance is essential to ensure long term sustainability and good business performance of the organisation.

The Board is committed to ensure the applicable principles and recommendations as set out in the Malaysian Code on Corporate Governance (“**MCCG**”) and the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) respectively are applied throughout the Group, to enhance the value to our shareholders and other stakeholders as well as to generate long term sustainability and growth. The Board will continue to undertake review of its corporate governance practices and developments in order to ensure that the Group’s corporate governance remain relevant and appropriate for a Group of our size.

The Board is pleased to present the Corporate Governance Overview Statement (“**CG Statement**”), which provides key highlights on how the Company complies with the three (3) principles of MCCG during the financial period ended 30 June 2024 (“**FPE 30 June 2024**”), which are as follows:-

Principle A	: Board Leadership and Effectiveness;
Principle B	: Effective Audit and Risk Management; and
Principle C	: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement is to be read together with the Corporate Governance Report 2024 (“**CG Report**”) of the Company which is available on the Company’s website at <https://komark.com.my/corporate-governance-meetings/>. The detailed explanation on the application of the corporate governance practices is reported under the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD’S RESPONSIBILITIES

(1) Board’s Responsibilities

The Board is responsible to oversee and manage the overall performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board is comprised of experienced and knowledgeable Directors, offering the Company essential core competencies and leadership to drive the Group towards achieving its business objectives and goals.

An effective Board is made up of a combination of Executive Director with intimate knowledge of the related business and Non-Executive Directors with diverse industry/business background to bring broader business perspective and commercial expertise to the Group. The Independent Non-Executive Directors are free from any person connected, business arrangement or other form of relationship with the Group that could materially interfere the exercise of their independent judgment. It acts and offers as a check and balance for the Board’s deliberations.

The responsibilities and/or functions of the Board are duly stipulated in the Board Charter and is made available on the Company’s website at <https://komark.com.my/corporate-governance-meetings/>. This includes, but not limited to the following:

- identifying the main risks associated with the Company’s businesses and the implementation of appropriate systems to manage these risk;
- ensuring there is a sound framework for internal controls and risk management;
- ensuring the succession planning of Board and Senior Management are in place;
- establishing and reviewing the policies and procedures on whistleblowing;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD'S RESPONSIBILITIES (CONT'D)

(1) Board's Responsibilities (Cont'd)

The responsibilities and/or functions of the Board are duly stipulated in the Board Charter and is made available on the Company's website at <https://komark.com.my/corporate-governance-meetings/>. This includes, but not limited to the following (Cont'd):

- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- ensuring the Company's financial statements are true and fair and conform with the accounting standards;
- monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- ensuring the Company adheres to high standards of ethics and corporate behaviour.

The Board delegates certain responsibilities and confers some authority to the Board Committees, which includes the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"), to enhance business and operational efficiency and effectiveness. At each Board meeting, the Chairman of the Board Committees will report to the Board on key issues deliberated by the Board Committees at their respective meetings.

The Terms of Reference of the respective Board Committees is made available on the Company's website at <https://komark.com.my/corporate-governance-meetings/>.

(2) Separation of positions of the Chairman and Chief Executive Officer

The Board has set out clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles and responsibilities of the CEO is undertaken by the Executive Director of the Company. The positions of Chairman and Executive Director are held by two different Individuals to ensure proper governance and there is a clear division of responsibilities between them, to ensure the balance of control, power and authority. The roles and responsibilities of Chairman and Executive Director are clearly stated in the Board Charter.

The Chairman of the Board, YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad who is an Independent Non-Executive Chairman, plays an instrumental role in leading the Board by setting the tone at the top and managing Board effectiveness by focusing on strategy, governance and compliance. The Chairman also provides leadership at Board level and represents the Board to the shareholders and other stakeholders.

While the Executive Director of the Company, Mr. Roy Ho Yew Kee ("Mr. Roy") is primarily responsible for the day-to-day management of the business as well as the implementation of Board policies and decisions. Mr. Roy is also responsible to assess the potential business opportunities and report the same to the Board for deliberation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD'S RESPONSIBILITIES (CONT'D)

(3) Chairman of the Board should not be a member of the Board Committees

The Board recognises that having the same individual assume the position of Chairman of the Board and a member of Board Committees may give rise to the risk of self-review and potentially compromise the objectivity of both the Chairman and the Board when deliberating the observations and recommendations presented by the Board Committees. As at current date, the Chairman of the Board does not hold any memberships in any Board Committees of the Company to ensure both the Chairman's and the Board's objectivity when considering the observations and recommendations provided by the Committees, promoting impartial decision-making and enhancing governance effectiveness.

(4) Company's Policies

Code of Conduct and Ethics ("the Code")

The Board encourages employees across the Company to adhere to and maintain the highest standard of ethical behaviour. The Code is to promote the corporate culture which engenders ethical conduct that permeates throughout the Company and its subsidiaries. The Code sets out the Company's expectations with regard to certain values, principles and standards of good conduct such as conflict of interests, confidentiality, fair practices, acceptance of gifts and appropriate use of the Company's property which reflects the Company's commitment to integrity, transparency, accountability and self-regulation.

Whistle-Blowing Policy

The Whistle-Blowing Policy is to provide avenues for employees and external party to raise legitimate concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements as well as other malpractices. The reported cases will be assessed by the AC.

Anti-Corruption Policy

The Anti-Corruption Policy incorporates the policies and procedures on anti-corruption, to promote better governance culture and ethical behaviour within the Group and prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption.

Directors' Fit and Proper Policy

The Directors' Fit and Proper Policy is to ensure that the Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

The Board Charter, the Code, Whistle-Blowing Policy, Anti-Corruption Policy and Directors' Fit and Proper Policy are made available in the Company's website at <https://komark.com.my/corporate-governance-meetings/>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD'S RESPONSIBILITIES (CONT'D)

(4) Company's Policies (Cont'd)

Additionally, the Board together with management acknowledges the importance of promoting sustainability strategies in the economic, environment, social and governance aspects as part of its broader responsibility to all the stakeholders and the communities in which it operates. The Company will continue to ramp up its effort in promoting sustainability initiatives for the communities in which it operates and the welfare of its employees. The details of the sustainability activities are set out in the Sustainability Statement from pages 17 to 29 of this Annual Report.

(5) Qualified and Competent Company Secretary

The Board is supported by a qualified and competent Company Secretary to provide support and guidance in advising the Board on all secretarial and governance matters of the Company in relation but not limited to Companies Act 2016, MMLR of Bursa Securities, MCCG and the relevant updates of the new practices, regulations and/or requirements.

The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is qualified to act as Company Secretary pursuant to Section 235(2) of the Companies Act 2016 (the "Act").

(6) Supply and Access of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties. At each Board meeting, the Executive Director briefs the Board on the Group's activities and operations. Directors have access to the advice and services of the Company Secretary and where necessary, obtain independent professional advice at the Group's expense.

(7) Board and Board Committees Meetings

In discharging their responsibilities effectively, the Directors attended Board and Board Committee meetings to deliberate on matters under their review. During the FPE 30 June 2024, the key activities undertaken by the Board includes but not limited to the following:

- Received reports and updates on operational and financial performance of the Group and other key matters;
- Considered corporate proposals;
- Approved the Company's annual and interim financial results;
- Discussed updates on corporate governance and regulatory matters;
- Received updates from the Chairperson of the Board Committees on the tasks undertaken by each committee;
- Considered and approved the re-appointment of the Company's external auditors, Messrs Morison LC PLT;
- Reviewed and approved the audit and non-audit fees payable to the external auditors;
- Considered and recommended the Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for shareholders' approval; and
- Considered and recommended the proposed Authority for the Company to purchase its own ordinary shares for shareholders' approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION

(1) Board Composition

The Board is committed in ensuring that its composition not only reflects the diversity as recommended by MCGG, but also the right mix of skills and balance to contribute to the achievement of the Group's goal and business objectives.

Currently, the Board consists five (5) members, comprising of one (1) Independent Non-Executive Chairman, one (1) Executive Director and three (3) Independent Non-Executive Directors. There is one (1) female member on the Board, representing 20% of the total Board members.

The Board is in compliance with Paragraph 15.02 of the MMLR which requires at least two (2) or one third (1/3) of the Board comprising independent directors and one (1) of the directors is a woman. The Board is also in line with Practice 5.2 of the MCGG where at least half of the Board are Independent Directors. In the event of any vacancy of the Board resulting in non-compliance with Paragraph 15.02 of the MMLR, the Company shall fill the vacancy within three (3) months.

The current Board comprises directors with diverse knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively, objectively and independently. The Directors bring external perspectives to the Board's deliberation through their diverse backgrounds and experiences, enabling them to ensure necessary checks and balances, contributing to Board decision making. The independent directors consist of individuals from accounting and finance who are able to express divergent points of views and concerns, provide insights on trends and forecast as well as challenge management in a more objective manner to create more values and sustainability of the business.

(2) Annual Assessment of Directors

The Board has through NC conducts an annual review of its size and composition with due regard to the skills, experience, knowledge, time commitment, gender and background. The NC also reviewed the independence of each of the Independent Non-Executive Directors. Each Independent Director has also confirmed that they have no material or other relationship with the major shareholders or any directors of the Group. The Board is satisfied that they are independent to act in the best interest of the Company.

(3) Re-election of Directors

In accordance with the Constitution, all the Directors are required to retire from office at least once in every three (3) years and shall be eligible for re-election. The Constitution also requires that at least one-third (1/3) of the Board shall retire at each Annual General Meeting ("AGM") and may offer themselves for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Upon the recommendation of the NC and the Board, the Directors who are standing for re-election at the forthcoming AGM of the Company are:-

1. YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad
2. Dr Chan Jee Peng

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

(4) Tenure of Independent Directors

As at the date of this CG Statement, the Board has yet to adopt a policy to limit the tenure of Independent Directors. Nevertheless, the Company took note of the recommendation by MCCG, that the tenure of an Independent Director should not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain such a Director as an Independent Director beyond nine (9) years, the Board will need to justify the decision and seek shareholders' approval at a general meeting through a two-tier voting process.

Currently, none of the Independent Director of the Company whose tenure has exceeded a cumulative term of nine (9) years.

(5) Time Commitment

The Board meets at least four (4) times a year to effectively discharge their duties as the Directors of the Company. The Board will also meet on an ad-hoc basis to deliberate urgent issues and matters that require expeditious of the Board's direction or approval.

During the FPE 30 June 2024, a total of seven (7) Board meetings were held and the attendance of the Directors at Board and respective Board Committee's meetings is shown in the table below:

Name of Directors	Board	AC	NC	RC
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad Independent Non-Executive Chairman	7/7		1/1	1/1
Roy Ho Yew Kee Executive Director	7/7			
Koo Kien Keat Independent Non-Executive Director	7/7	6/6	1/1	
Dr Chan Jee Peng Independent Non-Executive Director	7/7	6/6	1/1	1/1
Dr Azizah Binti Sulaiman Independent Non-Executive Director	6/6	4/5		1/1

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year as stipulated in MMLR with appropriate leave of absence be notified to the Chairman and/or Company Secretary, where applicable.

None of the Directors hold more than five directorships in public listed companies at any one time which is the maximum number of directorships allowed under the MMLR.

Based on the above, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

(6) Board Training and Development

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities and to be apprised of the changes to regulatory requirements and the impact of such regulatory requirements will have on the Group. The Company Secretary circulates and briefs the relevant guidelines on statutory and regulatory requirements from time to time and for the Board's reference.

During the FPE 30 June 2024, the Directors have attended training, seminars, and conferences which they considered vital in keeping abreast with changes in laws and regulation, business environment, and corporate governance development. Details of the training programmes attended/ participated by the Directors are as follows:

Director	Courses/Training Programmes Attended
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	Mandatory Accreditation Programme Part II : Leading for Impact (LIP)
Roy Ho Yew Kee	Anti-Bribery & Corruption – Awareness & Compliance
Koo Kien Keat	Mandatory Accreditation Programme Part II : Leading for Impact (LIP)
Dr Chan Jee Peng	Mandatory Accreditation Programme Part II : Leading for Impact (LIP) CTIM – National Tax Conference 2023 CTIM – E-Invoicing : Is your Business ready for New Regulations MIA – ISA 260& 265 – Communication with those charged with Governance MIA – Accounting for Business Combination CTIM – National Budget 2024 Conference MIA – LHDN E-Invoicing – How should finance function transform within months
Dr Azizah Binti Sulaiman	Mandatory Accreditation Programme Part II : Leading for Impact (LIP)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

(7) Nomination Committee

Board Appointments

The NC plays a role in the appointment of directors' process. The process of nomination and selection of directors involves identification of potential candidate(s), evaluation of suitability of candidate(s) based on the agreed upon criteria, followed by deliberation by NC and recommendation to the Board for approval. The NC will continuously take measures to strengthen the nomination process and, may consider utilising independent sources such as directors' registry, advertisement or recruitment agency to identify qualified candidate(s) when necessary. The NC may also engage external independent consultancy services to conduct searches for potential candidates where appropriate.

The NC comprises three (3) members, all of whom are Independent Non-Executive Directors. The Committee is chaired by Mr. Koo Kien Keat, an Independent Non-Executive Director, in accordance with Practice 5.8 of MCCG.

Name	Designation	Directorship
Koo Kien Keat	Chairman	Independent Non-Executive Director
Dr Chan Jee Peng	Member	Independent Non-Executive Director
Dr Azizah Binti Sulaiman ⁽¹⁾	Member	Independent Non-Executive Director
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad ⁽²⁾	Member	Independent Non-Executive Chairman

Note:-

(1) Appointed as the NC's member on 17 October 2024.

(2) Ceased to be the NC's member on 17 October 2024.

During the FPE 30 June 2024, the NC had undertaken the following activities:

- Assessed the existing structure, size, composition and effectiveness of the Board as a whole and Board Committees and recommended the appointment of new member to the AC & RC as well as the selection of NC's Chairman;
- Conducted an annual assessment on the following: (i) performance of the Board as a whole; and (ii) the independence of Independent Directors, and subsequently made its recommendation to the Board;
- Reviewed and recommended the proposed appointment of Dr Azizah Binti Sulaiman as an Independent Non-Executive Director of the Company; and
- Reviewed and recommended the re-election of the retiring Directors for Board's approval.

Board Evaluation

The NC is responsible for evaluating the performance and effectiveness of the Board, Board Committees and individual Director on an annual basis. The evaluation process is led by the Chairman of NC and supported by the Company Secretary via questionnaires.

The effectiveness of the Board is assessed based on the areas of the Board's roles, responsibilities and composition, attendance record, the intensity of participation at meetings, quality of interventions and special contributions. Besides, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility as well as the effectiveness of the Chairman of the respective Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

(7) Nomination Committee (Cont'd)

Board Evaluation (Cont'd)

Based on the annual assessment conducted during the FPE 30 June 2024, the NC was satisfied with the existing Board composition and concluded that each Directors has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the financial period under review, and the NC recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. All assessments and evaluations carried out by the NC in discharge of its functions were properly documented.

Diversity of Board and Senior Management

The appointments of Board members and Senior Management are made based on merit, with due regard for diversity in skills, experience, age, background, gender, ethnicity and other factors which is in the best interests of our Group. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

The decision on new appointment of Directors and Senior Management rest with the Board after considering the recommendation of NC. In evaluating the suitability of candidates to the Board, NC will consider certain criteria such as skills, knowledge, expertise, experience, integrity, commitment, background, boardroom diversity and the ability of the candidate to discharge his/her duties as expected. For the appointment of Independent Directors, considerations will also be given whether the candidates meet the requirements of independence as defined in the MMLR and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and AGM.

III. REMUNERATION

(1) Remuneration Committee

The RC is responsible to develop and review remuneration packages for the Board and Board Committees as well as the Senior Management of the Company to ensure that the Group attracts and retains Directors and Senior Management of calibre to provide the necessary skills and experience as required and commensurate with the responsibilities for the effective management and operations of the Group. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Senior Management.

Currently, the RC comprises three (3) Independent Non-Executive Directors and the composition is as follows:

Name	Designation	Directorship
Dr Azizah Binti Sulaiman ⁽¹⁾	Chairperson	Independent Non-Executive Director
Dr Chan Jee Peng	Member	Independent Non-Executive Director
Koo Kien Keat ⁽²⁾	Member	Independent Non-Executive Director
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad ⁽³⁾	Chairman	Independent Non-Executive Chairman

Note:-

- (1) Redesignated as the RC's Chairperson on 17 October 2024.
- (2) Appointed as the RC's member on 17 October 2024.
- (3) Ceased to be the RC's Chairman on 17 October 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION (CONT'D)

(1) Remuneration Committee (Cont'd)

The remuneration packages for the Executive Directors and key senior management personnel comprises basic salary, benefits in kind and bonuses. The basic salaries are reviewed annually taking into account a number of factors, including individual responsibilities, performance and experience, and practice at other companies of similar size. Bonuses are determined based on performance against financial performance of the Company. To ensure that the overall remuneration package is competitive, Executive Directors receive other benefits in kind in the form of company car and car allowances.

Each of the Director receives a director's fee and meeting allowance for each Board and general meetings that they attend. The level of Director's fee reflects their experience and level of responsibilities. Chairman of the AC, RC and NC receives higher fees in respect of their services as a Chairman of the respective Board Committees. The Directors will receive an additional fee if they are members of the Board Committee. The fees for Directors are determined by the Board with approval from shareholders at AGM.

During the financial period under review, the RC reviewed and recommended the remuneration of the Executive Directors of the Company for Board's approval pursuant to the Terms of Reference of RC. The Non-Executive Directors' fees and benefits payable to Directors have also been reviewed and recommended by the RC to the Board to seek shareholders' approval at the Company's forthcoming AGM pursuant to the Constitution of the Company. No Director is involved in deciding of his or her own remuneration.

The interested Directors are abstained from deliberation and voting on their own remuneration at the Board meetings.

(2) Directors' Remuneration

In compliance with the MCCG, the Company disclosed on a named basis, the Directors' remuneration for the FPE 30 June 2024, including breakdown of each individual Director's remuneration into directors' fees, salaries, bonus, benefit-in-kinds, allowances and other emoluments. The disclosure is made in accordance with Practice 8.1 of the Corporate Governance Report, which is available on the Company's website at <https://komark.com.my/corporate-governance-meetings/>.

(3) Remuneration of Key Senior Management

The Board noted the need for corporate transparency in the remuneration of its senior management executives, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Group's senior management personnel who are not Directors of the Company.

The remuneration of the senior management personnel, which is a combination of annual salary, bonus and benefits-in-kinds are determined in a similar manner as other management employees of the Group. The basis of determination has been consistently applied and is based on individual performance and the overall performance of the Group. The aggregate remuneration of the top 3 senior management received for the FPE 30 June 2024 was RM691,758, representing 6.17% of the total employees' remuneration of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation.

The composition and details of activities carried out by the AC during the financial period under review are set out in the AC Report of this Annual Report.

(1) Compliance with Applicable Financial Reporting Standards

The Company's audited financial statements are prepared in accordance with the applicable approved accounting standards in Malaysia and in compliance with relevant rules and regulations.

The AC assist the Board to oversee the financial reporting process and the quality of its financial reporting by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy prior to endorsing the same by the Board for submission to Bursa Securities.

The Board ensures that the shareholders are presented with a clear, balanced, meaningful assessment of the Company's financial performance and prospects through the issuance of the audited financial statements and quarterly announcements of financial results on a timely basis and in compliance with the applicable financial reporting standards.

(2) Assessment of Suitability and Independence of External Auditors

The Group recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. The AC took note of Practice 9.2 of the MCCG that the AC to have a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. This requirement is set out in the Terms of Reference of the AC. Currently, none of the members of the AC are former audit partners of the Company.

For the FPE 30 June 2024, the AC conducted an assessment on the suitability and independence of the External Auditors before making recommendation to the Board for the re-appointment of the External Auditors. The AC, satisfied with the results of the aforesaid assessment, unanimously recommended to the Board for approval on the re-appointment of the external auditors of the Company for the financial year ending 30 June 2025, which shall subject to the shareholders' approval at the forthcoming AGM.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

(1) Sound Risk Management and Internal Control

The Board has the overall responsibility for risk oversight and risk management within the Group. The Board assumes the responsibility in establishing a risk management framework as well as maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations.

The AC assists the Board in overseeing the risk management framework and reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group. The internal Risk Management Working Committee is responsible to manage business risks, including developing, implementing and monitoring mitigation measures to keep risks within acceptable levels.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

(1) Sound Risk Management and Internal Control (Cont'd)

The AC processes are designed to establish a proactive framework and dialogue in which the AC, management, external auditors and internal auditors review and assess the risk management framework. The Company Internal Risk Management Working Committee reports to the AC annually.

The Group has outsourced its internal audit function to a professional service firm which is independent of the activities of audits, namely Indah Corporate Governance Sdn. Bhd., being the Internal Auditors of the Company. The Internal Auditors report directly to the AC on their observations and findings in the audit areas covered for the financial period.

The details of the risk management and internal control system of the Group are set out in the Statement on Risk Management and Internal Control of this Annual Report

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. ENGAGEMENT WITH STAKEHOLDERS

(1) Communications with Stakeholders

The Board recognises that an effective communication with stakeholders is an essential requirement of the Group's sustainability. In view thereof, stakeholders are informed of all material business events and risks of the Group in a factual, timely and widely available manner. The Board is committed to ensuring that comprehensive, accurate, and timely information regarding the Group is consistently disclosed to shareholders and other stakeholders. This practice ensures full compliance with the disclosure requirements stipulated in the MMLR of Bursa Securities. To further uphold transparency and accountability, the Company has designated authorised personnel responsible for approving and disclosing material information in accordance with MMLR regulations, ensuring that stakeholders remain well-informed and the Group's obligations are consistently met.

The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. The Company also attended queries from shareholders via post, telephone, facsimile or email.

The Group is mindful of the importance of timely and equal dissemination of material information to the stakeholders, media and regulators to ensure that comprehensive, accurate and timely disclosures are provided to shareholders and stakeholders.

Significant matters relating to development of the business, reporting requirements etc are disseminated by way of announcements via Bursa Securities and press releases. Interim and full financial results are announced within the mandatory period.

The Company's website is accessible at <https://komark.com.my/>, where shareholders and members of the public may access the latest information on the operations and activities of the Group as well as relevant information required by Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. CONDUCT OF GENERAL MEETINGS

(1) Shareholders' Participation at General Meetings

The Board has oversight that the General meetings are a crucial mechanism as it provides the Board an important forum for shareholders communication. At each AGM, the Board encourages shareholders to participate in question-and-answer session to express their views and seek for clarifications. The Board members, senior management, Company Secretary, and external auditors are present to the meeting to address any queries raised.

The COVID-19 pandemic has prompted the Company to leverage technology to facilitate hosting virtual AGM via remote participation and electronic voting since year 2020. Shareholders had direct access to the Board during the AGM proceedings and to participate in the question-and-answer session on the resolutions being proposed or regarding to the Group's operation.

The Notice of AGM together with the Annual Report are circulated to the shareholders at least twenty-eight (28) days prior to the meeting date. Sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM. The Board will ensure that each item of special business included in the notice of the AGM or Extraordinary General Meeting is accompanied by an explanatory note of the effects of any proposed resolution.

(2) Poll Voting

In line with Paragraph 8.29A of the MMLR of Bursa Securities, all resolutions set out in the notice of general meeting will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the general meeting. The outcome of the general meeting will be announced to Bursa Securities on the same meeting day while the minutes of the general meeting will be published on the Company's website no later than 30 business days after the general meeting.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement, and considers that this overview statement provides the information necessary to enable shareholders to evaluate how the practices of MCCG have been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG, MMLR and all applicable laws and regulations throughout the FPE 30 June 2024.

This Statement was approved by the Board of Directors of the Company on 17 October 2024.

AUDIT COMMITTEE REPORT

The Board of Directors (“**Board**”) of Komarkcorp Berhad (“**Komarkcorp**” or “**the Company**”) is pleased to present the Audit Committee (“**AC**”) Report for the financial period ended 30 June 2024 (“**FPE 30 June 2024**”).

The AC with delegated oversight responsibilities assists the Board in ensuring that the paramount interest of the shareholders and other stakeholders of the Company and its subsidiaries (“**Group**”) are well protected.

A. COMPOSITION

The AC of the Company consists of three (3) members, all of whom are Independent Non-Executive Directors. The AC comprises the following members:

Name	Designation	Directorship
Dr Chan Jee Peng	Chairman	Independent Non-Executive Director
Koo Kien Keat	Member	Independent Non-Executive Director
Dr Azizah Binti Sulaiman	Member	Independent Non-Executive Director

- The composition of AC meets the independence requirements as defined under the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and any practice notes issued thereto.
- The AC Chairman, Dr Chan Jee Peng is a member of the Malaysian Institute of Accountant and fulfilled the requirements of Paragraph 15.09(1)(c) of the MMLR of Bursa Securities.
- No alternate director is appointed as a member of the AC.
- The AC has in its Terms of Reference (“**TOR**”) stated that a former external audit partner must observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. Currently, none of the AC members are former audit partners of the external auditors appointed by the Group.

B. TERM OF REFERENCE

The objective of the AC is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

The duties and responsibilities of the AC are set out in the Terms of Reference of the AC, which can be assessed from the Company’s website at <https://komark.com.my/corporate-governance-meetings/>.

C. MEETINGS AND ATTENDANCE

The AC shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. The quorum for a meeting shall be two (2) AC members who are both independent directors.

In view of the change of the financial year end from 31 March 2023 to 30 June 2024, the AC has conducted six (6) meetings during the FPE 30 June 2024. The details of attendance of the AC members are as follows:-

AC Member	Attendance
Dr Chan Jee Peng	6/6
Koo Kien Keat	6/6
Dr Azizah Binti Sulaiman	4/5

AUDIT COMMITTEE REPORT

C. MEETINGS AND ATTENDANCE (CONT'D)

The external auditors and internal auditors together with the relevant Management personnel were invited to attend AC meetings to present their reports and provide updates and developments on issues arising from the audit reports. The AC Chairman thereafter reported the significant matters discussed during the AC meetings and AC's recommendations, if any, to the Board for their consideration.

Discussions and deliberation at the AC meetings were recorded in the minutes of the AC meetings, which were tabled to the Board for notation after they were confirmed at each subsequent AC meeting.

D. SUMMARY OF WORK

The key activities undertaken by the AC in discharging its functions and duties for the FPE 30 June 2024 are summarised as follows:-

(a) Financial Reporting

- Reviewed the quarterly and year-to-date unaudited financial results of the Group to ensure adherence to the regulatory reporting standards and requirements prior to recommending to the Board for consideration and approval.
- Thoroughly reviewed the annual audited financial statements of the Group and provided recommendations to the Board for approval before tabling at the Annual General Meeting.

(b) External Audit

- Reviewed the external auditors' reports on audit findings and the accounting issues arising from the audit before appropriate audit adjustments were made to the Group's financial statements for FPE 30 June 2024.
- Reviewed the external auditors' Audit Planning Memorandum for the FPE 30 June 2024.
- Reviewed the audit and non-audit fees payable to the external auditors, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit before recommending to the Board for approval.
- Evaluated the performance of the external auditors for the FPE 30 June 2024, covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence prior to recommending to the Board on their re-appointment. The external auditors had also provided written assurance to the AC that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement.
- Evaluated and recommended the appointment of Messrs. Morison LC PLT in replacement of the outgoing Auditors, i.e. Messrs. BDO PLT as External Auditors of the Company, to the Board for approval.

(c) Internal Audit

- Reviewed the internal audit reports presented by the internal auditors on their findings and recommendations including Management's response.
- Considered internal auditors' recommendations and the Management's response with respect to system and control weaknesses, before proposing those system and control weaknesses be rectified and recommendations to be implemented.
- Reviewed the adequacy of the scope, functions, resources and competency of the internal audit function and that it has the necessary authority to carry out its work.

AUDIT COMMITTEE REPORT

D. SUMMARY OF WORK (CONT'D)

The key activities undertaken by the AC in discharging its functions and duties for the FPE 30 June 2024 are summarised as follows (Cont'd):-

(d) Others

- Reviewed the related party transactions to be entered into by the Group to ensure that the transactions entered into were on arm's length basis and on normal commercial terms and not detrimental to the interests of minority shareholders.
- Reviewed the conflicts of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of Management integrity and the measures taken to resolve, eliminate or mitigate such conflicts.
- Reviewed the Circular /Statement to Shareholders as well as AC report, Corporate Governance Overview Statement together with Corporate Governance Report, Statement on Risk Management and Internal Control and Sustainability Statement for inclusion in the Annual Report.

E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional firm, namely Indah Corporate Governance Sdn. Bhd. ("**Internal Auditor**"), to assist the AC in the discharge of its duties and responsibilities.

Indah Corporate Governance Sdn. Bhd. has a dedicated internal audit team for the Group, comprising of 5 personnels, including 1 Director and 4 audit staffs, ensuring sufficient resources are deployed to effectively conduct internal audit reviews.

Ms. Tay Lee Hoon, the Director of Indah Corporate Governance Sdn. Bhd., is in-charge of the internal audit of the Group. Ms. Tay is a member of the Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia.

The primary responsibility of Internal Auditor is to provide independent and reasonable assurance that the Group's systems of internal controls are adequate and continue to operate satisfactorily and effectively. The internal auditor provides the AC with independent and objective reports of the Group's internal controls, assessing compliance with established policies, procedures, and relevant statutory requirements. The reports also evaluate the safeguarding and accurate accounting of the Group's assets, while recommending improvements to operations, processes, and control systems.

The Internal Audit team reported their findings to the AC and requested Management to formulate of action plans to ensure the Group's internal control system remains adequate and effective addressing any identified weaknesses and mitigating risks. A follow-up review was conducted to ensure that these weaknesses were appropriately resolved and that the recommendations and corrective actions outlined in the internal audit reports were implemented by Management within the required timeframe.

The AC is satisfied with the performance of the outsourced Internal Auditors and in the interest of maintaining greater independence and continuity in the internal audit function, has decided to continue outsourcing the Internal Audit function.

The cost incurred for the internal audit function of the Group for the FPE 30 June 2024 amounted to RM37,500.00.

Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out in pages 46 to 48 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“**Board**”) is pleased to present this Statement on Risk Management and Internal Control (“**Statement**”) for the financial period ended 30 June 2024. The preparation of this statement is required under paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) and guided by the “Statement on Risk Management & Internal Control-Guidelines for Directors of Listed Issuers” which was endorsed by Bursa Malaysia Securities Berhad (“**Bursa Securities**”)

BOARD’S RESPONSIBILITY

In accordance with the Malaysian Code of Corporate Governance, the Board is responsible for establishing, formulating policies, reviewing and assessing the Group’s risk management and internal control systems, and seeking assurance that these systems are adequate and functioning effectively in order to achieve the corporate objectives and to safeguard the shareholders’ investment and the Group’s assets.

Nevertheless, the Board is aware that due to the limitations inherent in any such system, the internal control system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss, as it is designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve the Group’s business objectives.

KEY ELEMENTS OF INTERNAL CONTROL

- (a) The Group maintains a formal organisation structure with clear lines of accountability and responsibility. The daily running of the businesses is entrusted to the Executive Directors and the Senior Management team. The heads of each operating subsidiary and department within the Group are empowered with the responsibilities of managing their respective operations. The structure provides for a clear reporting line to facilitate the review and approval process within the Group.
- (b) Ad-hoc and scheduled meetings are held if required at operational and management levels to identify operational issues, discuss and review business plans, budgets, financial and operational performances of the Group. Information is provided to the Senior Management for reporting to the Board during quarterly meetings. This is to ensure that matters that require the Senior Management and Board’s attention are highlighted for review, deliberation and decision.

Senior Management will report the quarterly financial statements to the Audit Committee and Board at the quarterly meetings for review and approval before making announcements to the authorities.

- (c) Audit Committee and Board meetings are held quarterly to review quarterly financial results, annual financial statements, business plans and development and significant risks highlighted by the RMC or any other matters reserved for Board consideration.
- (d) The Group’s Internal Auditor performs regular review of business processes against policies and guidelines, identify areas for improvement to assess overall effectiveness and efficiency of internal control system. Internal audit reports are reviewed by the Audit Committee at its quarterly meetings.
- (e) Significant transactions involving commitment of Group’s assets, acquisition or disposal of assets or business, related party transactions and capital investment will be reviewed and approved by the Audit Committee and Board. Post implementation reviews are also conducted and reported to the Audit Committee and Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK AND PROCESS

The Board is aware that the Group's business activities will expose the Group to a range of risks, including operating and financial risks. As such, the Group has established a Risk Management Framework ("RMF") which sets out the objectives and risk management approach to identify, evaluate and report risk events. The RMF sets out to ensure a diverse set of risks faced by the various business & non-business units are managed appropriately to ensure that the Group continuously creates value for all its stakeholders whilst managing the effects of identified risks on the Group's performance and position.

As part of the RMF, a Risk Management Committee ("RMC"), which comprised of representatives from business and non-business units has been established and is responsible for ensuring the implementation of appropriate systems to manage the overall risk exposures of the Group. The RMC is primarily responsible for the monitoring of the Group's risk policy and standards, maintaining the register of risks, monitoring the risk profile and risk tolerance of the Group and developing appropriate strategies and plans to mitigate material risks.

The overall responsibility for risk management resides at all levels within the Group and the day-to-day risks are managed at the business and non-business unit level. The respective units constantly identify significant existing or potential risks affecting the Group's operations and appropriate actions will be taken to manage these risks.

These are then regularly documented and updated in a Risk Register which is reported for review and deliberated by the RMC during its quarterly meetings. The RMC, together with unit heads, measures the risk impact and likelihood as guided by the risk parameters in the Risk Register; evaluates and determines whether the level of risk is acceptable or unacceptable taking into consideration the risk appetite of the Group; and determines measures to manage these risks appropriately.

The Risk Register outlines the identified risks, root causes and consequences, ranking of each risk based on its likelihood of occurrence, and the extent of impact on the Group businesses. Control measures and action plans taken to manage the risks will also be documented in the Risk Register. The RMC will subsequently apprise the Audit Committee on the matters and issues deliberated in the quarterly meetings.

The on-going internal control and risk management processes have been integrated and embedded into the Group structure and conduct of business for the achievement of the Group's objectives and strategies. The Board will continue to review these processes to ensure adequacy and effectiveness of the system.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is outsourced to Indah Corporate Governance Sdn. Bhd., a professional service firm which reviews and evaluates the adequacy and effectiveness of the Group's risk management and internal control system and reports directly to the Audit Committee. The Internal Auditor provides independent advisory services and reasonable assurance of the orderly and effective conduct of the operations of the Group.

The Internal Auditor reviews the internal control processes of various key functions of the Group's businesses in accordance with an annual audit plan approved by the Audit Committee. Based on results of the reviews, discussions are held with the Management to deliberate the risk areas identified, control gaps and recommendations for improvement actions to be undertaken by the Management to address the internal control weaknesses. The internal audit reports together with Management responses and proposed corrective actions are then presented for review by the Audit Committee at the quarterly meetings. Significant issues highlighted on the internal control of the Group are reported to the Board during their quarterly meetings. The Audit Committee also ensures that follow up actions and control measures are carried out by the Management to address the control weaknesses raised. None of the weaknesses have resulted in any material losses that would require a separate disclosure in this annual report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION (CONT'D)

During financial year under review, the internal auditors have carried out the audit on the following areas:-

1. OHSAS Management
2. Human Resources Management
3. Asset Management
4. Credit Management

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with the Audit and Assurance Practice Guide 3 (“**AAP G3**”): Guidance for Auditors on Engagements to Report on the Statements on Risk Management in and Internal Control included in the Annual Report.

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board and management in reviewing the adequacy and integrity of the risk management and effectiveness of the systems of risk management and internal control systems of the Group.

CONCLUSION

The Board has received assurance from the Executive Director and Senior Management that the Group's risk management and internal control system have been operating adequately and effectively, in all material aspects, based on the risk management and internal control of the Group. For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets.

The Board recognises the fact that the system of internal control and risk management practices should be documented and will evolve with the ever changing and challenging business environment in order to support the Group's operations. The Board, assisted by the Management, will put in place appropriate action plans to rectify and improve internal control weaknesses in the forthcoming financial years.

This Statement is made in accordance with the resolution of the Board of Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

The Directors are required by the Companies Act, 2016 (“**the Act**”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and requirements of the Act in Malaysia.

The Directors are responsible to ensure that the audited financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and the Company for the financial period ended 30 June 2024. Where there are new accounting standards or policies that become effective during the period, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

- adopted appropriate and relevant accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensure that all applicable accounting standards have been followed; and
- prepared financial statements on a “going concern” basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for financial period ended 30 June 2024, the Group and the Company have used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

AUDIT FEE AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

For the financial period ended 30 June 2024, the audit and non-audit fees paid or payable to the External Auditors by the Group and Company are as follows:

Type of fees	Group (RM'000)	Company (RM'000)
Audit fees	230	70
Non-audit fees	5	5
Total	235	75

MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial period ended 30 June 2024 or entered into since the end of the previous financial year.

UTILISATION OF PROCEEDS

Rights Issue with Warrants

On 18 August 2021, the Company proposed to undertake a renounceable rights issue of up to 817,817,238 new ordinary shares in Komarkcorp together with up to 272,605,746 free detachable warrants in Komarkcorp ("**Warrants D**") on the basis of 3 Rights Shares together with 1 free Warrant D for every 3 existing Shares held by the entitled shareholders of Komarkcorp ("**Rights Issue with Warrants**"). The Rights Issue with Warrants was completed following the listing and quotation of 577,256,790 Rights Shares, 192,418,845 Warrants D and 65,403,769 additional Warrants C on the Main Market of Bursa Securities on 28 June 2023, raising RM46,180,543.20 for the Company.

The summary of the utilisation of proceeds as at 1 October 2024 were as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Variation RM'000	Unutilised RM'000
i) Expansion of the manufacturing business	36,000	14,452	-	21,548
ii) Product development	5,000	2,000	-	3,000
iii) Working capital	4,481	6,757	2,276	-
iv) Estimated expenses for the Proposed Rights Issue with Warrants	700	700	-	-

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

EMPLOYEES SHARE OPTION SCHEME (“ESOS”)

The ESOS of the Company was approved by the shareholders at the Extraordinary General Meeting held on 5 August 2020 and it is governed by the Bylaws.

The ESOS was implemented on 14 January 2021 and shall be in force for a period of five (5) years and may be extended for such further period, at the sole and absolute discretion of the Board upon recommendation by the ESOS Committee, provided always that the Initial Scheme period above and such extension of the scheme made pursuant to the Bylaws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the effective date of the ESOS.

None of such option had been granted to any eligible persons by the Company under ESOS since its commencement up to the financial period ended 30 June 2024.

RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”)

The Recurrent Related Party Transactions of a Revenue or Trading Nature incurred during the financial period under review are set out as below:

Name of Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate value made during the financial period ended 30 June 2024 (RM'000)
Key Alliance Group Berhad and its subsidiaries	<ul style="list-style-type: none"> Provision of Information and Communication Technology (“ICT”) services. Installation of security and Closed-Circuit Television (“CCTV”) monitoring Installation of Internet of Things (“IOT”) devices Installation of Covid-19 preventive measures. Migration of various operating platforms to cloud based. 	<ul style="list-style-type: none"> Mr. Roy Ho Yew Kee YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad Dr Azizah Binti Sulaiman 	269
XOX Bhd	<ul style="list-style-type: none"> Sales of packaging and project labelling Sales of face masks 	<ul style="list-style-type: none"> Mr. Roy Ho Yew Kee Key Alliance Group Berhad 	972
Key Alliance Group Berhad and its subsidiaries	<ul style="list-style-type: none"> Sales of face masks 	<ul style="list-style-type: none"> Mr. Roy Ho Yew Kee YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad Dr Azizah Binti Sulaiman 	491
Cheetah Holdings Berhad and its subsidiaries	<ul style="list-style-type: none"> Sales of face masks 	<ul style="list-style-type: none"> Mr. Roy Ho Yew Kee Mr. Koo Kien Keat 	6
Tree Med Sdn Bhd	<ul style="list-style-type: none"> Worldwide distributorship for selling face masks 	<ul style="list-style-type: none"> Key Alliance Group Berhad 	-

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) (CONT’D)

The Recurrent Related Party Transactions of a Revenue or Trading Nature incurred during the financial period under review are set out as below (Cont’d):

Name of Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate value made during the financial period ended 30 June 2024 (RM'000)
Cheetah Holdings Berhad and its subsidiaries	• Sales of packaging and labelling	• Mr. Roy Ho Yew Kee • Mr. Koo Kien Keat	524
Tree Med Sdn Bhd	• Sales of packaging and labelling	• Key Alliance Group Berhad	-

Besides, the Company is seeking approval from the shareholders for the proposed new and renewal shareholders' mandate for the Company to enter into RRPT(s) of a revenue or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities at the forthcoming Annual General Meeting to be convened on Wednesday, 27 November 2024. The details as enclosed in the Circular to Shareholders dated 29 October 2024.

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DIRECTORS' REPORT

The directors of **KOMARKCORP BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 April 2023 to 30 June 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and providing management services to its subsidiaries. The principal activities of the subsidiaries are manufacturing of self-adhesive labels, stickers labelling machines, disposable surgical face mask, protective apparels and trading of related products. Further details of the subsidiaries are disclosed in Note 15 to the financial statements.

CHANGE OF FINANCIAL YEAR END

The Group and the Company have changed its financial year end from 31 March to 30 June. Accordingly, the financial statements of the Group and of the Company for the current period are drawn up for a period of fifteen months from 1 April 2023 to 30 June 2024, whereas comparative amounts are presented for a period of twelve months from 1 April 2022 to 31 March 2023. Therefore, the amounts presented in statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows are not comparable with the amounts presented for comparative year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial period are as follows:

	Group RM'000	Company RM'000
Loss before tax	(41,637)	(27,713)
Income tax expense	(4)	-
Loss for the financial period	(41,641)	(27,713)
Loss attributable to:		
Owners of the Company	(39,523)	(27,713)
Non-controlling interests	(2,118)	-
	(41,641)	(27,713)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

On 28 June 2023, the Company listed 577,256,790 Right Shares ("RS") at an issue price of RM0.08 per rights share together with 192,418,845 free Warrants ("Warrant D") at an exercise price of RM0.08 per warrant, on the basis of three RS for every one warrant for a cash consideration of RM46,180,543. The Rights Shares and new shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing ordinary shares of the Company.

On 26 October 2023, the Company successfully completed a share consolidation exercise, where five existing ordinary shares were consolidated into one ordinary share. Following this consolidation, the total number of ordinary shares was reduced to 230,921,376 new consolidated shares.

The Company has not issued any debentures during the financial period.

WARRANTS

KOMARK-WC - 2021/2024 ("Warrant C")

During the financial period, the movement of the outstanding warrants is as follows:

Date listed	Number of outstanding Warrant C					
	At 1.4.2023	Additions	Consolidated	Exercised	Lapsed	At 30.6.2024
15.1.2021	240,460,690	65,415,168	(244,704,395)	-	(61,171,463)	-

The salient terms of Warrant C are disclosed in Note 26 to the financial statements.

Pursuant to Right Issues exercised by the Company, the number of outstanding Warrant C which are not exercised prior to the entitlement date was adjusted from 240,460,690 units to 305,875,858 units and the exercise price was revised from RM0.56 to RM0.43.

Pursuant to the Share Consolidation, the number of outstanding Warrant C which are not exercised prior to the entitlement date was adjusted to 61,171,463 units and the exercise price was adjusted to RM2.15.

Subsequently, Warrant C is expired and lapsed on 10 January 2024.

KOMARK-WD - 2023/2026 ("Warrant D")

The Company had on 28 June 2023 issued 192,418,845 Warrant D in conjunction with its renounceable rights issue exercise.

Date listed	Number of outstanding Warrant D					
	At 1.4.2023	Additions	Consolidated	Exercised	Lapsed	At 30.6.2024
28.6.2023	-	192,418,845	(153,935,149)	-	-	38,483,696

The salient terms of Warrant D are disclosed in Note 26 to the financial statements.

Pursuant to the Share Consolidation, the number of outstanding Warrant D which are not exercised prior to the entitlement date was adjusted to 38,483,696 units and the exercise price was adjusted to RM0.40.

DIRECTORS' REPORT

TREASURY SHARES

As at 30 June 2024, the Company held 3,600 units of its issued and paid-up ordinary shares as treasury shares at a carrying amount of RM3,547 in accordance with Section 127(4) of the Companies Act 2016. Details of the treasury shares are disclosed in Note 25 to the financial statements.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

On 5 August 2020, the shareholders of the Company at an Extra-ordinary general meeting approved an ESOS to be granted to eligible persons of the companies within the Group to subscribe for unissued new ordinary shares in the Company.

None of such option had been granted to any eligible persons by the Company since then and the salient features of the ESOS are disclosed in Note 27 to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

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

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

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; and
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

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

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial period in which this report is made.

DIRECTORS

The directors of the Company in office during the financial period and during the period from the end of the financial period to the date of this report are:

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad*

Roy Ho Yew Kee*

Koo Kien Keat

Chan Jee Peng

Dr Azizah Binti Sulaiman

Ihsan Bin Ismail

(Appointed on 1 June 2023)

(Resigned on 29 May 2023)

* *The directors are also Directors of the subsidiaries of the Company.*

The directors of the subsidiary companies in office during the financial period and during the period from the end of the financial period to the date of this report are:

Ong Ann Boon

Chu Chee Peng

(Resigned on 23 August 2023)

DIRECTORS' INTERESTS

The interests in shares and warrants in the Company of those who were directors of the Company at the end of the financial period, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	Balance as at 1.4.2023	Number of Ordinary Shares		Balance as at 30.6.2024
		Bought	Effect of share Sold consolidation	
Shares in the Company				
Direct interest				
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	200,000	-	(160,000)	40,000
Roy Ho Yew Kee	1,200,000	-	(960,000)	240,000
Indirect interest				
Roy Ho Yew Kee #	122,318,200	130,000,000	(30,600,000)	(177,374,560)
				44,343,640

Deemed interested in the shares by virtue of shares held by Key Alliance Group Berhad.

Other than as disclosed above, the other Director in the office at the end of the financial period did not have any interest in shares in the Company or its related corporations during the financial year.

None of the Directors hold any warrant D in the Company as per the Register of Director's Warrant D holdings.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of full-time employees of the Company as disclosed below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The details of the directors' remuneration of the Group and of the Company for the financial period from 1 April 2023 to 30 June 2024 are as follows:

	Group RM'000	Company RM'000
Executive directors:		
Fees	90	90
Salaries and other emoluments	427	7
Defined contribution plans	58	-
	575	97
Non-executive directors:		
Fees	300	300
Other emoluments	28	28
	328	328
	903	425

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for any directors, officers and auditors of the Group and the Company in accordance with Section 289 of the Companies Act 2016.

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors of the Group and of the Company for financial period ended 30 June 2024 are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration:		
Statutory audit	230	70
Non-statutory audit	5	5
	235	75

DIRECTORS' REPORT

AUDITORS

The auditors, Morison LC PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the directors,

ROY HO YEW KEE

**YM TENGKU EZUAN ISMARA
BIN TENGKU NUN AHMAD**

Petaling Jaya,
17 October 2024

STATEMENT BY DIRECTORS

The directors of **KOMARKCORP BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and of their financial performance and their cash flows for the financial period 1 April 2023 to 30 June 2024.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the directors,

ROY HO YEW KEE

**YM TENGKU EZUAN ISMARA
BIN TENGKU NUN AHMAD**

Petaling Jaya,
17 October 2024

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **ROY HO YEW KEE**, the director primarily responsible for the financial management of **KOMARKCORP BERHAD**, do solemnly and sincerely declare that the financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

ROY HO YEW KEE

Subscribed and solemnly declared by the abovenamed **ROY HO YEW KEE** at **PETALING JAYA** on 17th day of October, 2024.

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOMARKCORP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **KOMARKCORP BERHAD**, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 April 2023 to 30 June 2024, and notes to the financial statements, including material accounting policy information, as set out on pages 68 to 138.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial period from 1 April 2023 to 30 June 2024 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standard)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
<p>Recoverability of a trade receivables under legal disputes</p> <p>Refer to Notes 3, 4 and 20 to the financial statements for the Group's accounting policies on impairment of financial assets, key sources of estimation uncertainty and related disclosures.</p> <p>As of 30 June 2024, the Group's gross receivables amounting to RM14.22 million which represents 11% of the Group's total asset with an amount of RM9.77 million due from one significant trade debtor which has been fully impaired, representing 23% of the Group's loss for the financial period.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>(a) Evaluated the assumptions and judgement used by management in determining the impairment, taking into account the potential outcome from the winding-up petition.</p>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KOMARKCORP BERHAD

Key Audit Matters (cont'd)

Key audit matters	How the matter was addressed in the audit
<p>Recoverability of receivables (cont'd)</p> <p>Management has assessed the likelihood and amount of recovery, by considering the potential outcome from the winding up petition.</p> <p>We identified this as a key audit matter due to the magnitude of the impairment and the significant uncertainties surrounding its recoverability and the outcome of the winding-up petition.</p>	<p>(b) Examined any subsequent receipts or settlements from the debtor up to the date of this report as well as developments in the ongoing legal proceedings to assess the recoverable amount; and</p> <p>(c) Reviewed the current status of the winding-up process, obtained legal representations and examined correspondence between the Group and its legal advisor to assess the potential for recovery and the adequacy of the impairment recognised.</p>
<p>Impairment of plant and equipment - mask segment</p> <p>Refer to Notes 3, 4 and 12 to the financial statements for the Group's accounting policies on property, plant and equipment, key sources of estimation uncertainty and related disclosures.</p> <p>As of 30 June 2024, the carrying amount of plant and equipment for mask segment of the Group is RM13.77 million, representing 11.0% of the Group's total assets. The Group recognised an impairment loss of RM10.85 million following the impairment assessment on plant and equipment for mask segment during the financial period.</p> <p>Due to the declining demand for masks and the temporary cessation of mask production in November 2023, management conducted an impairment assessment on the plant and equipment. This assessment led to a substantial impairment of the carrying value of these assets to their recoverable amount. Management has determined the recoverable amount by applying the fair value less costs of disposal ("FVLCD") as it exceeded the value-in-use ("VIU").</p> <p>We consider this a key audit matter due to the magnitude of the impairment loss, the complexity of the impairment assessment given the volatile market environment and uncertain recovery prospects for the industry.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>(a) Evaluated the reasonableness of management's key assumptions used in impairment assessment, including reviewed the underlying data and methodologies used, as well as comparing them against industry benchmarks and historical performance to ensure they were supported by appropriate evidence;</p> <p>(b) Performed physical inspections on the machineries to evaluate the conditions of the machineries as of the end of the financial period;</p> <p>(c) Analysed fluctuations in market demand for significant changes due to market conditions, considering significant changes attributable to prevailing market conditions, including the ongoing impacts of COVID-19 and related regulatory adjustments;</p> <p>(d) Examined the letter of intent from the third party to assess its credibility and evaluated its appropriateness for estimating the fair value of the plant and equipment;</p> <p>(e) Performed market searches for similar mask manufacturing equipment to gather relevant market data that could support the fair value estimate; and</p> <p>(f) Obtained and reviewed the sales of mask machine occurred subsequent to the financial period to evaluate the accuracy of the fair value.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOMARKCORP BERHAD

Key Audit Matters (cont'd)

Key audit matters	How the matter was addressed in the audit
<p>Net realisable value of inventories</p> <p>Refer to Notes 3, 4 and 19 to the financial statements for the Group's accounting policies on inventories, key sources of estimation uncertainty and related disclosures.</p> <p>As of 30 June 2024, the carrying amount of the Group's inventories was RM4.87 million, representing 4% of the Group's total assets. Of this, RM3.81 million related to raw material of RM1.79 million and finished goods of RM2.02 million within the masks segment, which exhibited signs of decline in net realisable value due to low market demand.</p> <p>Management assessed that the net realisable value ("NRV") of these inventories is lower than their carrying value, resulting in a write down of RM2.45 million being recognised during the financial period, of which RM2.11 million attributed to the mask segment. The write down on mask segment includes RM1.01 million from raw materials and RM1.10 million from finished goods.</p> <p>We determined this to be a key audit matter as it involved management's judgements in evaluating the Group's ability to sell the face masks and estimating the net realisable value of the masks inventory in light of market demand and other relevant factors given the volatile market environment and market demand.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> (a) Obtained an understanding of management's process and control for assessing inventory written down, including how they determine net realisable value (b) Evaluated the reasonableness of management's assumptions and estimates in determining the net realisable value of the inventory. This included reviewing sales trends, current market conditions, and market demand forecasts to assess whether the written down value was reasonably estimated; (c) For raw materials of the masks segment, assessed the criteria used by management and recomputed the calculation to determine the minimum output of masks that could be produced with the raw materials on hand, considering production efficiency and wastage factors; (d) Tested the accuracy of the impairment calculation by recalculating the net realisable value based on management's assumptions and comparing it to the recorded amount; and (e) For finished goods, examined sales transactions subsequent to year-end to evaluate the carrying amount of inventories is carried at the lower of net realisable.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOMARKCORP BERHAD

Key Audit Matters (cont'd)

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOMARKCORP BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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 communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOMARKCORP BERHAD

Other Matters

- (a) The financial statements of Komarkcorp Berhad for the period from 1 April 2022 to 31 March 2023, were audited by another auditors who expressed an unqualified opinion on these financial statements on 21 July 2023.
- (b) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MORISON LC PLT (AF 002469)
202206000028 (LLP0032572-LCA)
Chartered Accountants

LIM WAN YINN
03262/04/2025 J
Chartered Accountant

Petaling Jaya
17 October 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

	Note	Group		Company	
		1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000 (Restated)	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Continuing operations					
Revenue	5	29,357	40,741	-	-
Cost of sales		(28,009)	(36,699)	-	-
Gross profit		1,348	4,042	-	-
Other operating income		1,782	4,546	481	62
Other operating expenses		(33,987)	(12,673)	(7,995)	(8,546)
Net (losses)/gain on impairment of financial assets		(9,831)	551	(19,982)	(15,814)
Loss from operations		(40,688)	(3,534)	(27,496)	(24,298)
Finance costs	6	(949)	(599)	(217)	-
Loss before tax	7	(41,637)	(4,133)	(27,713)	(24,298)
Income tax (expense)/credit	10	(4)	380	-	-
Loss from continuing operations		(41,641)	(3,753)	(27,713)	(24,298)
Discontinued operation					
Loss from discontinued operations, net of tax		-	(1,344)	-	-
Loss for the financial period/year		(41,641)	(5,097)	(27,713)	(24,298)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

	Note	Group		Company	
		1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000 (Restated)	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		-	(262)	-	-
Total comprehensive loss for the financial period/year		(41,641)	(5,359)	(27,713)	(24,298)
Loss for the financial period/year attributable to:					
Owners of the Company		(39,523)	(4,760)	(27,713)	(24,298)
Non-controlling interests		(2,118)	(37)	-	-
		(41,641)	(5,097)	(27,713)	(24,298)
Total comprehensive loss the financial period/year attributable to:					
Owners of the Company		(39,523)	(5,022)	(27,713)	(24,298)
Non-controlling interests		(2,118)	(37)	-	-
		(41,641)	(5,359)	(27,713)	(24,298)
Loss per ordinary share attributable to owners of the Company (sen per share):					
Basic and diluted	11	(18.80)	(4.12)		

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	30.6.2024 RM'000	Group 31.3.2023 RM'000 (Restated)	1.4.2022 RM'000 (Restated)	30.6.2024 RM'000	Company 31.3.2023 RM'000 (Restated)	1.4.2022 RM'000 (Restated)
ASSETS							
Non-Current Assets							
Property, plant and equipment	12	68,318	71,612	76,294	-	-	-
Intangible assets	13	34	61	82	-	-	-
Right-of-use assets	14	8,296	13,369	19,639	-	-	-
Investment in subsidiaries	15	-	-	-	8,075	13,785	20,558
Investment in an associate	16	-	-	-	-	-	-
Other investment	17	7,963	9,100	-	-	-	-
Total Non-Current Assets		84,611	94,142	96,015	8,075	13,785	20,558
Current Assets							
Inventories	19	4,867	8,777	13,554	-	-	-
Trade and other receivables	20	10,768	12,437	17,515	8,188	1,741	18,127
Tax recoverable		151	140	103	-	1	1
Short term funds	21	32	31	3,010	32	31	3,010
Fixed deposit with licensed bank	22	8,000	-	-	8,000	-	-
Cash and bank balances	23	16,542	1,994	2,349	14,060	46	70
Assets held for sale	24	40,360	23,379	36,531	30,280	1,819	21,208
		-	1,300	-	-	-	-
Total Current Assets		40,360	24,679	36,531	30,280	1,819	21,208
Total Assets		124,971	118,821	132,546	38,355	15,604	41,766

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	30.6.2024 RM'000	Group 31.3.2023 RM'000 (Restated)	1.4.2022 RM'000 (Restated)	30.6.2024 RM'000	Company 31.3.2023 RM'000 (Restated)	1.4.2022 RM'000 (Restated)
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	25	173,277	132,927	132,927	173,277	132,927	132,927
Treasury shares	25	(4)	(4)	(4)	(4)	(4)	(4)
Other reserves	28	19,440	15,377	16,652	4,810	-	-
Accumulated losses		(91,331)	(52,555)	(48,156)	(145,110)	(117,397)	(93,099)
Equity Attributable to:							
Owners of the Company		101,382	95,745	101,419	32,973	15,526	39,824
Non-controlling interests		(2,541)	(423)	(86)	-	-	-
Total Equity		98,841	95,322	101,333	32,973	15,526	39,824
Non-Current Liabilities							
Post employment benefits		-	-	667	-	-	-
Bank borrowings	29	3,712	4,151	4,975	-	-	-
Lease liabilities	14	5,820	1,999	3,654	-	-	-
Deferred tax liabilities	18	-	-	380	-	-	-
Total Non-Current Liabilities		9,532	6,150	9,676	-	-	-
Current Liabilities							
Trade and other payables	30	9,902	14,934	17,321	148	78	1,942
Bank borrowings	29	5,603	821	439	5,234	-	-
Lease liabilities	14	1,093	1,594	3,777	-	-	-
Total Current Liabilities		16,598	17,349	21,537	5,382	78	1,942
Total Liabilities		26,130	23,499	31,213	5,382	78	1,942
Total Equity and Liabilities		124,971	118,821	132,546	38,355	15,604	41,766

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

Group	Share capital	Treasury shares	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 April 2023							
As previously stated	132,927	(4)	49,259	(86,437)	95,745	(423)	95,322
Effect of prior year's adjustments (Note 37)	-	-	(33,882)	33,882	-	-	-
As restated	132,927	(4)	15,377	(52,555)	95,745	(423)	95,322
Loss for the financial period	-	-	-	(39,523)	(39,523)	(2,118)	(41,641)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(39,523)	(39,523)	(2,118)	(41,641)
Transactions with owners of the Company:							
Issuance of ordinary shares pursuant to right issue of shares with warrants	41,370	-	4,810	-	46,180	-	46,180
Share issuance expenses	(1,020)	-	-	-	(1,020)	-	(1,020)
Total transactions with owners	40,350	-	4,810	-	45,160	-	45,160
Disposal of property, plant and equipment	-	-	(747)	747	-	-	-
As at 30 June 2024	173,277	(4)	19,440	(91,331)	101,382	(2,541)	98,841

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

	Share capital	Treasury shares	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
As at 1 April 2022	132,927	(4)	50,534	(82,038)	101,419	(86)	101,333
As previously stated	-	-	(33,882)	33,882	-	-	-
Effect of prior year's adjustments (Note 37)							
As restated	132,927	(4)	16,652	(48,156)	101,419	(86)	101,333
Loss for the financial year	-	-	-	(4,760)	(4,760)	(337)	(5,097)
Other comprehensive loss	-	-	(262)	-	(262)	-	(262)
Recycle to profit or loss on deconsolidation of subsidiary	-	-	(652)	-	(652)	-	(652)
Derecognition upon deconsolidation of subsidiary	-	-	(361)	361	-	-	-
Total comprehensive loss	-	-	(1,275)	(4,399)	(5,674)	(337)	(6,011)
As at 31 March 2023	132,927	(4)	15,377	(52,555)	95,745	(423)	95,322

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated losses RM'000	Total equity RM'000
Company					
As at 1 April 2023	132,927	(4)	33,882	(151,279)	15,526
As previously stated	-	-	(33,882)	33,882	-
Effect of prior year's adjustments (Note 37)	132,927	(4)	-	(117,397)	15,526
Loss for the financial period	-	-	-	(27,713)	(27,713)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(27,713)	(27,713)
Transactions with owners of the Company:					
Issuance of ordinary shares pursuant to right issue of shares with warrants	41,370	-	4,810	-	46,180
Share issuance expenses	(1,020)	-	-	-	(1,020)
Total transactions with owners	40,350	-	4,810	-	45,160
As at 30 June 2024	173,277	(4)	4,810	(145,110)	32,973

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated losses RM'000	Total equity RM'000
Company					
As at 1 April 2022	132,927	(4)	33,882	(126,981)	39,824
As previously stated	-	-	(33,882)	33,882	-
Effect of prior year's adjustments (Note 37)					
As restated	132,927	(4)	-	(93,099)	39,824
Loss for the financial year	-	-	-	(24,298)	(24,298)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss	-	-	-	(24,298)	(24,298)
As at 31 March 2023	132,927	(4)	-	(117,397)	15,526

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES				
Loss before tax:				
Continuing operations	(41,637)	(4,133)	(27,713)	(24,298)
Discontinued operations	-	(1,344)	-	-
Adjustments for:				
Amortisation of intangible assets	27	21	-	-
Amortisation of right-of-use assets	1,278	1,975	-	-
Allowance/(Reversal) for impairment losses on:				
- Property, plant and equipment	10,854	-	-	-
- Investment in subsidiaries	-	-	5,710	6,773
- Trade receivables	9,773	647	-	-
- Other receivables	-	45	-	-
- Amount due from subsidiaries	-	-	19,983	15,814
- Amount due from an associate	-	(1,239)	-	-
- Amount due from related parties	-	(4)	-	-
Depreciation of property, plant and equipment	8,395	5,969	-	-
Fair value loss/(gain) on investment in quoted shares	4,068	(2,348)	-	-
Gain on disposal of subsidiary	-	(1,403)	-	-
Gain on disposal of property, plant and equipment	(33)	(61)	-	-
Gain on modification of lease	(42)	-	-	-
Gain on termination of lease	(8)	-	-	-
Interest expense	949	599	217	-
Interest income	(510)	(2)	(481)	(2)
Inventories written off	118	-	-	-
Lease concession	-	15	-	-
Inventories written down	2,446	917	-	-
Loss on disposal of investment in quoted shares	1,299	-	-	-
Property, plant and equipment written off	674	363	-	-
Right-of-use assets written off	-	292	-	-
Trade receivables written off	57	-	-	-
Unrealised loss on foreign exchange	299	31	225	-
Operating (loss)/profit before changes in working capital	(1,993)	340	(2,059)	(1,713)
Changes in working capital:				
Decrease/(Increase) in:				
Inventories	1,346	4,161	-	-
Receivables	(7,977)	5,389	593	257
(Decrease)/Increase in payables	(4,826)	(2,386)	70	(72)
Cash generated (used in)/from operations	(13,450)	7,504	(1,396)	(1,528)
Income tax (paid)/refund - net	(15)	(37)	1	-
Interest paid	(217)	-	(217)	-
Interest received	340	2	310	2
Net Cash (Used In)/From Operating Activities	(13,342)	7,469	(1,302)	(1,526)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(7,976)	(4,726)	-	-
Acquisition of quoted shares	(7,276)	-	-	-
Proceeds from disposal of property, plant and equipment	33	61	-	-
Proceeds from disposal of asset held for sale	1,300	-	-	-
Proceeds from disposal of investment in quoted shares	3,046	-	-	-
(Placement)/withdrawal of pledged fixed deposit	(8,000)	52	(8,000)	-
Deconsolidation of a subsidiary (net cash disposed)	-	(193)	-	-
Advances to subsidiaries	-	-	(26,852)	(1,477)
Net Cash Used In Investing Activities	(18,873)	(4,806)	(34,852)	(1,477)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Net proceeds from issuance of ordinary shares with warrants	45,160	-	45,160	-
Payment of interest	(732)	(599)	-	-
Repayment of lease liabilities	(1,686)	(3,990)	-	-
Repayment of term loans and other borrowings	(891)	(442)	-	-
Net Cash From/(Used In) Financing Activities	41,851	(5,031)	45,160	-
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	9,636	(2,368)	9,006	(3,003)
Effect of exchange differences	(321)	(914)	(225)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	2,025	5,307	77	3,080
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	11,340	2,025	8,858	77
The details of cash and cash equivalents are as follow:				
Cash and bank balances	16,542	1,994	14,060	46
Short term funds	32	31	32	31
Fixed deposits pledged with licensed bank	8,000	-	8,000	-
Bank overdrafts	(5,234)	-	(5,234)	-
	19,340	2,025	16,858	77
Less:				
Fixed deposits pledged with licensed bank	(8,000)	-	(8,000)	-
	11,340	2,025	8,858	77

The accompanying Notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and the provision of management services.

The information on the name of subsidiary company, place of incorporation, principal activities and effective equity interest held by the Company in each subsidiary company is as disclosed in Note 15.

The registered office of the Company is located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 132, Jalan 16/1, Kawasan Perindustrian Cheras Jaya, 43200 Balakong, Selangor Darul Ehsan.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 October 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Adoption of MFRS and amendments to MFRSs

During the financial period, the Group and the Company have adopted the following MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application to MFRS 17 and MFRS 19 - Comparative information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of these new and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company except for:

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

The Group and the Company have adopted the amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 *Materiality Practice Statement* for the first time in the current financial period. The amendments change the requirements in MFRS 101 *Presentation of Financial Statements* with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

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

Adoption of MFRS and amendments to MFRSs (cont'd)

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies (cont'd)

Amendments to MFRS 101 *Presentation of Financial Statements* are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have no effect on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements but affect the disclosure of accounting policies.

New MFRSs and amendments to MFRSs in issue but not yet effective

The Group and the Company have not applied the following amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ¹
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements ¹
Amendments to MFRS 121	Lack of Exchangeability ²
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to MFRSs MFRS 18	Annual Improvements to MFRS Accounting Standards - Volume 11 ³ Presentation and Disclosure in Financial Statements ⁴
MFRS 19	Subsidiaries without Public Accountability: Disclosure ⁴
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

⁵ Deferred to a date to be determined and announced by MASB.

The directors anticipate that the abovementioned new MFRSs and amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective, if applicable, and that the adoption of the new MFRSs and amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost unless otherwise indicated in the material accounting policy information below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Group applies the acquisition method to account for business combination from the acquisition date when the acquired set of activities meet the definition of a business and control is transferred to the Group.

Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable assets.

Investment in subsidiary companies

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less accumulated impairment losses.

Investment in associates

Investment in associates is accounted for in the consolidated financial statements of the Group using the equity method.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Revenue from contract with customers

The Group recognises revenue from the sales of goods. Revenue is generated by the sale and delivery of products with customers. Revenue is measured based on the consideration specified in a contract with a customer. The products are own-produced finished goods from the Group's labelling and masks segments. The Group recognises revenue at a point in time when they transfer control over a product or service to a customer and satisfy their performance obligation to a customer. Where applicable, rebates and discounts to customers are accounted as net of revenue according to contract. The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Leases

Lessee accounting

The Group recognises a right-of-use ("ROU") asset and a lease liability at the commencement date. Right-of-use assets are initially measured at cost less accumulated amortisation and any accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Amortisation is computed on the straight-line basis over the lease period.

Factory buildings	2 - 10 years
Motor vehicles	5 - 10 years
Office premises	2 - 3 years
Machineries	4 - 20 years
Hostel	2 years

The lease liabilities are initially measured at the present value of the lease payments that are paid at commencement date, discounted using the interest rate implicit in the lease contract. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

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 operating expense on a straight-line basis over the lease term.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings are stated at the revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses.

The Group intends to perform revaluation review on all land and building of the Group in every 5 years, provided there are no significant changes in fair value.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

The revaluation reserve in respect of an asset, whether on disposal or on a systematic basis over the useful life of the asset, is transferred directly to retained earnings.

Property, plant and equipment are depreciated on straight-line basis over the estimated useful lives of the assets, as follows:

Freehold building	50 years
Motor vehicles	5 - 10 years
Moulds and dies	2 - 10 years
Office equipment, furniture and fittings	4 - 25 years
Plant and machinery	4 - 20 years
Renovation	5 - 10 years

Freehold land with indefinite useful life is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Intangible assets

Intangible assets of the Group comprise of trademark. Trademark is measure at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Trademark	5 - 10 years
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Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of raw materials includes the cost of purchase and other costs incurred in bringing it to their present location and conditions are determined on a weighted average basis. Cost of work-in-progress and finished goods consist of direct material, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Financial instruments

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

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets (cont'd)

Classification of financial assets (cont'd)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group and the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group and the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group and the Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (ii) below).

(i) *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets (cont'd)

Classification of financial assets (cont'd)

- the Group and the Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (ii) below). (cont'd)

(i) Amortised cost and effective interest method (cont'd)

For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Group recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Financial assets that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called "accounting mismatch") that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has designated investment in quoted unit trust and other investment as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are no part of a designated hedging relationship. The net gain or loss from other financial assets are recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other operating income" or "administrative expenses" line item.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial liabilities (cont'd)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associate, and inventories), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets of cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment of financial assets

The Group and the Company recognise loss allowance for expected credit loss ("ECL") on financial assets measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a credit loss rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date that is available without undue cost or effort, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Impairment of financial assets (cont'd)

Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as financial evaluation of the creditworthiness of the debtors, ageing of receivables, defaults and past due amounts, past experience with the debtors, current conditions and reasonable forecast of future economic conditions.

The Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group and the Company have reasonable and supportable information that demonstrates otherwise.

Probability of default

The Group and the Company consider the information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full, as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets are generally not recoverable.

The Group and the Company consider that default has occurred when a financial asset is more than 365 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, with case-by-case assessment performed based on indicators such as insolvency or demise. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss as bad debts recovered.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Impairment of financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determine at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, there is legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Segment Reporting

For management purposes, the Group is organised into operating segments that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Group's other components. The Group's reporting segments are regularly reviewed by the Group's chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude pledged fixed deposits with maturity date more than 3 months.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Directors have used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of expenses during the reporting period. Judgements and assumptions are applied in the measurement, and hence, the actual results may not coincide with the report amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, the directors are of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements, except for:

Determining the lease termination of contracts with renewal and termination options - Group and Company as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

(b) Key sources of estimation uncertainty

Directors believe that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period, except for:

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 years. These are common life the expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The carrying amount of the Group and the Company's property, plant and equipment at the reporting date is disclosed in Note 12.

Impairment of property, plant and equipment

The Group and the Company assess whether there is any indication of impairment of property, plant and equipment at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of fair value less cost to sell and its value-in-use.

During the financial period, the Group has conducted an impairment assessment of the plant and equipment from the mask segments arising from declining demand for masks. Management has determined the recoverable amount by applying the fair value less costs of disposal, as it exceeded the value-in-use. The carrying amounts, key assumptions applied in the impairment assessment are disclosed in Note 12.

Impairment of investment in subsidiaries

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows and in some cases, based on current market indicators and estimates that provide reasonable approximations to detailed computation or based on total shareholders' equity of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty (cont'd)

Impairment of investment in subsidiaries (cont'd)

The carrying amount at the reporting date for investments in subsidiaries is disclosed in Note 15.

Impairment assessment on receivables

Allowance for expected credit losses of trade and other receivables

The Group uses simplified approach to calculate ECLs for trade and other receivables. The provision rates are based on various customers' historical observed default rates.

The Group will consider and assess the historical credit loss experience with forward looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. 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.

The allowance for impairment loss of trade and other receivables are based on the evaluation of the trade and other receivables on an individual basis and the amount of allowances already provided. The customer's credit worthiness is evaluated by reviewing, amongst others, the Group's and the Company's historical collection experience.

The information on allowance for impairment loss of receivables is disclosed in Note 20.

Specific impairment for credit-impaired receivables

In determining the specific impairment on debtors subject to winding-up petitions, management has assessed the likelihood and potential amount of recovery. The Group will consider and assess the several factors, including the timeline of the winding-up process, legal constraints, potential legal outcomes, and the priority of claims. Additionally, Management has analysed the debtor's financial condition and the legal and financial implications of the winding-up process, including subordination to preferential creditors and the potential impact of court supervision. External factors such as economic and market conditions have also been taken into account.

Write down in value of inventories

Inventories are stated at the lower of cost and net realisable value ("NRV"). The Group writes down its inventories based on an assessment of estimated net selling prices. Inventories are written down when events or changes in circumstances, such as low market demand, indicate that the carrying amounts may not be recoverable. Management specifically analyses sales trends, current market conditions, and market demand when making judgements to evaluate the adequacy of the write-down values as it involved management's judgements in evaluating the Group's ability to sell the face masks and estimating the net realisable value.

Management has assessed and applied significant estimates in determining the minimum output of the masks that could be produced with the raw material on hand, considering production efficiency and wastage factors.

When the expectation is different from the original estimate, such difference will impact the carrying amounts of the inventories and write down in value expenses in the period in which such estimate has changed. The carrying amounts of inventories of the Group and the related cost of inventories are as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

5. REVENUE

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Revenue from contracts with customers:				
Sales of adhesive labels and stickers and related products	24,128	20,037	-	-
Sales of face masks	5,229	20,704	-	-
<hr/>				
Revenue from continued operation	29,357	40,741	-	-
Revenue from discontinued operation	-	10,692	-	-
<hr/>				
	29,357	51,433	-	-
<hr/>				
Timing of revenue recognition				
Transferred at a point in time	29,357	40,741	-	-

Revenue from contract with customers is disaggregated in Note 33 to the financial statements by geographical area.

6. FINANCE COSTS

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Interest expenses on:				
Bank commitment fee	20	-	19	-
Bank overdraft	197	-	197	-
Lease liabilities	457	313	-	-
Term loan	275	286	-	-
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	949	599	216	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

7. LOSS BEFORE TAX

Loss before tax for the financial period/year is arrived at after charging/(crediting):

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Amortisation of intangible assets	27	21	-	-
Amortisation of right-of-use assets	1,278	1,975	-	-
Auditors' remuneration				
Statutory audits	230	189	70	56
Non-statutory audits	5	3	5	3
Depreciation of property, plant and equipment	8,395	5,969	-	-
Fair value loss/(gain) on investment in quoted shares	4,068	(2,348)	-	-
Gain on disposal of property, plant and equipment	(33)	(61)	-	-
Gain on disposal of subsidiary	-	(1,403)	-	-
Gain on modification of lease	(42)	-	-	-
Gain on termination of lease	(8)	-	-	-
Impairment of property, plant and equipment	10,854	-	-	-
Interest income from:				
Bank balances	(358)	(2)	(329)	(2)
Fixed deposits	(152)	-	(152)	-
Inventories written off	118	-	-	-
Lease concession	-	15	-	-
Inventories written down	2,446	917	-	-
Loss on disposal of quoted share	1,299	-	-	-
Loss/(Gain) on foreign exchange:				
Realised	129	697	-	(39)
Unrealised	299	31	225	-
Net allowance/(reversal) for impairment losses on:				
Trade receivables				
- third party	9,773	647	-	-
- amount due from related parties	-	(4)	-	-
- former subsidiary	-	-	-	(212)
Other receivables	-	45	-	-
Amount due from an associate	-	(1,239)	-	-
Amount due from subsidiaries	-	-	19,983	16,026
Investment in subsidiaries	-	-	5,710	6,773
Expenses relating to short-term leases:				
Forklift	27	25	-	-
Hostel	2	-	-	-
Property, plant and equipment written off	674	363	-	-
Right-of-use assets written off	-	292	-	-
Trade receivables written off	57	-	-	-
Rental income	(281)	(36)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

8. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Wages, salaries and overtime	9,630	10,868	867	354
Defined contribution plan	1,134	1,087	56	47
Others	315	536	40	55
	11,079	12,491	963	456

Included in the employee benefit expenses of the Group and of the Company is directors' remuneration amounting to RM911,000 and RM425,000 (31.3.2023: RM781,000 and RM341,000) respectively. Further information is disclosed in Note 29 to the financial statements.

Remuneration receivable by key management personnel of the Group and of the Company during the financial period is as follows:

	Group	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Salaries, bonus and allowance	614	584
Defined contribution plan	74	68
Social security costs	4	3
	692	655

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

9. DIRECTORS' REMUNERATION

The remuneration received and receivable by directors of the Group and of the Company are as follows:

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Directors of the Company:				
Executive				
Fees	90	72	90	72
Salaries and other emoluments	427	326	7	6
Defined contribution plans	57	38	-	-
Others	1	54	-	-
	575	490	97	78
Non-Executive				
Fees	300	240	300	240
Other emoluments	28	23	28	23
	328	263	328	263
Total remuneration of the directors of the Company	903	753	425	341

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

9. DIRECTORS' REMUNERATION (CONT'D)

The remuneration received and receivable by directors of the Group and of the Company are as follows:

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Other directors:				
Executive				
Salaries and other emoluments	7	24	-	-
Defined contribution plans	1	4	-	-
	8	28	-	-
Total remuneration of the directors of the Company	911	781	425	341

10. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Estimated tax payable:				
Current financial period/year	4	-	-	-
Deferred tax (Note 18):				
Overprovision in prior financial years	-	(380)	-	-
	4	(380)	-	-

Malaysia income tax is calculated at the statutory tax rate of 24% (31.3.2023: 24%) of the estimated assessable profits for the financial period.

Tax expense for other tax authorities are calculated at the rates prevailing in those respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

10. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

A reconciliation of income tax expense/(credit) applicable to loss before tax at the applicable statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Loss before tax	(41,637)	(4,133)	(27,713)	(24,298)
At Malaysian statutory tax rate	(9,993)	(992)	(6,651)	(5,832)
Tax effects of:				
Effect of different tax rates in foreign jurisdictions	-	(493)	-	-
Non-deductible expenses	1,940	1,503	254	1,801
Income not subject to tax	(9)	(926)	-	-
Deferred tax assets not recognised during the period	8,293	1,874	6,397	4,031
Utilisation of deferred tax asset previously not recognised	(227)	(966)	-	-
Over provision of deferred tax in prior years	-	(380)	-	-
	4	(380)	-	-

11. LOSS PER SHARE

Basic

Basic loss per ordinary share of the Group has been calculated by dividing the Group's loss for the period/year attributable to owners of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial period/year.

	Group	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Loss attributable to owners of the Company	(39,523)	(4,760)
Weighted average number of ordinary shares in issue ('000), after the effects of share consolidation	210,027	115,471
Basic loss per ordinary share (sen)	(18.80)	(4.12)

Diluted

The diluted loss per ordinary share for the Group is anti-dilutive as the warrants exercise price is higher than the average share price for the respective financial period/year presented. Accordingly, the diluted loss per ordinary shares for the current and previous financial period/year is presented as equal to basic loss per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

12. PROPERTY, PLANT AND EQUIPMENT

Group	Computers and software		Construction in progress		Freehold land		Freehold buildings		Plant and machinery		Office equipment, furniture and fittings		Motor vehicles		Mould and dies		Renovations		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cost or valuation																			
At 1 April 2022	1,866	8,352	18,900	18,000	54,964	3,503	489	994	10,153	117,221									
Additions	-	-	-	-	283	2,856	139	-	1,448	4,726									
Disposals	-	-	-	-	(592)	-	-	(622)	-	(1,214)									
Written off	-	-	-	-	(2,574)	(72)	-	-	-	(2,646)									
Reclassification	(1,866)	(8,352)	-	-	-	1,866	-	-	8,352	-									
Reclassification to assets held for sale	-	-	(900)	(500)	-	-	-	-	-	(1,400)									
Disposal of subsidiary	-	-	-	-	(20,398)	(1,630)	-	(210)	(1,368)	(23,606)									
At 31 March 2023/1 April 2023	-	-	18,000	17,500	31,683	6,523	628	162	18,585	93,081									
Additions	-	-	-	-	6,500	337	185	-	954	7,976									
Reversals	-	-	-	-	-	(76)	-	-	(122)	(198)									
Disposals	-	-	-	-	-	(11)	-	(81)	-	(92)									
Written off	-	-	-	-	(804)	(120)	-	-	(139)	(1,063)									
Reclassification from right-of-use assets	-	-	-	-	12,938	-	-	-	-	12,938									
At 30 June 2024	-	-	18,000	17,500	50,317	6,653	813	81	19,278	112,642									

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

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

Group	Computers and software		Construction in progress		Freehold land and buildings		Freehold buildings		Plant and machinery		Office equipment, furniture and fittings		Motor vehicles		Mould and dies		Renovations		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Accumulated impairment losses																				
At 1 April 2022/31 March 2023/1 April 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	10,854	-	-	-	-	-	-	-	-	-	-	10,854
At 30 June 2024	-	-	-	-	-	-	-	-	10,854	-	-	-	-	-	-	-	-	-	-	10,854
Net carrying amount																				
At 31 March 2023	-	-	-	18,000	-	14,783	-	-	17,261	5,325	-	-	2	133	-	-	16,108	-	-	71,612
At 30 June 2024	-	-	-	18,000	-	14,346	-	-	17,077	4,344	-	-	2	141	-	-	14,408	-	-	68,318

(a) Freehold land and buildings of the Group with a carrying amount of RM32,346,000 (31.3.2023: RM32,783,000) have been pledged to licensed banks and financial institutions for financing liabilities of the Group as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

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

- (b) Freehold land and buildings (at valuation) with carrying amount of RM32,346,000 (31.3.2023: RM32,783,000) of the Group were last revalued on financial year ended 30 April 2020 by the Directors based on a valuation exercise carried out by an independent professional valuer using the open market value basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amount would have been:

	Group	
	30.6.2024 RM'000	31.3.2023 RM'000
Freehold land	5,437	6,007
Freehold building	11,096	11,766
	16,533	17,773

Fair value measurement of the freehold land and buildings (at valuation) are based on the highest and best use which does not differ from their actual use.

During the financial period, the Group carried out impairment review on the plant and machinery in the face mask manufacturing segment with indication of impairment in view of declining demand for mask and the temporary cessation of mask production in November 2023. As a results, the Group recorded impairment losses of RM10,854,000 during the financial period.

The recoverable amount of plant and machinery for face mask segment is determined based on the higher of fair value less cost of disposal and value-in-use. The estimate of fair value have been determined with the basis of a recent Letter of Intent. In order to determine the fair value of the stated plant and machinery, the Group used a valuation technique in which all significant inputs used were based on observable data.

13. INTANGIBLE ASSETS

	Group Trademark	
	30.6.2024 RM'000	31.3.2023 RM'000
Cost		
At beginning/end of the financial period/year	111	111
Accumulated amortisation		
At beginning of the financial period/year	(50)	(29)
Amortisation charge for the financial period/year	(27)	(21)
At end of the financial period/year	(77)	(50)
Carrying amount		
At end of the financial period/year	34	61

The Group had registered the trademark for the use of trade name "KOMARK" with validity period of 5 to 10 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets Group	At 1.4.2023		Additions		Modifications		Reclassification to property, plant and equipment		Charge for the financial period		Early termination		At 30.6.2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount														
Factory buildings	1,465	813	4,524	-	(932)	5,573	(297)							
Motor vehicles	166	-	-	-	(63)	103								
Machineries	11,738	-	-	(8,851)	(276)	2,611								
Hostel	-	16	-	-	(7)	9								
	13,369	829	4,524	(8,851)	(1,278)	8,296	(297)							
Carrying amount														
Factory buildings	2,559	-	-	-	(840)	1,465	(254)							
Motor vehicles	217	-	-	-	(51)	166								
Machineries	16,825	-	-	(4,003)	(1,084)	11,738								
Office premise	38	-	-	-	-	-	(38)							
	19,639	-	-	(4,003)	(1,975)	13,369	(292)							

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group has lease contracts for factory buildings, office premises and hostel with contract terms of 2 to 9 (31.3.2023: 2 to 3) years.

Lease liabilities

	Group	
	30.6.2024	31.3.2023
	RM'000	RM'000
At beginning of the financial period/year	3,593	7,431
Additions	829	-
Modification of lease	4,482	-
Interest expense	457	328
Payment of interest	(457)	(328)
Payment of principal	(1,686)	(3,386)
Disposal of subsidiary	-	(437)
Early termination	(305)	-
Rent concession	-	(15)
	<hr/>	
At end of the financial period/year	6,913	3,593
	<hr/>	
Represented by:		
Non-current liabilities	5,820	1,999
Current liabilities	1,093	1,594
	<hr/>	
	6,913	3,593
	<hr/>	
Lease liabilities owing to financial institutions	82	2,080
Lease liabilities owing to non-financial institutions	6,831	1,513
	<hr/>	
	6,913	3,593
	<hr/>	

The Group has lease contracts for various items of factory buildings, machineries and hostel used in its operations. Lease terms are negotiated on an individual basis and contain wide range of different terms and conditions.

The effective interest rates of the Group at the end of the reporting period ranges from 3.89% to 4.75% (31.3.2023: 3.86% to 5.65%)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

15. INVESTMENT IN SUBSIDIARIES

	Company	
	30.6.2024	31.3.2023
	RM'000	RM'000
Unquoted shares, at cost	85,227	85,227
Less: Accumulated impairment losses	(77,152)	(71,442)
	8,075	13,785

(a) The reconciliation of movement in the impairment loss of investments in subsidiaries is as follows:

	Company	
	30.6.2024	31.3.2023
	RM'000	RM'000
At beginning of the period/year	71,442	64,669
Charge during the period/year	5,710	6,773
	77,152	71,442

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective equity interest		Principal activities
		30.6.2024	31.3.2023	
		%	%	
General Labels & Labelling (M) Sdn. Bhd. ("GLLM")	Malaysia	100	100	Manufacturing of self-adhesive labels and stickers, and labelling machines and trading of related products
Komark Mask (M) Sdn. Bhd.	Malaysia	92.7	92.7	Manufacturing of surgical face mask and protective apparels.
Komark International (M) Sdn. Bhd. ("KIM")	Malaysia	100	100	Manufacturing of self-adhesive labels
<i>Subsidiaries of GLLM:</i>				
General Labels & Labelling Pte. Ltd. *#	Singapore	100	100	Printer of labels and stickers
General Labels & Labelling (JB) Sdn. Bhd.	Malaysia	100	100	Manufacturing of self-adhesive labels and stickers, and trading of related products.
<i>Subsidiaries of KIM:</i>				
PT Komark Labels and Labelling Indonesia **	Indonesia	-	-	Manufacturing and trading self-adhesive labels

* Audited by another firm of auditors

^ Subsidiary under liquidation, and written off in the previous year.

Under strike off application pursuant to Section 344A of Companies Act, 1967 in Singapore

(c) Disposal of a subsidiary

In the previous financial year, the Group had disposed its entire equity interest in Komark (Thailand) Co., Ltd for a purchase consideration of RM9,100,000 via the allotment and issuance of new shares in D'Nonce Technology Berhad (D'Nonce).

Komark (Thailand) Co., Ltd was not classified as held for sale in prior years and the comparative statement of profit or loss has been represented to show the discontinued operations separately from continuing operations. The disposal was completed on 29 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of a subsidiary (cont'd)

(i) The profits attributable to the discontinued operations was as follows:

	Group 1.4.2022 to 29.12.2022 RM'000
Results of discontinued operations	
Revenue	10,692
Expense	(12,021)
Lease interest	(15)
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Results from operations	(1,344)
Taxation	-
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Results of operating activities, net of tax	(1,344)

(ii) Details of the assets, liabilities and net cash outflows arising from the disposal of Komark (Thailand) Co., Ltd. in previous financial year are as follows:

	Group 29.12.2022 RM'000
Assets/(Liabilities) disposed:	
Property, plant and equipment	1,776
Right-of-use assets	4,003
Inventories	1,380
Trade and other receivables	3,162
Cash and bank balances	193
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Trade and other payables	(4,072)
Post employment benefit	(656)
Lease liabilities	(437)
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Total identifiable net assets	5,349
Gain on disposal of subsidiary	1,403
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	6,752
Less: Consideration received in the form of quoted share	(6,752)
Less: Cash and cash equivalent disposed	(193)
<hr/>	
Net cash outflow from disposal of subsidiary	(193)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Material non-controlling interest

The Company's non-wholly owned subsidiary is Komark Mask (M) Sdn. Bhd. where 7.3% equity interest and voting rights are held by non-controlling interests. The details of profit allocated to the non-controlling interests during the financial period as at the end of the reporting period are as follows:

	Group	
	1.4.2023	1.4.2022
	to	to
	30.6.2024	31.3.2023
	RM'000	RM'000
Allocated to non-controlling interests:		
Loss for the period	(2,118)	(337)

Summarised financial information of Komark Mask (M) Sdn. Bhd. is set out below. The summarised financial information is presented before inter-company eliminations.

Summarised assets and liabilities:

	30.6.2024	31.3.2023
	RM'000	RM'000
Current assets	12,235	18,162
Current liabilities	61,157	49,576
Net assets	(48,922)	(31,414)

Summarised profit or loss and other comprehensive income:

	1.4.2023	1.4.2022
	to	to
	30.6.2024	31.3.2023
	RM'000	RM'000
Loss for the period	(29,029)	(97)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

16. INVESTMENT IN ASSOCIATE

	Group	
	30.6.2024	31.3.2023
	RM'000	RM'000
Unquoted shares, at cost	2	2
Less: Accumulated impairment losses	(2)	(2)
	-	-

(a) The details of the associate are as follows:

Name of Company	Country of Incorporation	Effective equity interest		Principal activities
		30.6.2024	31.3.2023	
		%	%	
Komark Enterprise Co., Ltd. *	Thailand	49	49	Dormant

* Not audited by Morison LC PLT.

(b) Summarised financial information of the associate stated in the management account is as follows:

	30.6.2024	31.3.2023
	RM'000	RM'000
Assets and liabilities		
Current assets	283	283
Current liabilities	(2,612)	(2,612)
Net liabilities	(2,329)	(2,329)
Results		
Revenue	-	16
Loss for the year	-	(30)
Total comprehensive loss	-	(30)
Cash flows from operating activities	-	364
Cash flows used in investing activities	-	6,684
Net increase in cash and cash equivalents	-	7,048

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

16. INVESTMENT IN ASSOCIATE

- (c) The reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in an associate.

	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Share of net liabilities of the Group	(1,141)	(1,141)
Carrying amount in the statement of financial position	-	-

17. OTHER INVESTMENT

	Group	
	30.6.2024 RM'000	31.3.2023 RM'000
Financial assets at fair value through profit or loss		
Quoted shares in Malaysia	7,963	9,100

The Group designated the equity investments to be measured at fair value through profit or loss because the Group intends to hold for mid-term trading purposes.

Quoted shares in Malaysia are categorised as Level 1 in fair value hierarchy. Fair value of quoted shares is determined by reference to exchange quoted market prices at the end of the reporting period.

There has been no transfer between Level 1 and Level 2 fair values for the financial year.

18. DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Revaluation surplus				
As at beginning of financial period/year	-	380	-	380
Charged to profit or loss (Note 10)	-	(380)	-	(380)
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

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

Deferred tax (asset)/liabilities provided for in the financial statements are in respect of the tax effects of the following:

	Group		Company	
	30.6.2024 RM'000	31.3.2023 RM'000	30.6.2024 RM'000	31.3.2023 RM'000
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Unabsorbed capital allowance	383	6,198	-	-
Lease liabilities	1,374	363	-	-
Provisions	6,978	1,421	-	-
Advance income	216	-	-	-
	8,951	7,982	-	-
Offsetting	(8,951)	(7,982)	-	-
Deferred tax assets (after offsetting)	-	-	-	-
Deferred tax liabilities (before offsetting)				
Temporary differences arising from:				
Plant and equipment	7,611	7,631	-	-
Right-of-use assets	1,340	351	-	-
	8,951	7,982	-	-
Offsetting	8,951	(7,982)	-	-
Deferred tax liabilities (after offsetting)	-	-	-	-

The amount of unutilised tax losses, unabsorbed capital allowances and deductible temporary differences for which the gross deferred tax assets are not recognised in the financial statements due to uncertainty of realisation are as follows:

	Group		Company	
	30.6.2024 RM'000	31.3.2023 RM'000	30.6.2024 RM'000	31.3.2023 RM'000
Reinvestment allowances	45,115	45,115	-	-
Unabsorbed capital allowances	41,350	9,267	-	-
Unutilised tax losses	48,157	46,627	963	-
	134,622	101,009	963	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

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

The unabsorbed capital allowances and unutilised tax losses which are subject to agreement by the tax authorities, are available for offset against the future chargeable profits.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(F) of Income Tax Act, 1967, the time limit of the carried forward unutilised tax losses is 10 consecutive years of assessment.

The unutilised tax losses are available for offset against future taxable profits of the Group and of the Company up to the following financial years.

	Group		Company	
	30.6.2024 RM'000	31.3.2023 RM'000	30.6.2024 RM'000	31.3.2023 RM'000
Unutilised tax losses to be carried forward until				
Year of assessment 2028	26,232	27,071	-	-
Year of assessment 2029	2,821	2,821	-	-
Year of assessment 2030	2,807	2,807	-	-
Year of assessment 2031	3,440	3,440	-	-
Year of assessment 2032	4,917	5,108	-	-
Year of assessment 2033	5,380	5,380	-	-
Year of assessment 2034	2,560	-	963	-
	48,157	46,627	963	-

Deferred tax assets of the Group and of the Company have not been recognised in respect of these items as it is not probable that future taxable profits would be available against which the deductible temporary differences could be utilised. The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

19. INVENTORIES

	Group	
	30.6.2024	31.3.2023
	RM'000	RM'000
At cost		
Raw materials	539	5,333
Work-in-progress	666	1,400
Finished goods	1,005	1,097
	2,210	7,830
At net realisable value		
Raw materials	1,795	-
Finished goods	862	947
	4,867	8,777

- (a) During the financial period, inventories of the Group recognised as cost of sales amounted to RM8,504,000 (31.3.2023: RM20,788,000).
- (b) A write down of inventories to net realisable value of RM2,446,000 (31.3.2023: RM917,000) was made during the financial period.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30.6.2024	31.3.2023	30.6.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	13,919	11,544	-	-
Amount due from associate	1,233	1,233	-	-
Amount due from former subsidiaries	-	-	297	297
	15,152	12,777	297	297
Less: Allowance for impairment losses				
Third parties	(10,728)	(955)	-	-
Amount due from associate	(1,233)	(1,233)	-	-
Amount due from former subsidiaries	-	-	(297)	(297)
	(11,961)	(2,188)	(297)	(297)
Trade receivables, net	3,191	10,589	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

20. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	30.6.2024 RM'000	31.3.2023 RM'000	30.6.2024 RM'000	31.3.2023 RM'000
Other receivables				
Other receivables	223	500	177	99
Deposits	597	20	-	-
Amount due from subsidiaries	-	-	100,200	73,347
	820	520	100,377	73,446
Less: Allowance for impairment losses				
Third parties	(51)	(51)	(7)	(7)
Amount due from subsidiaries	-	-	(92,202)	(72,219)
	(51)	(51)	(92,209)	(72,226)
Other receivables, net	769	469	8,168	1,220
Prepayments	3,960	11,058	8,168	1,220
	6,808	1,379	20	521
Total trade and other receivables	10,768	12,437	8,188	1,741

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from 30 to 120 days (31.3.2023: 30 to 120 days) from date of invoice.
- (b) Non-trade amount owing from subsidiaries and associate represent balances arising from advances and payments made on behalf, which are unsecured, interest free and repayable on demand in cash and cash equivalents.
- (c) Impairment of trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses. The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected credit loss rates are calculated using the average historical bad debts write-offs rate and general rate based on the length of time invoices are overdue. During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information. The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short-term nature.
- (d) Included in the prepayment is an amount of RM6,000,000 (31.3.2023: Nil) paid to contractor for the expansion of production capacity for the face mask manufacturing business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Impairment of trade receivables of the Group are as follows:

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
30.6.2024			
Neither past due nor impaired	2,364	(6)	2,358
Past due not impaired			
1 to 30 days	501	(1)	500
31 to 60 days	208	-	208
61 to 90 days	65	-	65
More than 90 days	108	(48)	60
	882	(49)	833
Total past due but not impaired	3,246	(55)	3,191
Individually impaired	11,906	(11,906)	-
Total	15,152	(11,961)	3,191
Company			
Individually impaired	297	(297)	-
Group			
31.3.2023			
Neither past due nor impaired	6,152	-	6,152
Past due not impaired			
1 to 30 days	1,799	-	1,799
31 to 60 days	1,143	-	1,143
61 to 90 days	1,237	-	1,237
More than 90 days	516	(258)	258
	4,695	(258)	4,437
Total past due but not impaired	10,847	(258)	10,589
Individually impaired	1,930	(1,930)	-
Total	12,777	(2,188)	10,589
Company			
Individually impaired	297	(297)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

20. TRADE AND OTHER RECEIVABLES (CONT'D)

- (e) The reconciliation of movements in the impairment loss of trade receivables of the Group and of the Company are as follows:

Group	Lifetime ECL allowance RM'000	Credit impaired RM'000	Total impairment RM'000
At 1 April 2023	258	1,930	2,188
Charge for the financial period	-	10,178	10,178
Reversal for the financial period	(247)	(158)	(405)
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At 30 June 2024	11	11,950	11,961
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At 1 April 2022	234	1,311	1,545
Charge for the financial year	24	619	643
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At 31 March 2023	258	1,930	2,188
<hr/>			
Company		Credit impaired RM'000	Total impairment RM'000
At 1 April 2023 / 30 June 2024		297	297
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At 1 April 2022		509	509
Reversal for the financial year		(212)	(212)
<hr/>			
At 31 March 2023		297	297
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Credit impaired refers to debtors who are individually assessed and identified as being in significant financial difficulty and who have defaulted on their payment obligations as of the end of the reporting period. A receivable is considered in default when a customer fails to meet their payment obligations within the agreed timeframe.

Included in the trade receivables is an amount of RM10,130,000 (31.3.2023: RM7,951,000 due from Jovian Apparel Sdn. Bhd. The Group has initiated legal proceedings and served a winding-up petition to the defaulted debtor as disclosed in Note 35(iii). Given the high uncertainty surrounding the recoverability of these debts, management had performed impairment assessment and had fully impaired these debts as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

20. TRADE AND OTHER RECEIVABLES (CONT'D)

- (f) Impairment of other receivables and amount due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The Group defined significant increase in credit risk based on changes to contractual terms, payment delays and past due information.

Generally, the Company considers loans and advances to subsidiaries have low risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiaries' advance to be credit impairment when:

- The subsidiary is unlikely to repay its loan and advances to the Company in full;
- The subsidiary's loan or advance is overdue for more than 120 days; or
- The subsidiary is continuously loss making and is having a deficit shareholder's fund.

The Company determines the probability of default for these intercompany loans and advances using internal information available.

The reconciliation of movements in the impairment loss of other receivables is as follows:

Group	Credit impaired RM'000	Total impairment RM'000
At 1 April 2023/30 June 2024	51	51
At 1 April 2023	1,245	1,245
Reversal for the financial year	(1,194)	(1,194)
At 31 March 2023	51	51
Company		
At 1 April 2023	72,226	72,226
Charge for the financial period	19,983	19,983
At 30 June 2024	92,209	92,209
At 1 April 2022	56,200	56,200
Reversal for the financial year	16,026	16,026
At 31 March 2023	72,226	72,226

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(g) The foreign currencies exposure profile of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	30.6.2024 RM'000	31.3.2023 RM'000	30.6.2024 RM'000	31.3.2023 RM'000
Ringgit Malaysia	3,343	9,333	8,186	1,220
United States Dollar	74	1,038	-	-
Singapore Dollar	415	559	-	-
Indonesian Rupiah	128	128	-	-
	3,960	11,058	8,186	1,220

(h) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Effects of 10% changes to RM against foreign currencies		
Loss after tax		
USD - increase by 10%	6	79
- decrease by 10%	(6)	(79)
SGD - increase by 10%	32	42
- decrease by 10%	(32)	(42)

Sensitivity analysis of RM against Indonesia Rupiah is not disclosed as it is not material to the Company.

21. SHORT TERM FUNDS

	Group and Company	
	30.6.2024 RM'000	31.3.2023 RM'000
Financial assets at fair value through profit or loss:		
At beginning of the financial period/year	31	3,000
Addition during the period/year	1	31
Withdrawal during the period/year	-	(3,000)
	32	31

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

21. SHORT TERM FUNDS (CONT'D)

- (a) Short term funds are the Group and Company's investment in money market funds in Malaysia. These investments represent investments in highly liquid money market instruments which are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.
- (b) Short term funds are categorised as Level 2 in fair value hierarchy. Fair value of short-term funds is determined by reference to the quoted market bid prices at the close of the business at the end of each reporting period.

There has been no transfer between Level 1 and Level 2 fair values for the financial year.

22. FIXED DEPOSIT WITH LICENSED BANK

Fixed deposit with licensed bank earn interest at rates ranging from 2.7% to 3.05% (31.3.2023: Nil) per annum for the Group and the Company and are pledged with licensed banks for banking facilities granted to the Group as disclosed in Note 29.

Fixed deposit with licensed bank of the Group and of the Company have maturity terms of 12 months (31.3.2023: Nil).

23. CASH AND BANK BALANCES

	Group		Company	
	30.6.2024 RM'000	31.3.2023 RM'000	30.6.2024 RM'000	31.3.2023 RM'000
Total cash and bank balances	16,542	1,994	14,060	46

The foreign currencies exposure profile of cash and cash equivalent are as follows:

	Group		Company	
	30.6.2024 RM'000	31.3.2023 RM'000	30.6.2024 RM'000	31.3.2023 RM'000
Ringgit Malaysia	1,793	1,816	137	46
United States Dollar	13,954	110	13,923	-
Singapore Dollar	795	68	-	-
	16,542	1,994	14,060	46

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

23. CASH AND BANK BALANCES (CONT'D)

Sensitivity analysis of RM against foreign currency for cash and bank balances at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Effects of 10% changes to RM against foreign currencies				
Loss after tax				
USD - increase by 10%	(1,060)	(8)	(1,058)	-
- decrease by 10%	1,060	8	1,058	-
SGD - increase by 10%	(60)	(5)	-	-
- decrease by 10%	60	5	-	-

24. ASSETS HELD FOR SALE

	Group	
	30.6.2024 RM'000	31.3.2023 RM'000
Freehold land	-	900
Freehold building	-	400
	-	1,300

On 3 March 2023, General Labels & Labelling (M) Sdn. Bhd., a wholly-owned subsidiary of the Company has entered into sale and purchase agreement with an individual to dispose a piece of freehold land for a cash consideration of RM1,300,000. Accordingly, the freehold land and building under the property, plant and equipment is classified as assets held for sale.

The disposal has been completed on 23 July 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

25. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	30.6.2024		31.3.2023	
	Number of shares	Amount	Number of shares	Amount
	Unit '000	RM'000	Unit '000	RM'000
Issued and fully paid-up with no par value:				
Ordinary shares				
At beginning of financial period/year	577,357	132,927	577,357	132,927
Issuance of ordinary shares with warrants pursuant to right issue	577,257	41,370	-	-
Share consolidation	(923,693)	-	-	-
Share issuance expenses	-	(1,020)	-	-
At end of financial period/year	230,921	173,277	577,357	132,927
Treasury shares				
At beginning of financial period/year	18	4	18	4
Share consolidation	(14)	-	-	-
At end of financial period/year	4	4	18	4

(a) Ordinary shares

- (i) 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.
- (ii) Rights issue with warrants entails an issuance of 577,256,790 rights shares at the issue price of RM0.08 per rights share, on the basis of 3 rights shares for every 3 existing ordinary share of the Company held, together with 192,418,845 warrants on the basis of 1 warrant for every 3 rights shares for a cash consideration of RM46,180,543. Included in the rights issue with warrants, an amount of RM4,810,471 was reversed from share capital to warrant reserve as disclosed in Note 28.

The newly issued shares ranked pari passu in all respect with the existing ordinary shares of the Company.
- (iii) On 26 October 2023, the Company completed its share consolidation exercise involving of five existing ordinary shares in the Company into one ordinary share. Upon completion of the share consolidation, the total number of ordinary shares was reduced to 230,921,376 new consolidated shares.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. Treasury shares have no rights to voting, dividends and participation in other distribution. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase scheme can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds and the shares repurchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act 2016.

None of the treasury shares held was resold or cancelled during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

26. WARRANTS

(a) Warrants 2021/2024 (“Warrant C”)

On 23 November 2020, the Company issued 133,625,329 free Warrants 2021/2024 (“Warrants C”) on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company at an exercise price of RM1.00 per warrant. The warrants were listed and quoted on the Bursa Securities on 15 January 2021.

The salient terms of the Warrant C are as follows:

- (i) The exercise period commenced on the date of issue of the warrants and will expire 3 years from the date of issuance. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid.
- (ii) The warrants were issued in registered form and constituted by a Deed Poll dated 23 November 2020.
- (iii) The exercise price is RM0.56 payable in full in respect of each new share of the Company issued upon the exercise of the warrant. Each warrant carries the entitlement to subscribe for one (1) new ordinary share of the Company.

Pursuant to Right Issues exercised by the Company, the number of outstanding Warrant C which are not exercised prior to the entitlement date was adjusted from 240,460,690 units to 305,875,858 units and the exercise price was revised from RM0.56 to RM0.43.

Pursuant to the Share Consolidation, the exercise price and the number of outstanding Warrant C which are not exercised prior to the entitlement date was adjusted to 61,171,463 units and the exercise price was adjusted to RM2.15.

Subsequently, Warrant C is expired and lapsed on 10 January 2024.

The movement of the outstanding warrants is as follows:

	Group and Company	
	30.6.2024	31.3.2023
	Unit '000	Unit '000
Number of warrants outstanding		
At beginning of the financial period/year	240,461	240,461
Addition	65,415	-
Consolidated	(244,704)	-
Lapsed	(61,172)	-
At end of the financial period/year	-	240,461

There was no exercise of warrants for the current and previous financial period/year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

26. WARRANTS (CONT'D)

(b) Warrants 2023/2026 ("Warrant D")

On 12 May 2023, the Company had issued 192,418,845 Warrants D in conjunction with the issuance of rights shares. The warrants were listed and quoted on the Bursa Securities on 28 June 2023.

The warrant is constituted by a deed poll dated 12 May 2023 ("Deed Poll"). The salient terms of the warrants are as follows:

- (i) The warrants are detachable and separately tradable;
- (ii) Each warrant entitles the holder to subscribe for 1 new ordinary share in the Company at an exercise price of RM0.08;
- (iii) The warrant holders are not entitled to any voting rights or participation in any form of dividends, distributions and/or offer of securities in the Company until and unless such warrant holders exercise their warrants into new ordinary shares;
- (iv) The new ordinary shares to be issued upon exercise of the warrants, shall upon issuance and allotment, rank *pari passu* with the then existing ordinary shares; and
- (iv) The exercise period commenced on the date of issue of the warrants and will expire 3 years from the date of issuance. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid.

Pursuant to the Share Consolidation, the number of outstanding Warrant D which are not exercised prior to the entitlement date was adjusted to 38,483,696 units and the exercise price was adjusted to RM0.40.

The movement of the outstanding warrants is as follows:

	Group and Company	
	30.6.2024	31.3.2023
	Unit '000	Unit '000
Number of warrants outstanding		
At beginning of the financial period/year	-	-
Addition	192,419	-
Consolidated	(153,935)	-
At end of the financial period/year	38,484	-

There was no exercise of warrants for the current financial period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

27. EMPLOYEE SHARE OPTION SCHEME (“ESOS”)

On 5 August 2020, the shareholders of the Company at an Extraordinary General Meeting approved the ESOS to be granted to eligible persons of the companies within the Group (excluding subsidiaries that are dormant) to subscribe for unissued new ordinary shares in the Company.

The salient features of the ESOS are as follows:

- (a) The Scheme will be administered by the ESOS Committee, the composition of which is yet to be decided by the Board.
- (b) The maximum number of new shares of the Company, which may be available under the ESOS shall not exceed in aggregate 10% of the total issued and paid-up capital of the Company at any one time during the duration of the ESOS.
- (c) The ESOS will be made available for participation by eligible persons of the Group who meet the following criteria on the Date of Offer:
 - has attained the age of at least 18 years old and not an undischarged bankrupt;
 - who is in full time of service in a company within the Group;
 - who has been in a fixed duration of continuous service within the Group for such period yet to be determined by the ESOS Committee; and/or
 - be under such categories and criteria that the Option Committee may decide at its absolute discretion from time to time.

Notwithstanding the above, the eligibility and number of options to be offered to an eligible person under the scheme shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

- (d) The maximum number of new shares of the Company that may be offered under the Scheme and allotted to an eligible person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of the eligible person and such other factors that the ESOS Committee may deem relevant, shall be allocated to any eligible person who, either singly or collectively through persons connected with such eligible person, holds 20% or more of issued capital of the Company (excluding treasury shares, if any), shall not exceed 10% of the total number of new Company shares to be issued under the Scheme.

Not more than 70% of the Options available under the Scheme shall be allocated in aggregate to the Executive Directors and senior management personnel of the companies in the Group.

- (e) The ESOS shall be in force for a period of 5 years from the effective date and may be extended or renewed (as the case may be), at the sole and absolute discretion of the Board of Directors of the Company upon the recommendation by the ESOS Committee, provided always that the initial ESOS period stipulated above and such extension of the ESOS made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from the effective date.
- (f) The option price payable for each new share of the Company upon exercise of the options shall be based on the 5-day weighted average market price of the Company’s shares at the time the options are offered, with a discount of not more than 10%;

The Exercise Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees.

- (g) A Grantee shall be allowed to exercise the Options granted to him/her either in whole or part in multiples of 100 Shares as the Grantee may be entitled under the Options at any time during the Option Period whilst he/she is in the employment of any company within the Group (which are not dormant).

There will be no restriction to the Grantee on the percentage of Options exercisable by him/her during the Option Period.

None of such option had been granted to any eligible persons by the Company during the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

28. OTHER RESERVES

	General reserve RM'000 (a)	Translation reserve RM'000 (b)	Revaluation reserve RM'000 (c)	Warrant reserve RM'000 (d)	Total RM'000 (Restated)
Group					
At 1 April 2023 (As restated)	-	103	15,274	-	15,377
Disposal of property, plant and equipment	-	-	(747)	-	(747)
Proceeds from the issuance of warrants	-	-	-	4,810	4,810
At 30 June 2024	-	103	14,527	4,810	19,440
At 1 April 2022 (As restated)	361	1,017	15,274	-	16,652
Other comprehensive loss Recycle to profit or loss on deconsolidation of a subsidiary	-	(262)	-	-	(262)
Reversal on deconsolidation of a subsidiary	(361)	-	-	-	(361)
At 31 March 2023 (As restated)	-	103	15,274	-	15,377
				Warrant reserve RM'000	Total RM'000
Company					
At 1 April 2023				-	-
Proceeds from the issuance of warrants				4,810	4,810
At 30 June 2024				4,810	4,810

- (a) General reserve of the Group is maintained by a former subsidiary in Thailand compliance with Section 1202 of the Thai Civil and Commercial Code, that at each distribution of dividend, at least 5% of the profit or more must be appropriated to a reserve fund until such appropriations reach 10% of the registered capital of the subsidiary.
- (b) Translation reserve of the Group represents foreign exchange differences arising from the translation of the financial statements of a foreign subsidiary and an associate whose functional currencies are different from that of the Group's functional currency.
- (c) Revaluation reserve of the Group represents the gain on revaluation arising from the revaluation of certain freehold land and buildings of the Group by various firms of independent valuers during the financial periods under review.
- (d) Warrants reserve represents the proceeds from the issuance of warrants which are non-distributable. The warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

29. BANK BORROWINGS

	30.6.2024 RM'000	Group 31.3.2023 RM'000	Company 30.6.2024 RM'000	31.3.2023 RM'000
Current				
Secured:				
Term loans	369	821	-	-
Bank overdraft	5,234	-	5,234	-
	5,603	821	5,234	-
Non-current				
Secured:				
Term loans	3,712	4,151	-	-
	9,315	4,972	-	-

The non-current portion is repayable as follows:

	Group 30.6.2024 RM'000	31.3.2023 RM'000
One to four years	2,270	2,007
After four years	1,442	2,144
	3,712	4,151

(a) Term loans

The term loans are secured by a legal charge over the freehold land and building of a subsidiary with a carrying value of RM32,346,000 (31.3.2023: RM32,783,000) as disclosed in Note 12 and also corporate guarantee from the Company.

The effective interest rate at the end of the reporting period is 5.20% per annum (31.3.2023: ranging from 3.95% to 7.50%).

(b) Bank overdraft

The bank overdraft is secured by charge over fixed deposits with licensed bank as disclosed in Note 22.

The effective interest rate at the end of the reporting period is 7.20% per annum (31.3.2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

30. TRADE AND OTHER PAYABLES

	Group		Company	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Trade payables				
Third parties	2,783	6,555	-	-
Other payables				
Other payables	3,493	7,957	54	78
Accruals	701	-	94	-
Deposits received	2,503	-	-	-
Total payables	9,480	14,512	148	78
Deferred income	422	422	-	-
Total trade and other payables	9,902	14,934	148	78

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Company range from 60 to 120 days (31.3.2023: 60 to 120 days) from date of invoice.
- (b) Deferred income of RM422,000 (31.3.2023: RM422,000) arising from a gain on deconsolidation in previous financial years of a loss-making indirect subsidiary of the Company, PT Komark Label and Labelling Indonesia.
- (c) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	30.6.2024 RM'000	31.3.2023 RM'000	30.6.2024 RM'000	31.3.2023 RM'000
Ringgit Malaysia	9,900	14,635	148	78
United States Dollar	2	283	-	-
Singapore Dollar	-	15	-	-
Indonesian Rupiah	-	1	-	-
	9,902	14,934	148	78

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

30. TRADE AND OTHER PAYABLES (CONT'D)

- (c) The currency exposure profile of trade and other payables is as follows (cont'd):

Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	30.6.2024	31.3.2023
	RM'000	RM'000
Effects of 10% changes to RM against foreign currencies		
Loss after tax		
USD - increase by 10%	-	21
- decrease by 10%	-	(21)

Sensitivity analysis of RM against other foreign currencies are not disclosed as they are not material to the Group and the Company.

31. RELATED PARTY DISCLOSURES

- (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

- (i) Direct and indirect subsidiaries as disclosed in Note 15;
- (ii) Associate as disclosed in Note 16;
- (iii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group; and
- (iv) Companies in which a Director is also a Director cum shareholder of the Company.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	1.4.2023	1.4.2022	1.4.2023	1.4.2022
	to	to	to	to
	30.6.2024	31.3.2023	30.6.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Transactions with related parties				
Sales of goods	2,056	2,358	-	-
Trademark license fee	900	-	-	-

The related party transactions described above were carried out based on negotiated terms and conditions mutually agreed with the respective related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

31. RELATED PARTY DISCLOSURES (CONT'D)

- (c) Compensation of key management personnel

The information on remuneration of directors of the Group and of the Company, who are the only key management personnel during the year was disclosed in Note 9.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	As of beginning of financial period/year RM'000	Financing cash flows (i) RM'000	Non-cash changes (ii) RM'000	At end of the financial period/year RM'000
Group				
30.6.2024				
Term loans	4,972	(891)	-	4,081
Lease liabilities	3,593	(1,686)	5,006	6,913
<hr/>				
31.3.2023				
Term loans	5,414	(442)	-	4,972
Lease liabilities	7,431	(3,714)	(124)	3,593

- (i) The cash flows from bank borrowings and lease liabilities make up the net proceeds from or repayments or payments in the statement of cash flows.
- (ii) Non-cash changes included the modification of lease contracts, and new lease liabilities and right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its business and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital on the basis of the debts to equity ratio. The debts to equity ratio is calculated as interest bearing liabilities including loans and borrowings divided by equity attributable to owners of the Company.

There was no change in the Group's approach to capital management during the financial period and the Group is not required to comply with any externally imposed capital requirements in respect of their external borrowings for the financial period ended 30 June 2024.

The debts to equity ratio of the Group at the end of the reporting period was as follows:

	Group	
	30.6.2024	31.3.2023
	RM'000	RM'000
Loans and borrowings	9,315	4,972
Lease liabilities	6,913	3,593
Total debts	16,228	8,565
Less: Cash and cash equivalents	(11,340)	(2,025)
Net debts	4,888	6,540
Total equity attributable to members of the Company	98,841	95,322
Debts to equity ratio (times)	0.05	0.07

Pursuant to the requirements of Practice No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial period ended 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Classification of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	30.6.2024 RM'000	31.3.2023 RM'000	30.6.2024 RM'000	31.3.2023 RM'000
Financial assets				
<u>Fair value through profit or loss</u>				
Other investment	7,963	9,100	-	-
Short term fund	32	31	32	31
<hr/>				
<u>At amortised cost</u>				
Trade and other receivables	3,960	11,058	8,168	1,220
Fixed deposit with licensed bank	8,000	-	8,000	-
Cash and bank balances	16,542	1,994	14,060	46
<hr/>				
Financial liabilities				
<u>At amortised cost</u>				
Trade and other payables	9,480	14,512	148	78
Bank borrowings	9,315	4,972	5,234	-
Lease liabilities	6,913	3,593	-	-

(c) Financial risk management

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, liquidity risk and market price risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

The following sections provide details regarding the Group's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Foreign currency risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into with entities in currencies other than its functional currency. The Group is also exposed to foreign currency risk in respect of foreign subsidiary and associate.

Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The exposures of the Company to currency fluctuation are kept at an acceptable level.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 20, 23 and 30 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (cont'd)

(ii) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts as the Group had no substantial long-term interest-bearing assets as at 30 June 2024. The Group borrows at floating rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

The information on maturity dates and effective interest rates of financial assets and liabilities has been disclosed in Notes 6, 14 and 29 respectively.

Interest rate sensitivity analysis

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

	Group	
	30.6.2024	31.3.2023
	RM'000	RM'000
Fixed rate instruments		
<u>Financial liabilities</u>		
Fixed deposit with licensed bank	8,000	8,000
Lease liabilities	6,913	3,593
Floating rate instruments		
<u>Financial liabilities</u>		
Loans and borrowings	9,315	4,972

Sensitivity analysis is not disclosure for fixed rate instruments are not exposed to interest rate risk and are measured at amortised cost.

At the end of the reporting period, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's loss after tax for the financial period would have been approximately RM 70,794 (31.3.2023: RM 37,787) lower/higher, arising mainly as a result of lower/higher finance cost on floating rate borrowings. The assumed movement in basis point for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

(iii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, short term funds, fixed deposit with licensed bank and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Group monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all new customers who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd)

(iii) Credit risk (cont'd)

Recognition and measurement of impairment loss

The Company manage its credit risk with its trade and other debtors through periodic review of credit limits. Information regarding loss allowance of trade and other receivables is disclosed in Note 20.

Cash and bank balances are held with reputable banks and financial institutions, short term funds and fixed deposit with licensed bank which have low credit risk and no history of default. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

During the financial period, the Group did not renegotiate the terms of any trade receivable.

Impairment are individually assessed and identified as being in significant financial difficulty and who have defaulted on their payment obligations as of the end of the reporting period. A receivable is considered in default when a customer fails to meet their payment obligations within the agreed timeframe. The Group has initiated legal proceedings and served a winding-up petition to the defaulted debtor. Given the high uncertainty surrounding the recoverability of these debts, the whole amount due from credited impaired debtor was impaired as at the end of the reporting period.

At the end of the reporting period, the Group does not have any significant exposure to any individual customer or counterparty other than 73% (31.3.2023:65%) of the Group's trade receivables as at reporting date were due from one (1) (31.3.2023: two (2)) major customers. The Group does not anticipate the carrying amount recorded at the reporting period to be significantly different from the values that would eventually be received.

Financial guarantee

The Group provides corporate guarantee to bank and non-financial institution in respect of banking facilities granted to a subsidiary. The Group monitors the ability of the subsidiary to service their loans on an individual basis.

The maximum exposure to credit risk amounts of RM23,810,000 (31.3.2023: RM25,900,000) representing the outstanding banking facilities of the subsidiary as at the end of the reporting date.

At the reporting date, the Group does not consider it probable that a claim will be made against the Group under the guarantee.

(iv) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd)

(iv) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Effective interest rate %	Carrying amount RM'000	On demand within 1 year RM'000	Between 1 - 5 years RM'000	Total contractual cash flows RM'000
Group					
30.6.2024					
Trade and other payables	-	9,480	9,480	-	9,480
Lease liabilities	3.89 - 4.75	6,913	1,545	6,586	8,131
Bank borrowings	3.28 - 7.20	9,315	5,791	4,270	10,061
		25,708	16,816	10,856	27,672
31.3.2023					
Trade and other payables	-	14,512	14,512	-	14,512
Lease liabilities	3.86 - 5.65	3,593	1,838	2,048	3,886
Bank borrowings	3.95 - 7.50	4,972	1,101	5,121	6,222
		23,077	17,451	7,169	24,620
Company					
30.6.2024					
Trade and other payables	-	148	148	-	148
Bank borrowing	7.20	5,234	5,611	-	5,611
Financial guarantee*	-	-	23,810	-	23,810
		5,382	29,569	-	29,569
31.3.2023					
Trade and other payables	-	78	78	-	78
Financial guarantee*	-	-	25,900	-	25,900
		78	25,978	-	25,978

* This disclosure represents the maximum liquidity risk exposure

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd)

(v) Market price risk

Market price risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to price risk arising from the Group's investment in equity securities and short-term funds.

The Group's investment in money market unit trust, which are highly liquid and are subject to insignificant risk of change in fair value. Therefore, the Directors were of the opinion that the Group's investment in short-term funds were not subject to significant exposure to market price risk.

Management of the Group monitors equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Directors.

Sensitivity analysis of equity price risk

A possible strengthening/weakening of 5% in equity price, assuming all other variable constant at the end of the reporting period would have increased/decreased post-tax profit or loss of the Group by RM303,000 (31.3.2023: RM346,00) for investment in equity classified as fair value through profit or loss.

(c) Fair value information

The carrying amount of cash and bank balances, trade and other receivables, trade and other payables and current loan and borrowing are reasonable approximation of their fair values due to their short-term nature.

The fair value of non-current loan and borrowing for disclosure purposes is estimated by discounting the expected future cash flow at market lending rates for similar types of lending as at the end of the reporting period. The estimated fair value of these non-current loan and borrowing approximate its carrying amount.

Fair value information for financial assets measured at fair value through profit or loss are disclosed in Note 20 and 30 of the financial statements.

34. SEGMENT INFORMATION

(a) Operating segment

Segmental information is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity.

The Group is organised into businesses based on their activities, and has three reportable operating segments as follows:

- | | | |
|-------|------------------------------------|-------------------------------------------------------------------------------|
| (i) | Self- stickers adhesive labels and | - manufacturing and sales self-adhesive labels and stickers. |
| (ii) | Face masks | - manufacture and wholesale of face masks. |
| (iii) | Others | - head office, management services, investment holding and dormant companies. |

For each of the divisions, the Executive Director reviews the internal management reports on a monthly basis and conducts performance dialogues with the divisions on a regular basis. The Group assesses the performance of the operating segments based on measure of revenue and loss before tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

34. SEGMENT INFORMATION (CONT'D)

(a) Operating segment (cont'd)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities, income and expenses.

Group

	Note	Label and sticker manufacturing RM'000	Face mask manufacturing RM'000	Adjustments and elimination RM'000	Consolidated RM'000
30.6.2024					
Revenue					
External customers		24,128	5,229	-	29,357
Inter-segment sales		231	-	(231)	-
Total revenue	(A)	24,359	5,229	(231)	29,357
Results					
Other operating income		1,902	105	(225)	1,782
Finance cost		(661)	(288)	-	(949)
Depreciation and amortisation expenses		(4,943)	(4,757)	-	(9,700)
Other non-cash items expenses	(B)	(32,364)	(23,350)	26,209	(29,505)
Segment loss before tax		(38,816)	(29,030)	26,209	(41,637)
Segments assets		110,428	31,071	(16,528)	124,971
Segment liabilities		83,521	64,211	(121,602)	26,130
31.3.2023					
Revenue					
External customers		30,730	20,703	-	51,433
Discontinued operation		(10,692)	-	-	(10,692)
Inter-segment sales		2,473	-	(2,473)	-
Total revenue	(A)	22,511	20,703	(2,473)	40,741
Results					
Other operating income		4,964	279	(697)	4,546
Finance cost		(513)	(91)	5	(599)
Depreciation and amortisation expenses		(3,753)	(3,632)	(580)	(7,965)
Other non-cash items expenses	(B)	(28,552)	(5,142)	36,454	2,760
Segment loss before tax		(39,834)	(4,622)	40,323	(4,133)
Segments assets		91,558	44,368	(17,105)	118,821
Segment liabilities		70,422	50,174	(97,097)	23,499

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

34. SEGMENT INFORMATION (CONT'D)

(a) Operating segment (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation. Revenue reported above represents revenue generated from the reportable segments. Inter-segment sales for the current period/year is RM231,000 (31.3.2023: RM2,473,000).

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Group	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000
Gain on termination lease	8	-
Gain on modification of lease	42	-
Gain on disposal of property, plant and equipment	33	61
Gain on disposal of subsidiary	-	1,403
Fair value (loss)/gain on investment in quoted shares	(4,068)	2,348
Impairment of property, plant and equipment	(10,854)	-
Inventories written off	(118)	-
Loss on foreign exchange:		
- unrealised	(299)	(31)
Loss on disposal of quoted share	(1,299)	-
Net reversal/(allowance) for impairment losses on:		
Trade receivables		
- Third parties	(9,773)	(647)
- Related parties	-	4
Other receivables	-	(45)
Amount due from associate	-	1,239
Property, plant and equipment written off	(674)	(363)
Inventories written down	(2,446)	(917)
Right-of-use assets written off	-	(292)
Trade receivable written off	(57)	-
	(29,505)	2,760

(b) Geographical segment

Segmental information is presented in respect of the Group's geographical segments based on the Group's management and internal reporting structure.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on location of the assets.

The non-current assets do not include financial instruments, investment in associate and deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

34. SEGMENT INFORMATION (CONT'D)

(b) Geographical segment (cont'd)

Geographical information

	External revenue		Non-current assets	
	1.4.2023 to 30.6.2024 RM'000	1.4.2022 to 31.3.2023 RM'000	30.6.2024 RM'000	31.3.2023 RM'000
Group				
Malaysia	24,919	40,741	84,611	94,142
Singapore	3,640	-	-	-
Thailand	62	10,692	-	-
Indonesia	241	-	-	-
Philippines	495	-	-	-
Discontinued operations	29,357	51,433 (10,692)	84,611	94,142
	29,357	40,741	84,611	94,142

35. CAPITAL COMMITMENT

	Group	
	30.6.2024 RM'000	31.3.2023 RM'000
Capital expenditure approved and contracted for the expansion of production capacity for the face mask manufacturing business	1,500	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

36. MATERIAL LITIGATION

(i) **Kuala Lumpur High Court (“High Court”) Civil Suit No. WA-23NCVC-43-05/2021 Komarkcorp Berhad v The Edge Communications Sdn Bhd (“The Edge”)**

On 17 May 2021, the Company filed a Writ and Statement of Claim in the High Court in Kuala Lumpur bearing Suit Number of WA-23NCVC-43-05/2021 against the Edge Communications Sdn Bhd (“The Edge”), among others, seeking damages and an injunction to restrain The Edge and its agents, servants or otherwise from publishing or caused to be published any articles, statements, sentences or words which are defamatory to the Company.

The Company had filed for an application for further and better particulars in respect of the claim and at the same time The Edge had also filed an application to strike out the Writ and Statement of Claim. Both claims by the Company and The Edge had been dismissed by the Court on 13 October 2021 with costs of RM5,000 to be paid respectively to one another. Both the Company and The Edge failed to reach a resolution via the mediation which was fixed for 29 June 2022.

On 18 March 2024, the High Court instructed the parties to file Submission with a decision scheduled on 26 March 2024. The High Court rendered judgement dismissing the Company’s claims against The Edge. Costs of RM35,000 were awarded to The Edge, subject to an allocatur fee.

On 22 April 2024, the Company filed a Notice of Appeal against the judgement of the High Court on 26 March 2024. The Court of Appeal (“The Court”) has fixed a physical hearing on 21 April 2025 and directed parties to file Submission and/or Executive Summary, Common Core Bundle by 24 March 2025, Submission in Reply, Particulars of Solicitors and Special Bundle by 7 April 2025.

(ii) **Kuala Lumpur Industrial Court Suit No. 20.4-312/22 Chin Kim Meng (“Claimant”) v General Labels & Labelling (M) Sdn. Bhd. (“Respondent”)**

Vide Industrial Court Suit No. 20/4 – 312/22, Claimant, a former employee of the Respondent, brought an action based on wrongful dismissal against the Respondent.

The Industrial Court had on 5 September 2023 decided in the Claimant’s favour and awarded the sum of RM118,330 [less statutory deductions (if any)] to the Claimant, to be paid within thirty (30) days from the date of the award.

On 18 September 2023 the Respondent has filed an appeal against the Industrial Court’s award in the Kuala Lumpur High Court vide Civil Appeal No. WA-16A-61-09/2023. However, on 6 August 2024, the High Court had dismissed the Respondent appeal with costs of RM3,000 and allocatur fees of RM120.

(iii) **Kuala Lumpur High Court (“High Court”) Winding-Up Petition No. WA-28NCC-210-03/2024 (“WU Petition”) Komark Mask (M) Sdn. Bhd. (“KMM”) v Jovian Apparel Sdn. Bhd. (“Jovian Apparel”)**

On 1 March 2024 a winding-up petition No. WA-28NCC-210-03/2024 against Jovian Apparel Sdn Bhd (“Jovian Apparel”) in the High Court of Malaya at Kuala Lumpur. Jovian Apparel (Receiver and Manager appointed) filed an application to strike out the WU Petition (“Striking Out Application”). The Striking Out Application and WU Petition are fixed for hearing on 28 October 2024.

Jovian Apparel (Receiver and Manager appointed) had on 17 May 2024 filed Originating Summons No. WA-24NCC-233-05/2024 (‘OS 233’) in the High Court of Malaya at Kuala Lumpur pursuant to sections 366 and 368 of CA 2016. On 29 May 2024, The Group filed an application for leave to intervene in OS 233 (“Intervention Application”). On 16 July 2024, Jovian Apparel (Receiver and Manager appointed) filed an application for, among others, an ad-interim order be given to restrain all proceedings against Jovian Apparel pending disposal of OS 233 (“Application for Ad-Interim Restraining Order”).

On 19 August 2024, the Court allowed the Intervention Application with no order as to costs and granted an ad-interim order to restrain all proceedings against Jovian Apparel for a period of 3 weeks from 19 August 2024. The Application for Ad-Interim Restraining Order and OS are fixed for hearing on 10 September 2024.

On 18 September 2024, the Amended OS 233 was dismissed by the Court with costs of RM10,000 to be paid by Jovian Apparel to the Group and another party respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

37. COMPARATIVE FIGURE

The following comparative items in the statement of profit or loss and other comprehensive income have been reclassified to conform to current year's presentation.

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
31.3.2023			
Group			
Cost of sales	(38,561)	1,862	(36,699)
Other operating expenses	(9,709)	(2,964)	(12,673)
Net gain/(losses) on impairment of financial assets	(551)	1,102	551

38. PRIOR YEAR ADJUSTMENT

During the financial period, the Group and Company had uncovered the misstatements which was inadvertently recorded in the prior years' financial statements.

Pursuant to the abolishment of the concept of nominal value in shares by the implementation of Companies Act, 2016 w, which was effective on 31 January 2017 with a 2 years period transition period. Hence, upon the full transition to Companies Act, 2016 this policy also renders the capital redemption reserves of a Group and a Company to be no longer relevant.

These misstatements have now been corrected by way of retrospective adjustments and the effect of these adjustments is a decrease in accumulated losses as of 31 March 2023 and 1 April 2022 by RM33,882,000 for the Group and the Company. The adjustments have no impact on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows for prior periods.

The disclosure set out below explain how the impact of the prior year adjustments has affected the financial position of the Group and of the Company:

	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000
31.3.2023			
Group			
Statement of Financial Position			
Capital and Reserves			
Capital reserves	33,882	(33,882)	-
Retained earnings	(86,437)	33,882	(52,555)
Company			
Statement of Financial Position			
Capital and Reserves			
Capital reserves	33,882	(33,882)	-
Retained earnings	(151,279)	33,882	(117,397)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 JUNE 2024

38. PRIOR YEAR ADJUSTMENT (CONT'D)

The disclosure set out below explain how the impact of the prior year adjustments has affected the financial position of the Group and of the Company (cont'd):

	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000
1.4.2022			
Group			
Statement of Financial Position			
Capital and Reserves			
Capital reserves	33,882	(33,882)	-
Retained earnings	(82,038)	33,882	(48,156)
<hr/>			
Company			
Statement of Financial Position			
Capital and Reserves			
Capital reserves	33,882	(33,882)	-
Retained earnings	(126,981)	33,882	(93,099)
<hr/>			

LIST OF PROPERTIES

Owner	Title No/Location	Existing usage	Expiry Date	Land Area/ Build Up Area Sq. Ft.	Age of Building (Year)	Tenure	Date of last revaluation/ acquisition	Net book Value as at 30.06.2024 RM ('000)
Komark International (M) Sdn. Bhd.	GM No. 439, Lot 132, Mukim of Kajang District, Hulu Langat, Selangor.	Factory Cum Office (HQ)	-	L-147,756 B-150,000	20	Freehold	29/09/2022	32,344

ANALYSIS OF SHAREHOLDINGS

AS AT 24 SEPTEMBER 2024

Total Issued Share	:	230,917,776 Ordinary Shares (Excluding 3,600 Treasury Shares)
Types of Shares	:	Ordinary Share
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS AS AT 24 SEPTEMBER 2024

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	1,054	25,598	0.0111
100 to 1,000	1,332	782,828	0.3390
1,001 to 10,000	3,100	12,849,040	5.5643
10,001 to 100,000	1,210	38,972,991	16.8774
100,001 to less than 5% of issued shares	173	144,564,819	62.6045
5% and above of issued shares	1	33,722,500	14.6037
Total	6,870	230,917,776	100.0000

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Names	Direct Interest		Indirect Interest	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	40,000	0.0173	-	-
2.	Roy Ho Yew Kee	240,000	0.1039	-	-
3.	Koo Kien Keat	-	-	-	-
4.	Dr Chan Jee Peng	-	-	-	-
5.	Dr Azizah Binti Sulaiman	-	-	-	-

SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Names	Direct Interest		Indirect Interest	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Key Alliance Group Berhad	44,343,640	19.2032	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 24 SEPTEMBER 2024

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 24 SEPTEMBER 2024)

	Names	No. of Shares	Percentage of Shareholdings (%)
1.	KEY ALLIANCE GROUP BERHAD	33,722,500	14.6037
2.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR LAZARUS SECURITIES PTY LTD	11,371,500	4.9245
3.	BOTANICAL DISTRIBUTION SDN BHD	11,002,000	4.7645
4.	LKL ADVANCE METALTECH SDN BHD	11,000,000	4.7636
5.	ATTRACTIVE VENTURE SDN. BHD.	10,684,300	4.6269
6.	UNIK MAKMUR SDN. BHD.	9,780,160	4.2353
7.	AE MULTI INDUSTRIES SDN BHD	8,400,000	3.6377
8.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR LAZARUS SECURITIES PTY LTD	7,993,840	3.4618
9.	M & A NOMINEE (ASING) SDN BHD EXEMPT AN FOR SFGHK LIMITED (ACCOUNT CLIENT)	6,164,780	2.6697
10.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	6,049,580	2.6198
11.	PARLO TOURS SDN. BHD.	3,400,000	1.4724
12.	LIM SOOK CHEAN	2,891,000	1.2520
13.	SJ SEC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABOUBAKAR RAFICK MOUSSA ISMAEL OMARJEE (SMT)	2,853,600	1.2358
14.	UNIK MAKMUR SDN. BHD.	2,767,640	1.1985
15.	AE MULTI INDUSTRIES SDN. BHD.	2,600,000	1.1259
16.	ABOUBAKAR RAFICK MOUSSA ISMAEL OMARJEE	2,500,000	1.0826
17.	LAI THIAM POH	1,509,600	0.6537
18.	NG TONG LAI	1,394,980	0.6041
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG CHOW HUAT	1,264,004	0.5474
20.	MERCSEC NOMINEES (ASING) SDN BHD GENERAL RESERVE OF DIGITAL ASSETS LIMITED	1,160,000	0.5023
21.	EE KAN WONG	1,020,000	0.4417
22.	CHOW CHAN WEE	988,100	0.4279
23.	TAN YOKE THENG	900,000	0.3897
24.	CITIGROUP NOMINEES (ASING) SDN BHD CBLDN FOR UNION BANCAIRE PRIVEE	894,240	0.3873
25.	ONG CHONG CHEE	800,000	0.3464
26.	QUEK HONG JIE	800,000	0.3464
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR MUTHUKUMAR A/L AYARPADDE (PW-M00144) (550548)	713,000	0.3088
28.	LEE MEE KUEN	630,900	0.2732
29.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG TENG CHAI (J BENDAHARA CL)	612,440	0.2652
30.	ACRYL SANI BIN ABDULLAH SANI	600,000	0.2598

ANALYSIS OF WARRANTS D AS AT 24 SEPTEMBER 2024

Total Issued Warrants : 38,483,696 Warrants D
 Total Exercised Warrants : -
 Total Outstanding : 38,483,696 Warrants D

DISTRIBUTION OF WARRANTS D AS AT 24 SEPTEMBER 2024

Size of Warrant Holdings	No. of Warrant Holders	No. of Warrants	Percentage of Warrants Holdings (%)
Less than 100	26	484	0.0013
100 to 1,000	61	35,381	0.0919
1,001 to 10,000	143	589,262	1.5312
10,001 to 100,000	33	825,380	2.1448
100,001 to less than 5% of issued warrants	8	3,837,191	9.9709
5% and above of issued warrants	8	33,195,998	86.2599
Total	279	38,483,696	100.0000

DIRECTORS' INTEREST IN WARRANTS D

None of the Directors hold any warrants D in the Company as per the Register of Director's Warrant D holdings.

ANALYSIS OF WARRANTS D

AS AT 24 SEPTEMBER 2024

THIRTY LARGEST WARRANT D HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 24 SEPTEMBER 2024)

	Names	No. of Warrants	Percentage of Warrant Holdings (%)
1.	KEY ALLIANCE GROUP BERHAD	8,666,666	22.5204
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR LAZARUS SECURITIES PTY LTD	4,540,380	11.7982
3.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR LAZARUS SECURITIES PTY LTD	3,694,900	9.6012
4.	BOTANICAL DISTRIBUTION SDN BHD	3,667,333	9.5296
5.	LKL ADVANCE METALTECH SDN BHD	3,666,666	9.5278
6.	UNIK MAKMUR SDN. BHD.	3,260,053	8.4713
7.	ATTRACTIVE VENTURE SDN. BHD.	2,900,000	7.5357
8.	AE MULTI INDUSTRIES SDN BHD	2,800,000	7.2758
9.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	1,741,179	4.5245
10.	AE MULTI INDUSTRIES SDN. BHD.	866,666	2.2520
11.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG CHIEW SIAN (B TINGGI-CL)	263,500	0.6847
12.	NG TONG LAI	233,333	0.6063
13.	CITIGROUP NOMINEES (ASING) SDN BHD CBLDN FOR UNION BANCAIRE PRIVEE	200,000	0.5197
14.	M & A NOMINEE (ASING) SDN BHD EXEMPT AN FOR SFGHK LIMITED (ACCOUNT CLIENT)	200,000	0.5197
15.	UNIK MAKMUR SDN. BHD.	199,180	0.5176
16.	ONG CHONG CHEE	133,333	0.3465
17.	CHIN KIAM HSUNG	60,000	0.1559
18.	TOH CHIN CHONG	48,666	0.1265
19.	TEO CHENG WEE	46,661	0.1212
20.	TEH SWEE LIP	41,400	0.1076
21.	SOO AI LIN	41,306	0.1073
22.	LIEW YOOK KUIW	40,000	0.1039
23.	TOH SU-N	36,666	0.0953
24.	CHIN KIM YONG	33,333	0.0866
25.	TOH EU WYNN	33,333	0.0866
26.	YEE CHIN CHIN	33,333	0.0866
27.	EWE HONG KHOON	31,880	0.0828
28.	THE SIEW KIM	29,000	0.0754
29.	WONG YAN CHIEW	28,800	0.0748
30.	LAU YOU HO	27,266	0.0709

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting (“**28th AGM**”) of the Company will be held as a virtual meeting through live streaming and online voting via Remote Participation and Voting facilities provided by InsHub Sdn. Bhd. via website at <https://rebrand.ly/KomarkAGM> from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 27 November 2024 at 10.00 a.m., or at any adjournment thereof, to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 30 June 2024 together with the Reports of the Directors and Auditors thereon. *(Please refer Note 1 of the Explanatory Note)*

2. To re-elect the following Directors who retire pursuant to Clause 102 of the Company’s Constitution and being eligible, have offered themselves for re-election:
 - (i) YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad
 - (ii) Dr Chan Jee Peng**Ordinary Resolution 1**
Ordinary Resolution 2
(Please refer Note 2 of the Explanatory Note)

3. To approve the payment of Directors’ fees and benefits amounting up to RM600,000.00 to the Directors of the Company from 28th AGM up to the conclusion of the 29th Annual General Meeting (“**AGM**”). **Ordinary Resolution 3**

4. To re-appoint Messrs. Morison LC PLT as Auditors of the Company and to hold office until the conclusion of the next AGM at such remuneration to be determined by the Directors of the Company. **Ordinary Resolution 4**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

5. **Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016** **Ordinary Resolution 5**
(Please refer Note 3 of the Explanatory Note)

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT in connection with the above, pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 55 of the Company’s Constitution, the shareholders of the Company by approving this resolution are deemed to have waived their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with the existing shares in the Company.”

NOTICE OF ANNUAL GENERAL MEETING

6. **Proposed Renewal of Authority for the Company to Purchase its own Shares (“Proposed Renewal of Share Buy-Back Authority”)**

Ordinary Resolution 6
*(Please refer Note 4 of
the Explanatory Note)*

“**THAT** subject to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and
- iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends;

THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

- i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

NOTICE OF ANNUAL GENERAL MEETING

7. **Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Ordinary Resolution 7
(Please refer Note 5 of the Explanatory Note)

“**THAT**, subject always to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries (collectively the “**Group**”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.4 of the Circular to Shareholders dated 29 October 2024, provided that such transactions and/or arrangements which are necessary for the Group’s day-to-day operations are undertaken in the ordinary course of business, at arm’s length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the “**Proposed New and Renewal of Shareholders’ Mandate**”):

THAT the Proposed New and Renewal of Shareholders’ Mandate shall only continue to be in full force until:

- i) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at said AGM, such authority is renewed; or
- ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed New and Renewal of Shareholders’ Mandate.”

8. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482) (SSM PC No. 202208000250)
Company Secretary

Kuala Lumpur
Dated: 29 October 2024

NOTICE OF ANNUAL GENERAL MEETING

Notes:-

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the 28th AGM in person at the Broadcast Venue on the day of the meeting.
2. In respect of the deposited securities, only members whose names appear on the Record of Depositors on 14 November 2024 shall be eligible to attend the 28th AGM or appoint proxy(ies) to attend and/or vote on his/her behalf.
3. A member entitled to attend and vote at this meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An Exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. The instrument appointing a proxy shall be in writing under the hand of appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
7. If you decide to appoint a proxy or proxies for the 28th AGM, you must complete, sign and return the Proxy Form and deposit it at the Share Registrar's office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or email to admin@aldpro.com.my or fax to +603 2201 7774 not less than forty-eight (48) hours before the time for holding the 28th AGM or at any adjournment thereof.
8. If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in the 28th AGM by yourself, please contact the Company's Share Registrar to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

EXPLANATORY NOTES

Note 1

Audited Financial Statements for the financial period ended 30 June 2024

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

Note 2

Ordinary Resolutions 1 and 2: Re-election of Directors

The following Directors who are standing for re-election as Directors of the Company pursuant to Clause 102 of the Company's Constitution at the 28th AGM of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:-

- a) YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad
- b) Dr Chan Jee Peng

NOTICE OF ANNUAL GENERAL MEETING

(Collectively referred to as “Retiring Directors”)

The Board of Directors through the Nomination Committee has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the respective Director concerned) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company. The profiles of the Retiring Directors who are standing for re-election under item 2 of this Agenda are set out in the Directors’ profile of the Annual Report 2024.

Note 3

Ordinary Resolution 5 - Authority to Directors to Allot and Issue Shares

The proposed Ordinary Resolution 5 if passed, is a renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

The general mandate granted to the Directors at the 27th AGM held on 21 September 2023 was not utilised and accordingly no proceeds were raised.

Pursuant to Section 85 of the Act read together with Clause 55 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

Section 85(1) of the Act provides as follows:

“85. Pre-emptive rights to new shares

- (1) Subject to the Constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”

Clause 55 of the Constitution of the Company provides as follows:

“55. Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may, likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause.”

The proposed Ordinary Resolution 5, if passed, will exclude your pre-emptive right to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.

NOTICE OF ANNUAL GENERAL MEETING

Note 4

Ordinary Resolution 6 - Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 6 is a renewal generate mandate and if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company.

Further details are set out in the Circular to Shareholders dated 29 October 2024.

Note 5

Ordinary Resolution 7 - Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 7, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

Further details are set out in the Circular to Shareholders dated 29 October 2024.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities:-

1. Details of individual who are standing for election as Directors (excluding Directors for re-election).

No individual is seeking election as a Director at the 28th AGM of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Listing Requirements of Bursa Securities.

The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out under Explanatory Note 3.

ADMINISTRATIVE GUIDE

Date	: 27 November 2024
Time	: 10.00 a.m.
Broadcast Venue	: Lot 4.1, 4 th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

MODE OF MEETING

The 28th AGM will be held as a virtual meeting through live streaming and online voting via Remote Participation and Voting facilities (“**RPV**”) provided by InsHub Sdn. Bhd. via website at <https://rebrand.ly/KomarkAGM>. No shareholders/proxies are allowed to be physically at the broadcast venue.


All shareholders of the Company, whether Individual Shareholders, Corporate Shareholders, Proxy Holders, Authorised Nominees or Exempt Authorised Nominees who wish to attend the AGM will have to register to attend remotely by using the RPV, the details of which is set out below.

RPV Facilities

- The AGM will be conducted entirely through live streaming and online remote voting. Should you wish to attend the AGM you will be required to do so by registering yourself using the RPV Facilities in accordance with the instructions set out under Section 4 below.

With the RPV Platform, you may exercise your rights as a Shareholder to participate (*including to pose questions to the Board of Directors (“**Board**”) and vote at the AGM.*)

- If a shareholder is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.
- For proxies or corporate representatives / authorised nominees / exempt authorised nominees who wishes to use the RPV Facilities at the AGM, please ensure the duly executed Proxy Form or the original certificate of appointment of its corporate representative must be submitted to the Company’s Share Registrar’s office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or email to admin@aldpro.com.my or fax to +603 2201 7774 not less than forty-eight (48) hours before the time for holding the 28th AGM or at any adjournment thereof.
- The procedures for the RPV in respect of the live streaming and remote voting at the AGM is as follows:

Procedures	Action
Before AGM	
1. Register as participant in Virtual AGM 	<ul style="list-style-type: none"> Using your computer, access the registration website at https://rebrand.ly/KomarkAGM Click on the Register link to register for the AGM session. If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. Click Register and enter your email followed by Next to fill in your details to register for the AGM session. Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS).

ADMINISTRATIVE GUIDE

Procedures		Action
Before AGM (Cont'd)		
2.	Submit your online registration	<ul style="list-style-type: none"> Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities are required to register prior to the meeting. The registration will be open from 5.00 p.m. on 29 October 2024 and the registration will close at 10.00 a.m. on 25 November 2024. Clicking on the link mentioned in item 1 will redirect you to the AGM event page. Click on the Register link for the online registration form. Complete your particulars in the registration page. Your name MUST match your CDS account name (not applicable for proxy). Insert your CDS account number(s) and indicate the number of shares you hold. Read and agree to the Terms & Conditions and confirm the Declarations. Please ensure all information given is accurate before you click Submit to register your remote participation. Failure to do so will result in your registration being rejected. System will send an email to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors of the Company as at 14 November 2024, the system will send you an email to notify you if your registration is approved or rejected after 14 November 2024. If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.
On the day of AGM		
3.	Attending Virtual AGM	<ul style="list-style-type: none"> Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2nd will be sent 1 hour before the AGM session. Click Join Event in the reminder email to participate the RPV.
4.	Participate with live video	<ul style="list-style-type: none"> You will be given a short brief about the system. Your microphone is muted throughout the whole session. If you have any questions for the Chairman/Board, you may use the Q&A panel to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email. The session will be recorded. Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
5.	Online Remote Voting	<ul style="list-style-type: none"> The Chairman will announce the commencement of the voting session and the duration allowed for voting at the AGM. The list of resolutions for voting will appear at the right-hand side of your computer screen under "Slido" panel. You are required to indicate your votes for the resolutions within the given stipulated time frame. Click on the Submit button when you have completed. Votes cannot be changed once it is submitted.
6.	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

ADMINISTRATIVE GUIDE

Revocation of Proxy

Please note that if a Shareholder has submitted his/her Proxy Form prior to the AGM and subsequently decides to personally attend and participate in the AGM via RPV Facilities, the Shareholder must contact Aldpro Corporate Services Sdn Bhd, the Company's Share Registrar to revoke the appointment of his/her proxy no later than 10.00 a.m. on 25 November 2024.

Poll Voting

The voting at the AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"). The Company has appointed Aldpro Corporate Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic means and CSC Securities Services Sdn Bhd as Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the AGM and on Bursa Malaysia's website at www.bursamalaysia.com.

No Recording or Photography

Strictly NO recording or photography of the proceedings of the AGM is allowed.

No Breakfast/Lunch Packs, Door Gifts, Food Vouchers or e-Voucher

There will be no distribution of breakfast / lunch packs, door gifts, food vouchers or e-Voucher.

Enquiry

If you have any enquiry prior to the meeting, please contact the following officers during office hours (from 9.00 a.m. to 5.30 p.m. (Monday to Friday)):

For Registration, logging in and system related:

InsHub Sdn. Bhd.

Name: Ms Eris / Mr. Calvin
Telephone No: +603 7688 1013
Email: vgm@mlabs.com

For Proxy matters:

Aldpro Corporate Services Sdn Bhd

Name: Mr. Jia Hong / Ms Jennie Wong
Telephone No: +603 9770 2200
Email: admin@aldpro.com.my

Notes:-

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the 28th AGM in person at the Broadcast Venue on the day of the meeting.
2. In respect of the deposited securities, only members whose names appear on the Record of Depositors on 14 November 2024 shall be eligible to attend the 28th AGM or appoint proxy(ies) to attend and/or vote on his/her behalf.
3. A member entitled to attend and vote at this meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An Exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. The instrument appointing a proxy shall be in writing under the hand of appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
7. If you decide to appoint a proxy or proxies for the 28th AGM, you must complete, sign and return the Proxy Form and deposit it at the Share Registrar's office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or email to admin@aldpro.com.my or fax to +603 2201 7774 not less than forty-eight (48) hours before the time for holding the 28th AGM or at any adjournment thereof.
8. If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in the 28th AGM by yourself, please contact the Company's Share Registrar to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

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AFFIX
STAMP


**THE SHARE REGISTRAR OF
KOMARKCORP BERHAD**
Registration No. 199601001919 (374265-A)
c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B, Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia


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IKOMARK

Registration No. 199601001919 (374265-A)

 Lot 132, Jalan 16/1, Kawasan Perindustrian Cheras Jaya, Balakong, 43200 Cheras, Selangor D. E., Malaysia

 +603-9080 3333

 +603-9080 5233

 enquiry@komark.com.my

www.komark.com.my