KOMARK

Registration No. 199601001919 (374265-A)

REINVENTING A BETTER TOMORROW

2023

ANNUAL REPORT

VISION

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

MISSION

- To be a progressive organization 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
- Responsibilty
- Innovation
- Commitment
- Passion
- Integrity
- Compliance
- Speed

CONTENTS

27TH ANNUAL GENERAL MEETING

Date : 21 September 2023 | Time : 10.30 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**

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)

Chan Jee Peng
(Independent Non-Executive Director)

Dr Azizah Binti Sulaiman
(Independent Non-Executive Director)
(Appointed on 1 June 2023)

Ihsan Bin Ismail
(Independent Non-Executive Director)
(Resigned on 29 May 2023)

AUDIT COMMITTEE

Chan Jee Peng,
Chairman
Koo Kien Keat,
Member
Dr Azizah Binti Sulaiman,
Member
(Appointed on 1 June 2023)
Ihsan Bin Ismail
Member
(Resigned on 29 May 2023)

AUDITORS

BDO PLT (LLP0018825-LCA & AF0206)
Chartered Accountants
Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

Tel: +603-2616 2888
Fax: +603-2616 3190

PRINCIPAL PLACE OF BUSINESS

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

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

NOMINATION COMMITTEE

Koo Kien Keat,
Chairman
(Appointed on 1 June 2023)
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad,
Member
Chan Jee Peng,
Member
Ihsan Bin Ismail
Chairman
(Resigned on 29 May 2023)

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: +603-9770 2239
Email: boardroom@boardroom.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: +603-9770 2239
Email: admin@aldpro.com.my

REMUNERATION COMMITTEE

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad,
Chairman
Chan Jee Peng,
Member
Dr Azizah Binti Sulaiman,
Member
(Appointed on 1 June 2023)
Ihsan Bin Ismail
Member
(Resigned on 29 May 2023)

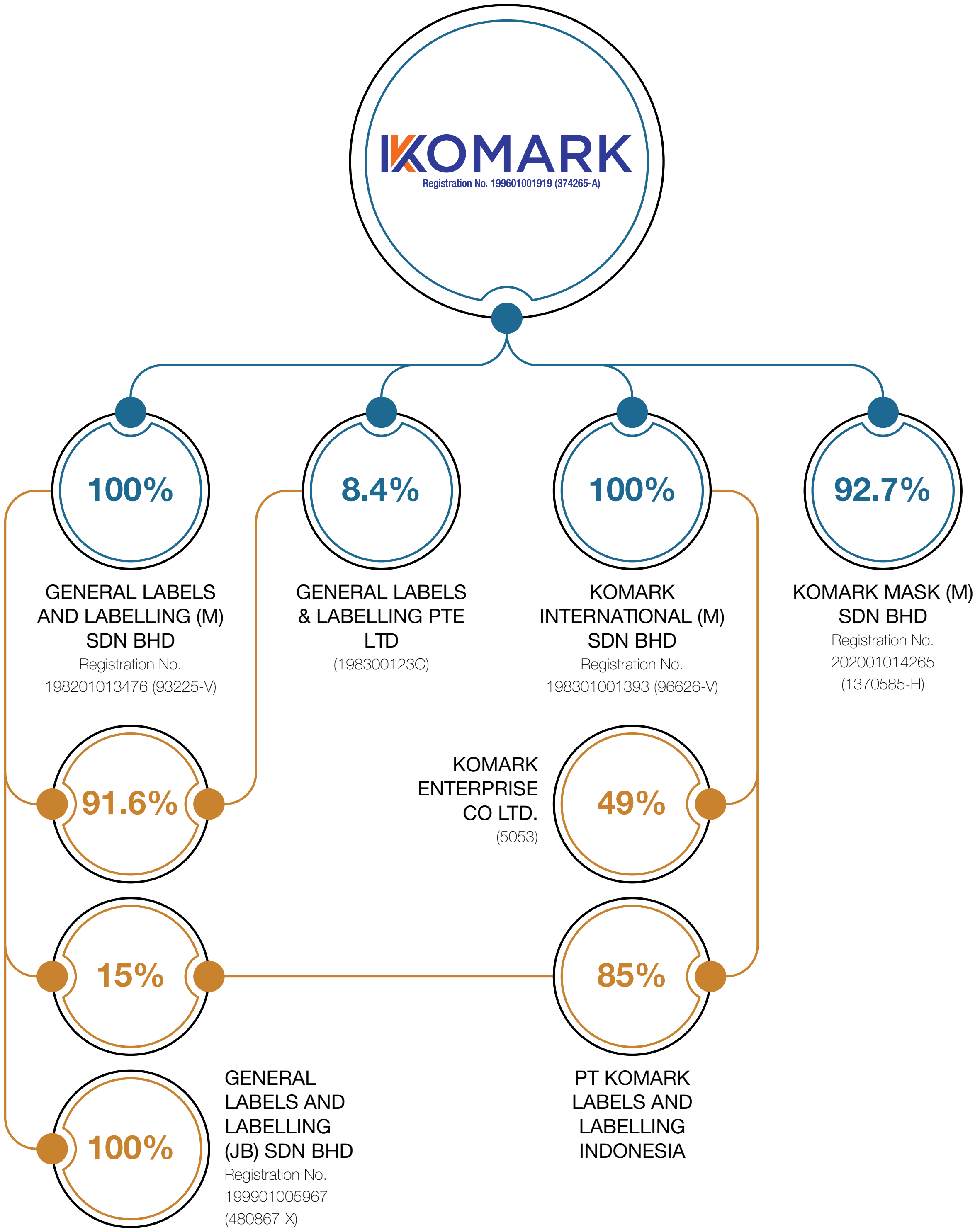
COMPANY SECRETARY

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

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE

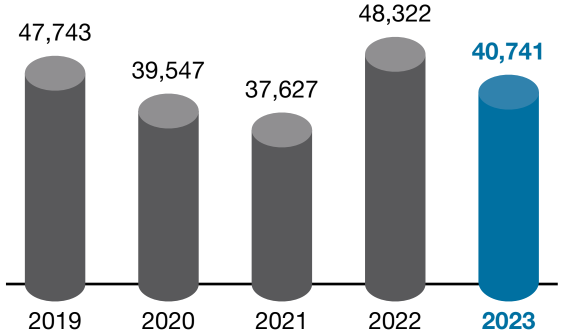


FIVE-YEARS GROUP
FINANCIAL HIGHLIGHTS

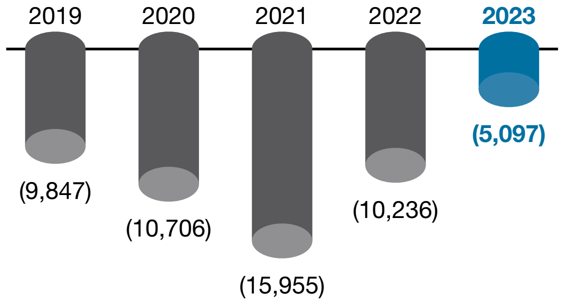
	2019	2020	2021	2022	2023
Operating Result (RM'000)					
Revenue	47,743	39,547	37,627	48,322^	**40,741**
Loss Before Tax	(11,090)	(10,357)	(16,131)	(7,940)^	**(4,133)**
Loss After Tax	(9,847)	(10,706)	(15,955)	(10,236)^	**(5,097)**
Total Comprehensive Loss	(8,861)	(7,002)	(15,943)	(9,964)	**(5,359)**
Key Balance Sheet Data (RM'000)					
Total Assets	83,435	84,533	127,157	132,546	**118,821**
Total Interest Bearing Borrowings	9,630	8,650	8,162	5,414	**4,972**
Total Liabilities	28,965	27,603	28,621	31,213	**23,499**
Paid-Up Capital	48,425	62,789	120,166	132,927	**132,927**
Shareholders' Equity	54,470	56,930	98,485	101,419	**95,745**
Share Information					
No of shares in issued ('000)	164,434	205,577	481,116	577,339	**577,339**
Per share (sen)					
Basic LPS	(4.59)	(4.78)	(6.05)	(1.78)^	**(0.82)**
Diluted LPS	-*	-*	-*	-*	**-***
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	33.13	27.69	20.48	17.57	**16.58**
Financial Ratio (%)					
Return on Equity	(18.08)	(18.81)	(16.20)	(10.09)^	**(5.32)**
Return on Total Assets	(11.80)	(12.66)	(12.55)	(7.72)^	**(4.29)**
Gearing ratio	35.68	29.89	14.26	12.67	**8.95**

^ Restated
* Anti-dilutive in nature

Revenue (RM'000)
40,741



Loss After Tax (RM'000)
(5,097)



DIRECTORS' PROFILE

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad was appointed to the Board as Independent Non-Executive Chairman on 11 August 2020. YM Tengku Ezuan is the Chairman of Remuneration Committee and a member of Nomination Committee.

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. Where, YM Tengku Ezuan has dealed with Petronas, HESS Petroleum and GL Noble Denton.

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

YM TENGKU EZUAN ISMARA BIN TENGKU NUN AHMAD

Independent Non-Executive Chairman

Age: 45 years

Nationality: Malaysian

Gender: Male

DIRECTORS' PROFILE

ROY HO YEW KEE

Executive Director

Age: 48 years

Nationality: Malaysian

Gender: Male

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, in the financial services industry, 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 and in 2017, he was redesignated as Managing Director of Key Alliance Group Berhad.

Currently, Mr Roy sits on the Board of XOX Bhd and Cheetah Holdings Berhad as Executive Director and Key Alliance Group Berhad as Managing 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

Mr. Koo Kien Keat was appointed to the Board on 11 August 2020 as Independent Non-Executive Director.

Mr. Koo is a Malaysian former professional badminton player. He reached a career high ranking of world number 1 in Men's Doubles in 2007 and became the youngest ever men's doubles pair to win an Asian Games Gold Medal. He won 5 Gold Medals in Commonwealth Games (most Gold Medal for history of Malaysia). 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 and XOX Networks Berhad 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.

KOO KIEN KEAT

Independent Non-Executive Director

Age:
38 years

Nationality:
Malaysian

Gender:
Male

DIRECTORS' PROFILE

CHAN JEE PENG

Independent Non-Executive Director

Age:
43 years

Nationality:
Malaysian

Gender:
Male

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

Mr. 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.

Mr Chan currently sits on the Board of LKL International Berhad as Independent and 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 was appointed to the Board as Independent Non-Executive Director on 1 June 2023. She is the member of Audit Committee and Remuneration 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 disciplinaries 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. Dr Azizah is also the Vice President of Pertubuhan Doktor Estetiks Berdaftar Malaysia (PDEBM).

Dr Azizah currently sits on the Board of Key Alliance Group Berhad as Independent and 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.

DR AZIZAH BINTI SULAIMAN

Independent Non-Executive Director
Appointed on 1 June 2023

Age: 53 years

Nationality: Malaysian

Gender: Female

KEY SENIOR MANAGEMENT
PROFILE

WOO LAI YUAN
Financial Controller

Ms. Woo Lai Yuan is graduated in year 2009 with a Bachelor of Degree in Accounting from the University Putra Malaysia. She is also a Chartered Accountant of the Malaysian Institute of Accountants.

Ms Woo has 14 years of working experience in the areas of auditing, accounting, commercial business, finance and taxation. She began her career in 2009 with Ernst & Young as an Audit Assistant. She then joined Schlumberger as a Management Accountant serving Africa region in 2014 and progressed her profession as a Finance Manager for the subsidiary of Gabungan AQRS Berhad towards late year 2015 and she was later promoted to Senior Finance Manager in 2019.

Presently, she is the Financial Controller of the Group and overseeing Finance, Taxation, Human Resource and Administration Department.

She 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.

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 him by any relevant regulatory bodies.

Age: 37 years

Nationality: Malaysian

Gender: Female

BRANDON CHEONG WEN RONG
General Manager for Middle Office

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

Presently, Mr. Brandon is the General Manager under Middle Office, overseeing Procurement, IT, Graphic, Planning & Customer Service.

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.

Age: 30 years

Nationality: Malaysian

Gender: Male

KEY SENIOR MANAGEMENT PROFILE

Age: 38 years

Nationality: Malaysian

Gender: Male

KIO CHIN LIT

Operation Manager for
Production Label and Packaging

Mr. Kio Chin Lit obtained his Bachelor in Math Modeling & Minor in Computer Science from University Science of Malaysia in year 2008. he has passed his iNarte Certified ESD Associate Engineer exam in year 2012 and passed Radiation Protection Officer exam in year 2020.

Mr. Kio has started his career as a Production Manager cum Sales Engineer in year 2009 with Innovative Shield Sdn Bhd. After 7 years tenure with Innovative Shield Sdn Bhd, Mr. Kio enhanced his career development with Wear Safe Sdn Bhd under Kossan Group as a Production Manager. In year 2019, Mr. Kio has joined Stellar Films Malaysia Sdn Bhd as an Operation Manager cum Radiation Protection Officer in year 2019.

Presently, Mr. Kio is the Operation Manager under Production Label and Packaging, handling various portfolio under him such as High End and Low-End printing, Digital Printing and Flexible Printing for Production Label and Packaging.

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

COMPANY BUSINESS OVERVIEW

Komarkcorp Berhad (**"Komarkcorp"** or the **"Company"**) and its subsidiaries (**"Komarkcorp Group"** or the **"Group"**) are primarily involved in the following reportable segments:

(i) **label and packaging** – manufacturing and sales of self-adhesive labels, stickers, automatic labelling machinery and trading of related products; and

(ii) **face masks** – manufacture and wholesale of face masks.

For the label and packaging segment, the Group provides packaging solutions and self-adhesive labels to various industries such as chemical and agrochemical, food and beverage, home and personal care, industrial and lubricant oil and pharmaceutical industries.

To date, the Group operates manufacturing facilities in Malaysia (Selangor and Johor). With 48 years of experience in providing labelling and packaging solutions, Komarkcorp has established itself as a leading specialist and one of Malaysia's top pioneers in the packaging industry, supplying premium labels to customers across continents with extensive regional network in countries like Malaysia, Thailand and Singapore.

In June 2020, the Group had diversified its business and ventured into the manufacturing and sale of medical grade disposable face masks as well as OEM face masks, which includes 3-ply masks, 4-ply masks and KN95 masks. Since the commencement of operations for the face mask business, the Group has seen increasing revenue contribution from face mask segment from RM2.43 million in FYE 30 April 2021 to RM20.70 million in FYE 31 March 2023.

Further, the Group had in May 2023 received official notification from the Medical Devices Authority **("MDA")** that its sterile surgical mask (i.e. a type of medical face mask used in operating theatres) has been granted registration by the said authority. The Group was granted MDA registration for its non-sterile surgical mask in June 2023. This demonstrates the Group's commitment to further develop its face mask segment.

On 11 August 2022, the Board announced that General Labels & Labelling (M) Sdn Bhd (a wholly-owned subsidiary of Komarkcorp) has entered into a share sale agreement for the disposal of its subsidiary company, i.e. Komark (Thailand) Co., Ltd **("Komark Thailand")** for a consideration of RM9.10 million. On 29 December 2022, the disposal was completed and Komark Thailand has since ceased to be an indirect subsidiary of Komarkcorp.

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF GROUP FINANCIAL PERFORMANCE

	FYE 31 March 2023 (RM'000)	11-month FPE 31 March 2022 (RM'000)	FYE 30 April 2021 (RM'000)	FYE 30 April 2020 (RM'000)	FYE 30 April 2019 (RM'000)
Revenue	**40,741**	48,322	37,627	39,547	47,743
Operating profit/(loss)	**2,180**	4,176	(143)	3,131	4,693
Loss before taxation	**(4,133)**	(7,940)	(16,131)	(10,357)	(11,090)
Loss after taxation	**(5,097)**	(10,236)	(15,955)	(10,706)	(9,847)
Loss attributable to equity holders	**(4,760)**	(10,099)	(15,834)	(10,706)	(9,847)
Total assets	**118,821**	132,546	127,157	84,533	83,435
Total borrowings	**4,972**	5,414	8,162	8,650	9,630
Shareholder equity	**95,745**	101,419	98,485	56,930	54,470
Basic loss per share (sen)	**(0.82)**	(1.78)	(6.05)	(4.78)	(4.59)
Net assets per share	**0.17**	0.18	0.37	0.28	0.44

The year 2023 continues to be a challenging year for businesses worldwide, as global economies are gradually recovering from the effects of the COVID-19 pandemic, as well as the disruptive impact of the Russian-Ukraine war on the global supply chain. Additionally, rising inflation and concerns about an impending recession have further compounded the difficulties faced by many businesses.

For the financial year ended 31 March 2023 **("FYE 2023")**, the Group achieved a total revenue of RM40.74 million. The face mask segment contributed revenue of RM20.70 million while the label and packaging segment contributed RM20.04 million.

The Group experienced a decrease in revenue from RM48.32 million in 11-month financial period ended 31 March 2022 **("FPE 2022")** to RM40.74 million in the FYE 2023. The lower revenue is attributable to lower sales of label and stickers as the Group ceased to consolidate revenue from Komark Thailand in the FYE 2023 after the disposal of this indirect subsidiary and it's Singapore subsidiary, General Labels & Labelling Pte Ltd had ceased its operation during the financial year.

In addition, the Group recorded a lower sales of face masks in FYE 2023 following the gradual relaxation of face masks policies in Malaysia since May 2022.

The Group recorded a loss after taxation of RM5.10 million for the FYE 2023 as compared to a loss after taxation of RM10.24 million for the FPE 2022. The lower loss after taxation is mainly due to the following factors:-

(i) one-off gain on disposal of subsidiary amounting to RM1.40 million (FPE 2022: nil);

(ii) gain on investment in quoted shares amounting to RM2.35 million (FPE 2022: nil); and

(iii) lower employee benefit expenses amounting to RM10.87 million mainly due to lower staff cost after the disposal of Komark Thailand (FPE 2022: RM16.14 million).

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF OPERATING ACTIVITIES

LABEL AND PACKAGING SEGMENT

The Group experienced a decrease in revenue from RM37.93 million in FPE 2022 to RM20.04 million in FYE 2023. The lower revenue is attributable to lower sales of label and stickers as the Group had ceased to consolidate revenue from Komark Thailand in the FYE 2023 after the disposal of this indirect subsidiary and it's Singapore subsidiary, General Labels & Labelling Pte Ltd had ceased its operation during the financial year.

The label and packaging segment recorded a loss after taxation of RM3.66 million as compared to a loss after taxation of RM8.38 million in FPE 2022. The lower loss after taxation was mainly due to reduced loss recognised by the Group following the disposal of Komark Thailand in December 2022.

Komarkcorp intends to turnaround its existing business of manufacturing self-adhesive labelling and flexible packaging by implementing cost cutting methods, attracting new customers as well as creating further brand awareness in its existing markets.

The disposal of Komark Thailand is a strategic move by the Group aimed at reducing operating costs and streamlining its label and packaging operations. The Group intends to concentrate on local operations within the Klang Valley and Johor. By divesting from Komark Thailand, the Group can focus its resources and efforts on optimizing its operations in these key areas, ensuring greater efficiency and effectiveness in serving its local customers.

On 9 June 2023, the Board announced that Komark International (M) Sdn Bhd **("KIM")**, a wholly-owned subsidiary of the Company had entered into a Memorandum of Understanding with AntChain Technology Pte. Ltd. **("AntChain")** to establish a strategic partnership to explore the possibility of cooperation in the following areas:

(i) KIM's production of secure labels and packaging, as well as hologram stickers with traceability features provided by AntChain, for industry players such as food and beverage products, automotive products, alcohol products, medical devices, and other products; and

(ii) Potential cooperation opportunities in the digital segments that may benefit the overall labelling / packaging and digital industries.

The Board believes that the collaboration will open new markets to address the growing consumer demand for traceability especially in safety sensitive industries such as food and beverage as well as medical.

FACE MASKS SEGMENT

The Group experienced a decrease in revenue from RM24.81 million in FPE 2022 to RM20.70 million in FYE 2023. The lower sales of face masks in FYE 2023 was mainly due to the gradual relaxation of face masks policies in Malaysia since May 2022.

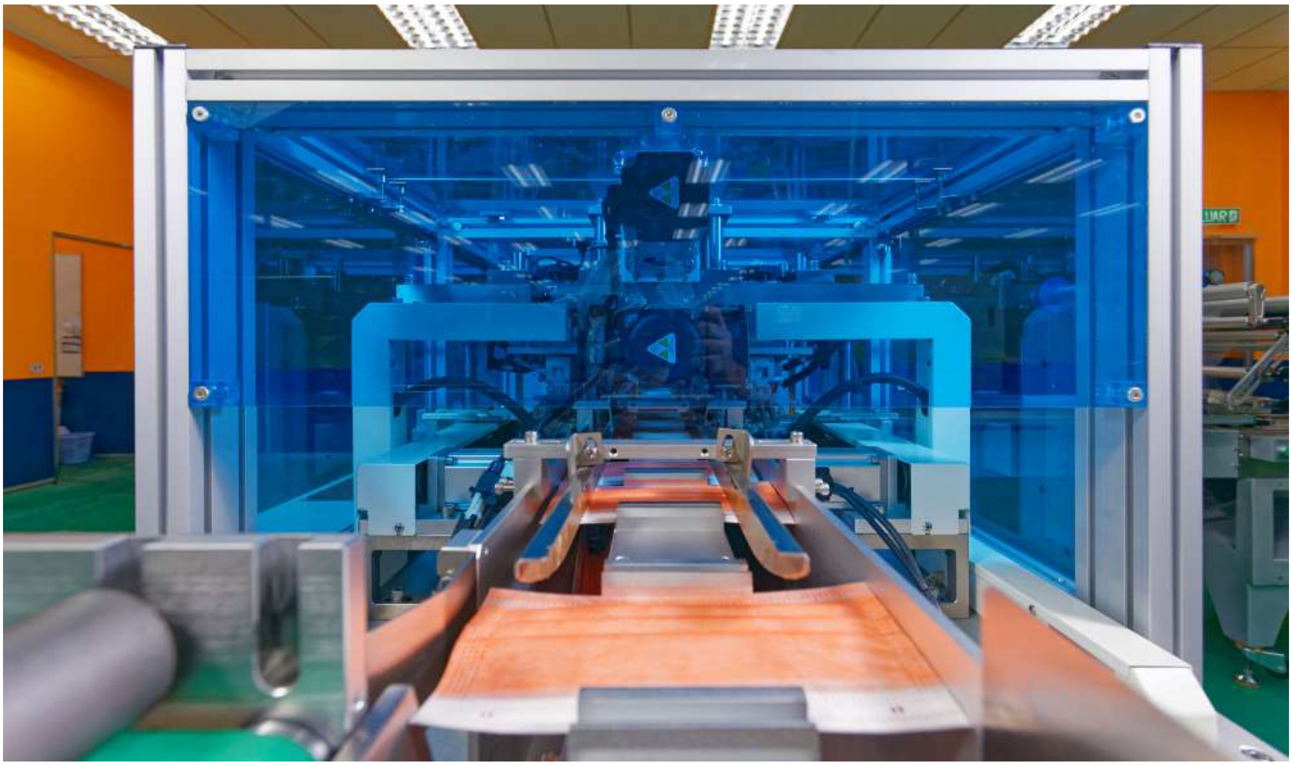
The face masks segment recorded a loss after taxation of RM0.50 million as compared to a loss after taxation of RM1.81 million in FPE 2022. The lower loss after taxation was mainly due to improved production efficiency.

While the future demand for face masks may be affected by the gradual relaxation of face masks policies in Malaysia, there is general awareness amongst the public that face masks will continue to be an essential item to maintain hygiene and prevent the spread of infectious diseases especially airborne diseases. As such, the Group expects the demand for face masks to be sustainable.

Komarkcorp is gearing up for business expansion with high investment on machinery to enhance its production lines. To date, the Group has installed and is currently operating a total of 41 production lines for 3-ply face mask and 21 production line for respirator face mask. With this, the face mask business has an annual production capacity of 492 million units of 3-ply face mask and 252 million units of respirator face mask.

Over the next 2 years, the Group intends to expand its production capacity further to achieve a total of 102 production lines for 3-ply face mask and 26 production line for respirator face mask. Upon completion of the expansion, the Group would have an annual production capacity of 1.22 billion units of 3-ply face mask and 312 million units of respirator face mask. To accommodate the growing number of production lines and support the intended manufacturing output, Komarkcorp plans to source for another factory building within the Klang Valley area as well as to relocate its existing factory in Johor Bahru to a bigger factory to house the additional production lines.

MANAGEMENT DISCUSSION & ANALYSIS



LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2023, the Group holds cash and cash equivalents of RM2.03 million. While the Group generated cash flow from its operating activities, the Group incurred an outflow from its investing and financing activities for the purchase of property, plant and equipment, renovation works and serving its borrowing in FYE 2023.

DIVIDEND

The Group maintains a prudent approach towards capital management as it is of the view that steady cash flow is needed to fund new capital investments and business expansion as well as to mitigate anticipated challenges that its businesses may potentially be exposed to. With that said, no dividend was declared for FYE 2023.

CORPORATE EXERCISE

Rights Issue with Warrants
On 28 June 2023, Komarkcorp completed a renounceable rights issue of shares with free warrants exercise, following the listing and quotation of 577,256,790 rights shares and 192,418,845 new free warrants on the Main Market of Bursa Malaysia Securities Berhad.

Through this corporate exercise, the Company raised total proceeds of RM46.18 million, which is to be used for, amongst others, expansion of the Group's manufacturing business (label and packaging segment as well as face masks segment), product development (face masks segment) and working capital, after defraying estimated expenses for this corporate exercise.

MANAGEMENT DISCUSSION & ANALYSIS

ANTICIPATED RISKS

Operational risk

The Group businesses is subject to operational risks inherent in the labelling business and face mask business. These risks may manifest in the form of, amongst others, machine breakdowns, site accidents, manufacturing defects, disruptions to supply chain, fluctuations in the cost of raw materials and workforce shortages.

If machines breakdown, the Group will have to incur cost to repair or replace the machines while suspending production in the meantime. In addition, site accidents and manufacturing defects may expose the Group to potential liabilities in the form of compensations and product liability claims respectively.

Disruptions to supply chain (such as the unavailability or delay in the shipment of certain raw materials) and workforce shortages may result in lower production volume whereas fluctuations in the cost of raw materials may result in lower profit margin.

Competition risk

The performance of the Group's businesses (label and packaging segment and face masks segment) is dependent on its ability to secure contracts and/or purchase orders from its existing and new customers while competing with other market players both locally and internationally. In this respect, the barrier to entry into the labelling and face mask business is considered low as labels and face masks are relatively easy to manufacture and a relatively homogeneous product, without requiring high degree of technical expertise. The machineries required can be sourced and assembled easily and the raw materials (i.e. plastic fibres / tapes) are inexpensive, abundant and easily available.

As such, market competition is expected to be intense with many producers producing relatively homogeneous product and in turn, profit margins for face masks and labels are expected to be inherently low. In this respect, the Group faces competition from other market players in terms of economies of scale, pricing and value-added services.

Experience in the face mask business

The face masks segment is relatively new to the Group as it has only commenced business operations in October 2020. In operating the face masks segment, the Group leveraged on its past experiences from the label and packaging segment. Nevertheless, the production processes and marketing strategies required for the success of the face masks segment may be relatively different than that of the label and packaging segment.

Notwithstanding the above, the Group is of the view that the manufacturing processes for labels and flexible packaging can be applied for the manufacturing processes of face masks. In addition, the manufacturing of face masks does not require a high degree of technical expertise and the Group is adapting as well as learning the manufacturing process of face mask and ensure the smooth running of the face masks segment.

While the Group believes that there is a sufficient pool of talent with suitable technical expertise that can be recruited from the labour market in Malaysia, there can be no assurance that the Group will be able to recruit, assemble and retain a team with the relevant expertise. In such an event, this may affect the smooth running of the face mask business.

Political, economic and regulatory risks

The nature of the Group's business is subject to prevailing political, economic and regulatory circumstances in Malaysia. Adverse changes in political, economic and regulatory conditions include but are not limited to unfavourable changes in interest rates, Government policies and regulations in relation to the manufacturing and face mask industries, trade war and political uncertainties.

For instance, government policies on the mandatory wearing of face mask in public areas and/or certain public areas may have a direct impact to the overall demand of face mask.

Furthermore, the manufacturing of medical face masks (i.e. surgical masks) requires certain regulatory approvals such as the approval required from the Medical Device Authority.

MANAGEMENT DISCUSSION & ANALYSIS

FORWARD LOOKING STATEMENT

From 2017 to 2018, the Group invested a total of RM14.42 million to acquire new machines to develop new products such as flexible packaging, digital labels, creative printing and variable data printing. This has widened the range of products sold by the Group. Currently, the Group is focusing on attracting new customers and exploring new markets as well as expanding its sales team to secure more projects.

GROUP INVESTED

RM14.42 million

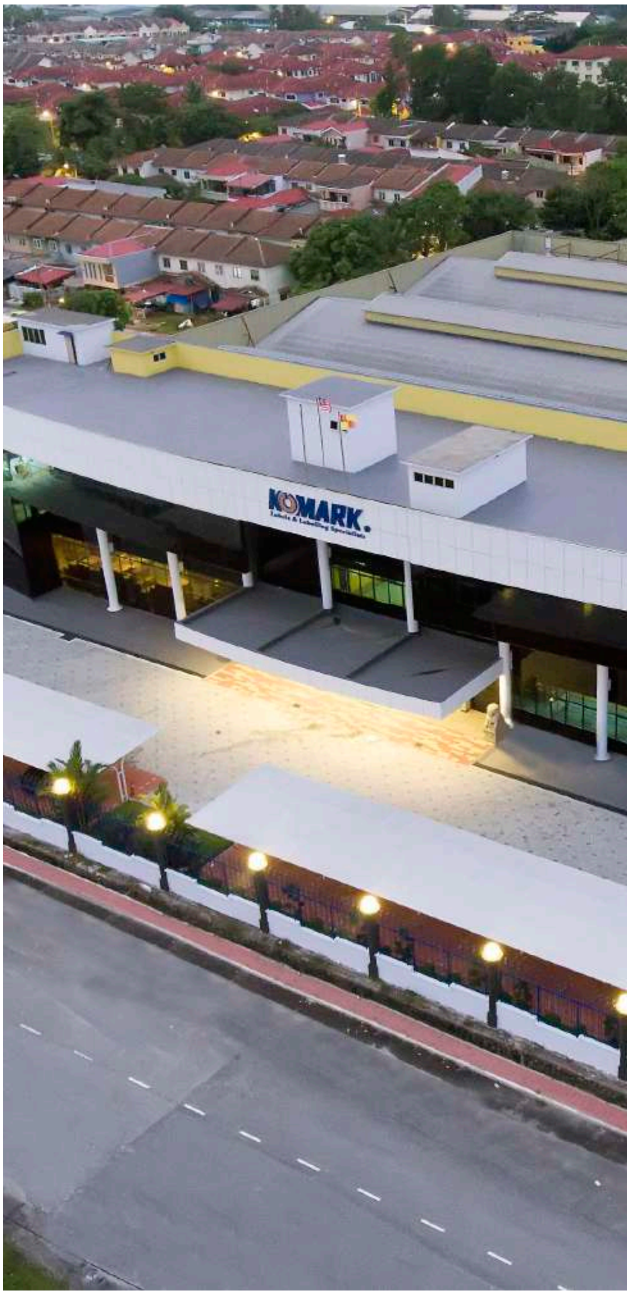
In addition, the Group also intends to turnaround its existing business of manufacturing self-adhesive labelling and flexible packaging by implementing cost cutting methods as well as creating further brand awareness in its existing markets.

However, the Group anticipates the economic landscape for consumer packaging and printing services industry to remain challenging, in view of businesses shifting towards environmentally friendly initiatives which reduced the demand for packaging products such as labels and stickers. As such, moving forward, the Group will be focusing on developing the face masks segment in order to cushion any adverse impacts from the consumer packaging and printing services industry.

For the coming years, the Group will be working on increasing its efficiency and have better cost control in order to remain competitive in the market. The Group will be eyeing to penetrate into export markets to enlarge its geographical footprint through greater participation in upcoming medical expositions.

In pursuit of sustainable business models, the Group will prioritise the streamlining of its manufacturing processes to reduce operating costs and optimise production costs by sourcing good quality raw materials at reasonable prices in order to achieve profitability for the Group.

Despite the prevailing challenging operating environment in the near future, the Group is cautiously optimistic on its prospects moving forward. The Group believes that the synergies between both business segments can be leveraged upon to create distinctive opportunities for business growth and in return generate greater and sustainable value for all stakeholders.



SUSTAINABILITY STATEMENT

"At the Financial Year End 2023 ("FYE 2023") of Komarkcorp Berhad ("KMC" or "the Group"), the Group is proud to present its Sustainability Statement that discloses more comprehensive measures undertaken throughout the year under review. This Statement continues the Group's commitment to its Economic, Environmental and Social ("EES") pillars of sustainability and is to be read in conjunction with the rest of the financial and operational disclosures in this entire Annual Report."

SUSTAINABILITY STATEMENT

INTRODUCTION

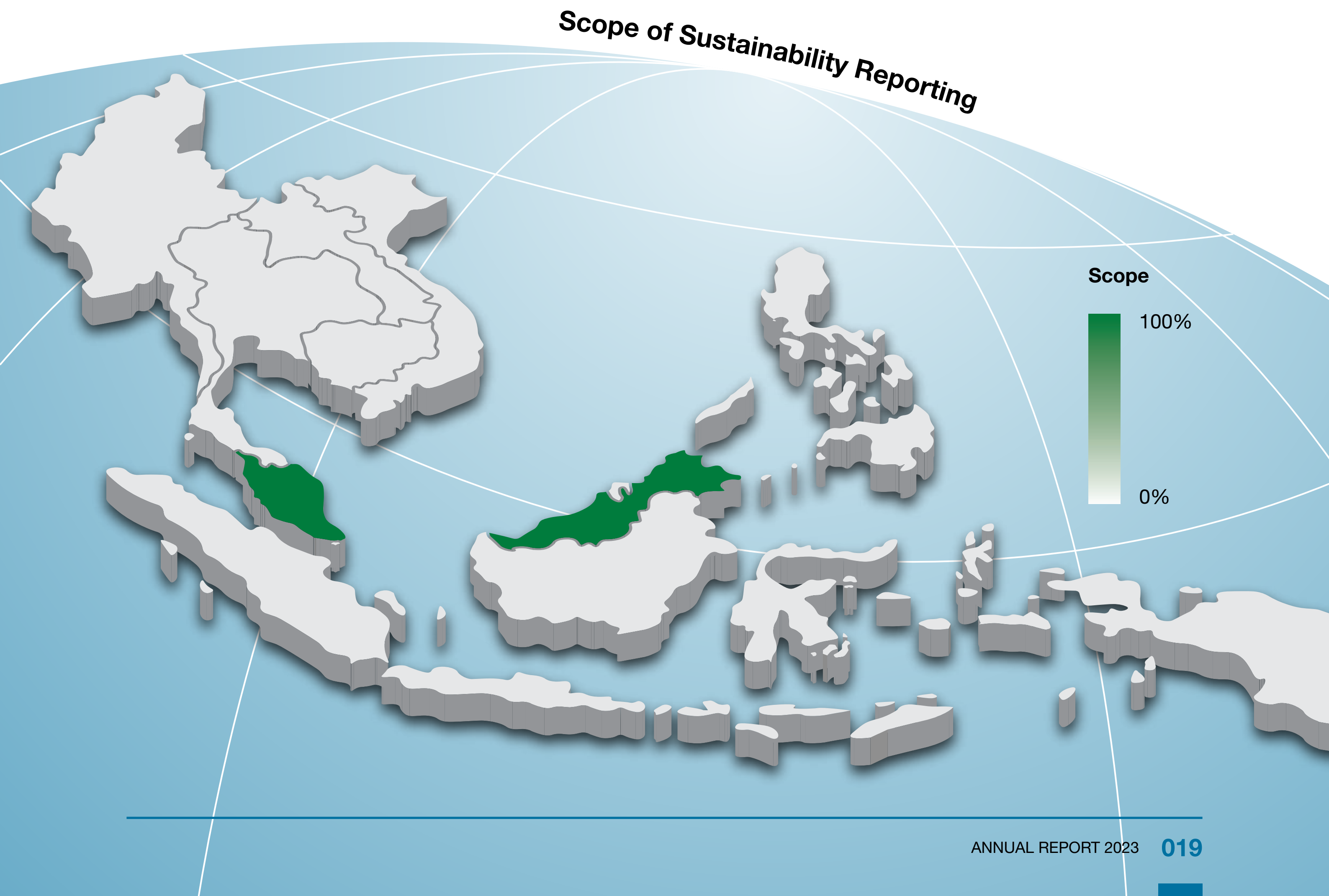
Following Bursa Malaysia's updates Third Edition (3rd Edition) of its Sustainability Reporting Guide (2022) ("SRG"), the Group intends to follow the mapping and discussion of both Common and Industry-specific Indicators, with any lag to be followed by subsequent action and reporting in the near future. It is also guided by the Global Reporting Initiative ("GRI") 4 guidelines, which has since been unified with the Task Force on Climate-related Financial Disclosures ("TCFD") as well as discussing the Group's Material Sustainability Matters ("MSM") within the framework of the United Nations' Sustainable Development Goals ("SDG" or "UN SDG"). In this manner, the Group's Sustainability Statement has step-up reporting built in to the disclosures and manner of reporting.

SCOPE & BOUNDARY OF REPORT

As the Group progresses into FYE2023, it has shuttered operations in Singapore and Indonesia and disposed of its assets in Thailand, leading to a pure Malaysia play where the Group's main business activities are carried out. Similarly, this Statement will be scoped to match the Group's main geographical footprint of Malaysia.

With KMC focussing mainly on labels and packaging, the main business activity of the Group will be the key consideration for the Industry-specific Indicators. The Group is involved in the manufacturing of self-adhesive stickers and trading of related products. Secondarily, the Group's venture into manufacturing of disposable surgical face masks and protective apparels are a key response to the pressing need during the COVID-19 pandemic and since the endemic has seen a tapering down of demand in this business segment.

Summarily, the Group's Sustainability Statement will be per the map below:



SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

The Board of Directors ("BOD") is cognisant of the importance of Sustainability and has since the previous rounds of disclosure ensured the tone from the top has been consistently cascaded throughout the Group in its daily operations and strategic business decisions. Among the Board's commitment to allocate sufficient resources, embed systems and processes and practice sustainable methods of business speaks of how the Group embeds Sustainability in every facet of its practice.

Further to this, the BOD is responsible for governing Sustainability Matters, which are discussed annually during the Board Meeting.

STAKEHOLDER ENGAGEMENT

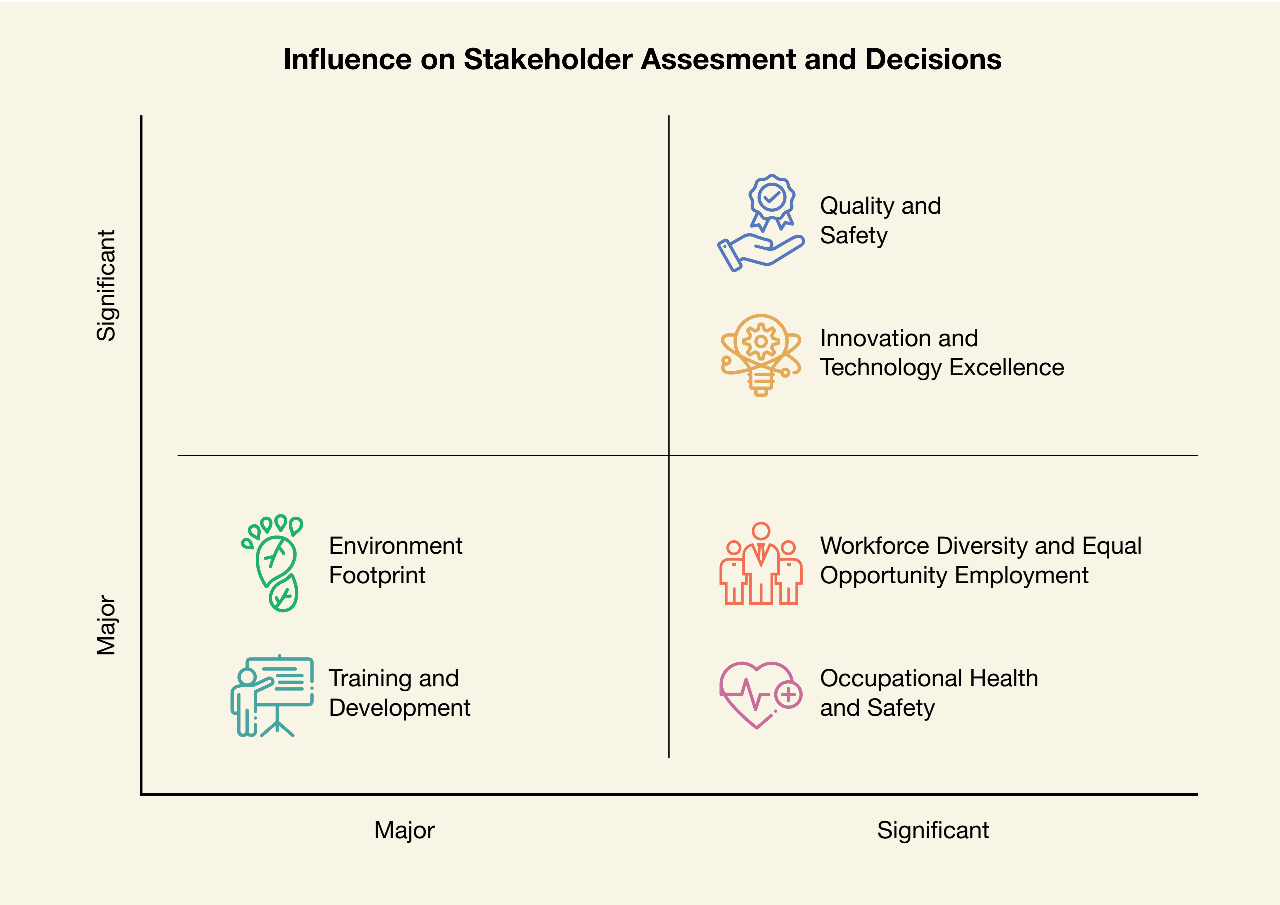
As a listed company in the industrial products and services industry in Malaysia, there are a few key stakeholder groups which we have identified as impactful to our services and the realisation of the Group's Mission and Vision. The way these stakeholder groups are engaged are listed below:

STAKEHOLDER	ENGAGEMENT	FREQUENCY
Investors & Shareholders • To enhance shareholders' & investors' confidence	• Annual & Extraordinary General Meetings • Annual Report • KMC's Website Updates • Bursa Announcements	• Annually & when necessary • Annually • Timely updates • When necessary
Government & Regulators • To ensure compliance with laws and regulations	• Reports • Dialogues, seminars & Meetings	• Ad hoc & periodically • When necessary
Suppliers & Vendors • To ensure continuous supply of quality materials and services	• Meetings – From onboarding, performance evaluation to contract renewal • Written communications	• During onboarding & Annually • Periodically
Employees • To retain a competent workforce • To ensure a safe working environment • To continue professional development	• Training & Professional Development • Performance appraisal • Internal Policies & Memo • Management & Committee Meetings	• Periodically • Annually • When necessary • When necessary
Customers • To fulfil customer needs	• Meetings • Customer Satisfaction Surveys	• When necessary • After engagement
Financial Institutions • To ensure continuous financial support	• Annual Report • Quarterly Reports • Meetings	• Annually • Quarterly • When necessary
Local Communities • To enhance society's relationship	• Community Engagement Activities	• When necessary

SUSTAINABILITY STATEMENT

MATERIAL ASSESSMENT

In the previous year, KMC had performed a comprehensive materiality assessment which identified the Group's EES Material Sustainability Matters (MSM). The materiality assessment was done through a combination of internal trends analysis and external stakeholders' engagements, including the Annual General Meeting, examination of new laws and regulations as well as overall business environment.



Significant

- Workforce Diversity and Equal Opportunity Employment
- Quality and Safety
- Occupational Health and Safety
- Innovation and Technology Excellence

Major

- Environment Footprint
- Training and Development

SUSTAINABILITY STATEMENT

In the year under review, the Group will disclose the Common and Industry-specific Indicators through the MSM that has been previously disclosed and where possible, to disclose matters indicated in Bursa's SRG. The classification of the following discussion will be within the three pillars of Economic, Environmental and Social (EES) impact.

01 ECONOMIC

- Quality & Safety
- Innovation & Technology Experience
  - Data privacy & security
- Common Indicators
  - Supply Chain Management

02 ENVIRONMENTAL

- Environment Footprint
- Common Indicators
  - Energy Management
  - Water
  - Waste Management
  - Emissions Management
- Industry-specific Indicators
  - Effluents

03 SOCIAL

- Workforce Diversity & Equal Opportunity Employment
- Occupational Health & Safety
- Training & Development
- Common Indicators
  - Anti-Corruption
  - Labour Practices & Standards

01 ECONOMIC

On the basis of continuing disclosure, the MSM of **Quality & Safety** and I**nnovation & Technology Experience** will be disclosed before the moving on to Bursa's guidelines for Common Indicator of **Supply Chain Management**.

QUALITY & SAFETY

From KMC's previous disclosure, the Group had achieved ISO 9001 certification last year and FSSC22000 certification in the year under review to ensure compliance with the relevant requirements. The Group has also developed a Quality and Food Safety Policy to be adhered to by all employees as a reflection of the Group's commitment to customer and product excellence and legal compliance.

SUSTAINABILITY STATEMENT

QUALITY & SAFETY (CONT'D)

The Group's framework for all matters relating to quality and food safety is based on the following guardrails:
- Improving production efficiency
- On-time delivery
- Quality and Safe products

In response to the pandemic, the Group's registration with the Medical Device Authority (MDA) since 2020 and its United States of America Food and Drug Administration (US FDA) and European Conformity (EC) certifications ensures it has to capabilities to produce medical-grade face masks and safety apparel.

INNOVATION & TECHNOLOGY EXPERIENCE

Referring to the Common Indicator for **Data Privacy and Security**, KMC has had no complaints or breaches of customer privacy or data in the 12 months under review. This is in addition to the Group's continuing policy of migrating to a cloud-based operations for its data and email storage needs.

SUPPLY CHAIN MANAGEMENT

The Group's **Procurement Policy** is guided by ISO 9001 and 22000 standards, FSSC 22000 standard and a set of internal standards detailed in the Group's Quality Manual for Vendor selection and evaluation. Through a robust selection process, any cost savings is passed on to the Group's customer base and in support of sustainable practices, the Group prefers using local suppliers which derive cost savings while balancing quality products and services for the Group.

02 ENVIRONMENTAL

ENVIRONMENTAL FOOTPRINT

The Group has had no incidents of waste-related breaches in the previous year and this unblemished record continues to this year. It has a **Waste Management** policy in place, which details the management of both scheduled and non-scheduled waste disposal, documentation and penalties should there be breaches. The Policy is guided by both ISO 9001 standards and the Environmental Quality Act (EQA) 1974 of Malaysia. The Group's total waste generated which has been recycled or disposed of, this record is something that speaks of the Group's care and attention to the environment.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL FOOTPRINT (CONT'D)

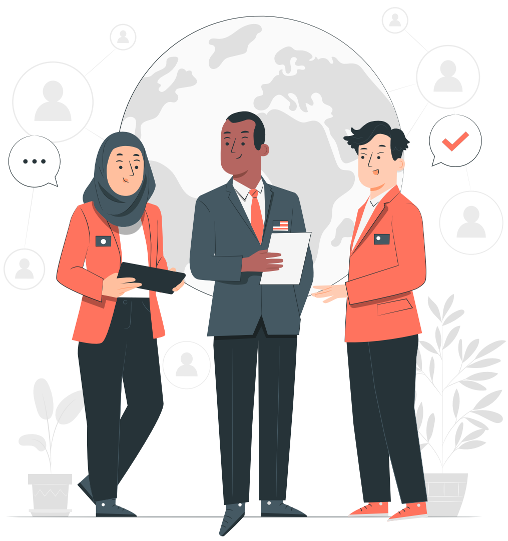
In terms of **Energy Management**, the Group's energy saving measures included replacing worn out lights, pipes and optimising energy consumption through the usage of solar panels on their premises. The latter measure of generating their own renewable energy (RE) has been successfully implemented by mid-December 2022 and the Group has been offsetting their electricity usage from this solution. In addition, the excess of 38,433kWH has been resold to the national grid through Tenaga Nasional Berhad (TNB) and the Net Energy Monitoring (NEM) 3.0 feed-in tariff system. The amount of excess energy is valued at RM9,668.80 for remainder of FY2023.

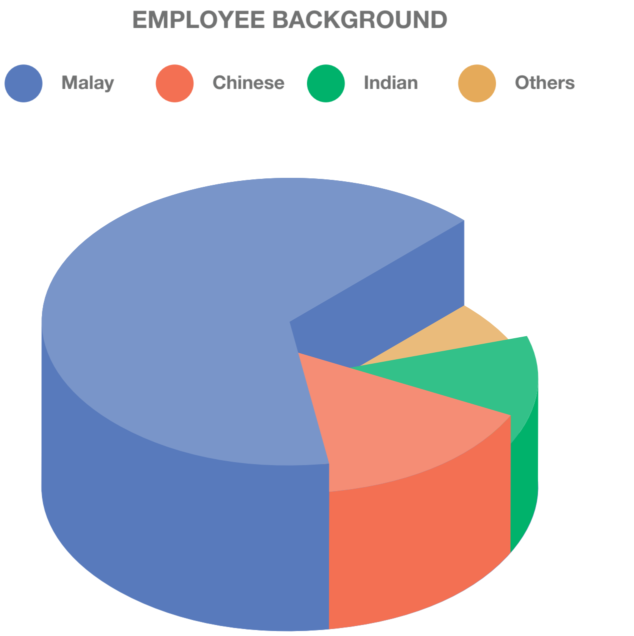
Under Bursa's SRG, the other Common Indicators which have yet to be discussed include **Water** and **Emissions**. Meanwhile, for the Industry Specific Indicators, the Group has also considered **Effluents** under the same approach as these Indicators.

03 SOCIAL

WORKFORCE DIVERSITY & EQUAL OPPORTUNITY EMPLOYMENT

As an equal opportunity Employer, the Group welcomes and creates a united workforce regardless of gender, age or race. The main focus of the Group to create a culture of equality, fairness in opportunities and freedom from discrimination or bias are the elements that propels the Group forward in retaining the best talent for their goals. The following charts describe the Group's diversity of workforce and demonstrates the flexibility of talent and resources which propel the company forward.

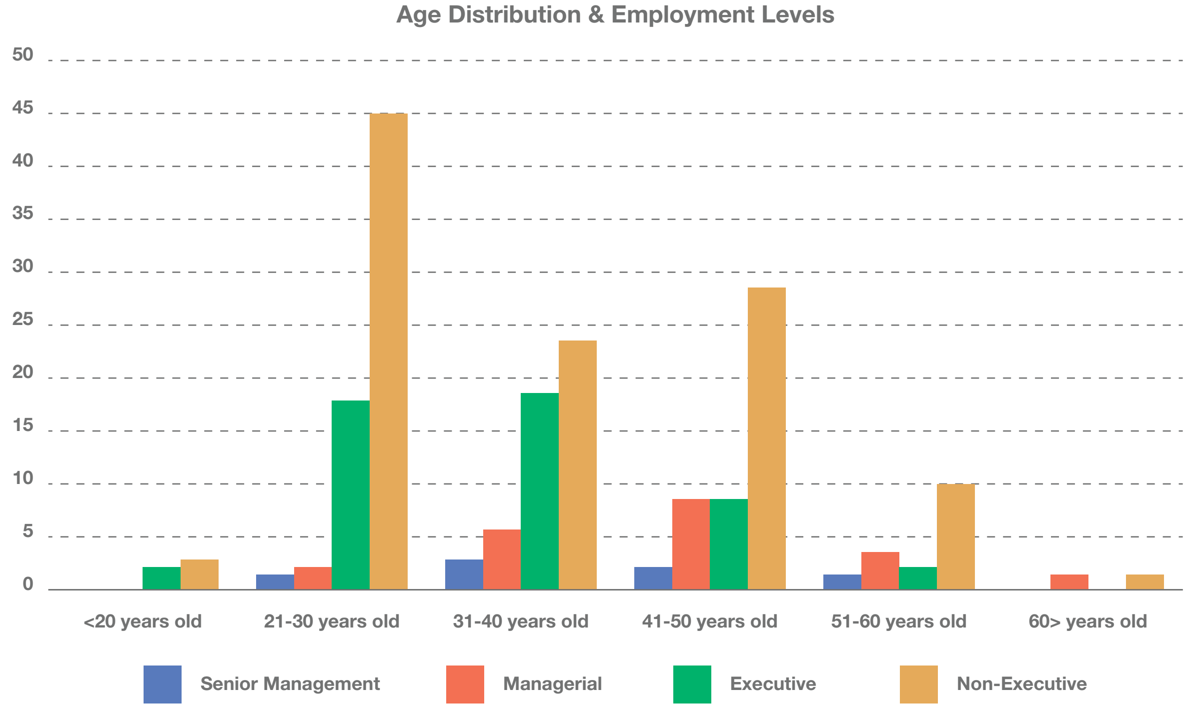




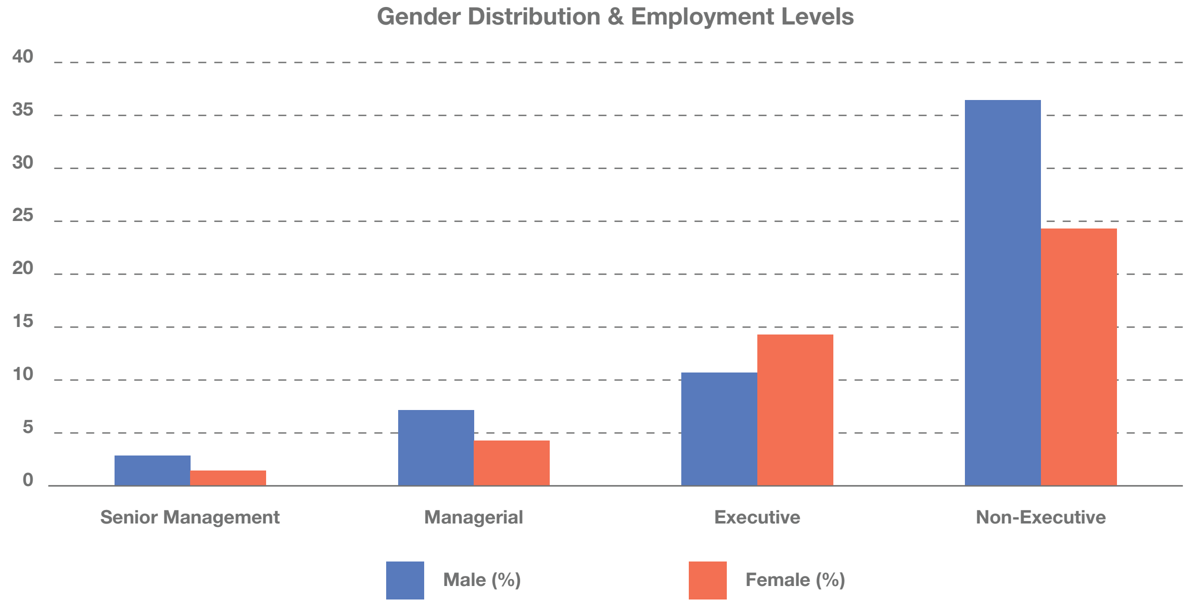
Reflecting the Group's composition, more than 95% of its employees are local Malaysians. This is in tandem with the Group's main business activity being in Malaysia currently as it has exited from its other regional operations held previously.

SUSTAINABILITY STATEMENT

WORKFORCE DIVERSITY & EQUAL OPPORTUNITY EMPLOYMENT (CONT'D)



In terms of the age distribution within the Group, the largest group remains in the non-executive group who are 30 years and below. Meanwhile, at Board level, the age range of the Directors are between 38 to 53.



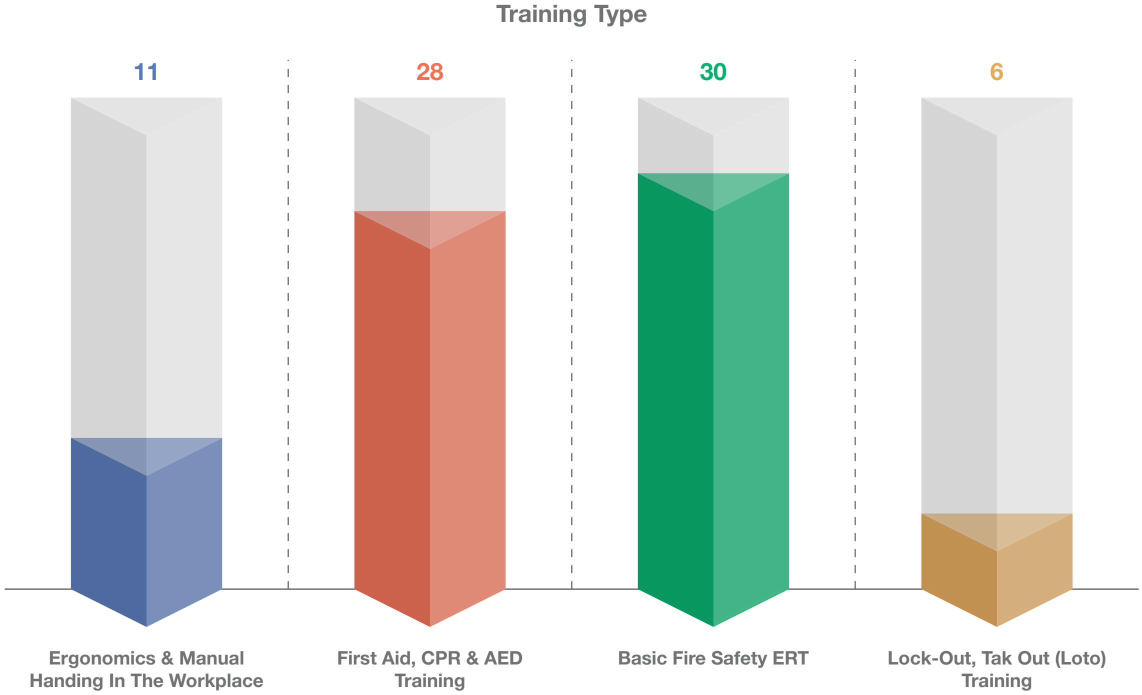
When it comes to gender diversity, the Group is nearly evenly split, with males forming the majority of 55.72% and females forming the balance. In FY2023, the total amount of employees has declined to 201 from the previous year and the Group's momentum in closing the gender gap was reversed by 10% over the employee base. When it comes to the Board, the Group is represented by a female board director, corresponding to 20% of the Board composition.

SUSTAINABILITY STATEMENT

OCCUPATIONAL HEALTH & SAFETY

The Group has established an **Occupational Safety & Health Committee ("OHSA Committee")** that plays a pivotal role in ensuring the safety and health of the workplace for employees. The Committee and relevant policies that uphold the Occupational Safety and Health (Safety and Health Committee) Regulation 1996 and Occupational Safety and Health Act 1994 (Act 514).

In the year under review, the Group is pleased to report no work-related fatalities nor any lost time due to incidents. To this end, the OHSA Committee implements and monitors the different types of accidents that happen on premises, performs root cause analysis and places preventative measures to reduce injury incidents. There has been a total of 37.31% of employees who have undertaken training on the various areas of Occupational Safety & Health and they are describe in the following chart.



TRAINING & DEVELOPMENT

Continuing disclosures from the previous year, the Group has contributed to the personal and professional development of its workforce by clocking a total of 4,398 hours for various levels and categories of its employees. Average training hours per employee has also been recorded at 21.88 hours per employee as at FY2023, a rise of close to 3 times from 8 hours per employee in FY2022.

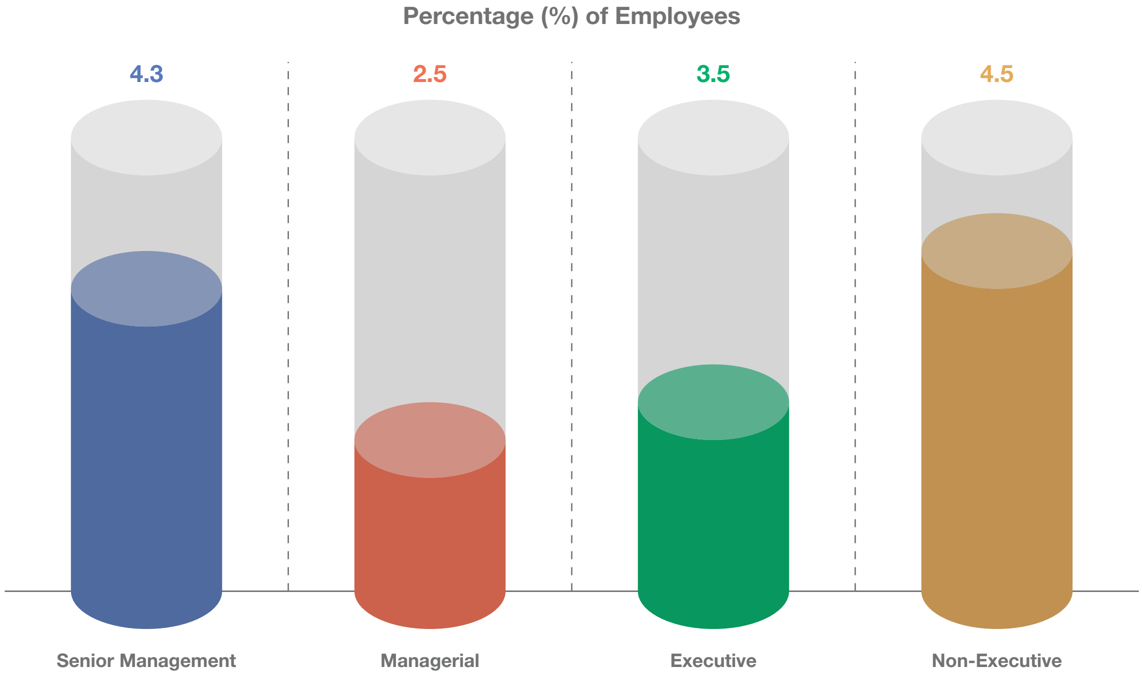
4,398 hours

Average training hours per employee 21.88 hours

SUSTAINABILITY STATEMENT

ANTI-CORRUPTION

The Group takes anti-corruption matters seriously and as at FY2023, there have been a total of 12.44% of employees who have undergone anti-corruption training. The breakdown of anti-corruption training can be detected in the following chart.



Although there haven't been any parts of the operations that have been assessed for corruption-related risks and no confirmed incidents of corruption and action taken, the Group is vigilant and aware of the risks associated to corruption and is actively looking into mitigating it.

LABOUR PRACTICES & STANDARDS

Within the **Group's Labour Practices and Standards**, a total of 9.45% of staff are contracted or temporary. The majority of permanent employees are Malaysians. Although the Group has high exposure to production lines in its operations, it maintains a very high standard of employee and industrial relations, taking care to uphold human rights of its employees. Unsurprisingly, there has been no complaints of human rights violations against the Group in the year under review.

SUMMARY

As the Group proceeds in its Sustainability journey, it continues in its commitment to adopt and enhance its reporting standards to comply with the latest Bursa recommendations and industry best practices. Among some of the stretch goals would be to increase its data collection and reporting suite to enhance Sustainability Reporting in the near future.

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 organization.

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 so as 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 MCGG during the financial year ended 31 March 2023, 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 2023 ("CG Report") of the Company which is available on the Company's website at www.komark.com.my. The detailed explanation on the application of the corporate governance practices is reported under the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board's Responsibilities

The Board is responsible for overseeing and managing the overall performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board is led by experienced and knowledgeable Directors who provide the Company with the core competencies and the leadership necessary for the Group to meet its business objectives and goals.

An effective Board is one that is made up of a combination of Executive Director with intimate knowledge of the business and Non-Executive Directors from diverse industry/business background to bring broad business and commercial experience to the Group. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgment. This offers a strong check and balance on the Board's deliberations.

The responsibilities of the Board are stated in the Board Charter, which is available on the Company's website at www.komark.com.my.

Broadly, the responsibilities of the Board are inclusive of but not limited to:

- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- ensure there is a sound framework for internal controls and risk management;
- ensuring that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- establishing and reviewing the policies and procedures on whistleblowing;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- ensuring that 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 that the Company adheres to high standards of ethics and corporate behaviour.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board's Responsibilities (Cont'd)

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

A copy of the Terms of Reference of the board committees is available on the Company's website at www.komark.com.my.

Separation of positions of the Chairman and Executive Director

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of the Chairman and Executive Director are separately held and each has a clear division and 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 to ensure a balance of power and authority.

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 is primarily responsible for the day-to-day management of the business as well as the implantation of Board policies and decisions. Mr Roy is also responsible to assess the potential business opportunities and report the same to the Board for their discussion.

Chairman of the Board should not be a member of the Board Committees

The Board took recognisance that having the same person assume the position of chairman of the Board and member of other board committees gives rise to the risk of self-review and may impair the objectivity of the chairman and the Board when deliberating on the observations and recommendations put forth by the board committees.

However, the Chairman is not involved in management and operational matters of the Company, and he always provides constructive ideas and opinions to the Board and Board Committees respectively based on different perspectives as a Board Chairman and member of Board Committees. In addition, the presence of the two (2) Independent Directors from a total of the three (3) committees members are sufficient to provide the necessary checks and balances on the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees.

Company's Policies

The Board encourages employees across the Company to adhere to and maintain the highest standard of ethical behaviour. Hence, the Company has put in place a Code of Conduct and Ethics ("CoCE") to promote the corporate culture which engenders ethical conduct that permeates throughout the Company and its subsidiaries. The CoCE 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.

The Company also established a Whistle-Blowing Policy which provides 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. All cases are reported and assessed by the AC.

The Company has in place an Anti-Corruption Policy to incorporate the policies and procedures on anti-corruption to promote better governance culture and ethical behaviour within the Group and to 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Company's Policies (Cont'd)

The Board adopted a Directors' Fit and Proper Policy to ensure that 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.

Details of the Board Charter, CoCE, Anti-Corruption Policy, Whistleblowing Policy and Directors' Fit and Proper Policy are available in the Company's website at www.komark.com.my.

Besides, the Board together with management acknowledges the importance in promoting sustainability strategies in the economic, environment, social and governance ("EESG") 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 on pages 18 to 27 of this Annual Report.

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 matters of the Company in relation but not limited to Companies Act 2016, MMLR of Bursa Securities and MCCG.

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").

The Company Secretary is responsible to provide support and guidance in advising the Board on all secretarial matters of the Company, in particular the compliance of the Bursa Malaysia's MMLR as well as to inform and keep the Board updated on the latest enhancements in corporate governance, changes in the legal regulatory framework, new statutory requirements and best practices.

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 Secretaries and where necessary, obtain independent professional advice at the Group's expense.

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 FYE 2023, key activities undertaken by the Board include:

- Received reports and updates on operational and financial performance of the Group and other key matters;
- Considered corporate proposals;
- Approved the Company's full year and interim results;
- Discussed updates on corporate governance and regulatory matters;
- Received updates from the Chair of the Board Committees on the work undertaken by each committee;
- Considered and approved the re-appointment of the Company's external auditors, Messrs. BDO PLT; and
- Considered and recommended the proposed Authority for the Company to purchase its own ordinary shares for shareholders' approval.

Board Composition

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Composition (Cont'd)

Currently, the Board comprises five (5) members, comprising of one (1) Executive Director and four (4) Independent Non-Executive Directors. There is one (1) female member on the Board which representing 20% of the total Board members.

The Company has complied with the Paragraph 15.02 of the MMLR of having at least two (2) or one third (1/3) of the Board comprising independent directors and one (1) of the director is a woman. The Company also in line with Practice 5.2 of the MCCG 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 will 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 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.

The Board through NC conducts an annual review of its size and composition, gives due regard to skills, experience, gender and background. As part of the FY2023 Board evaluation, the NC also reviewed the independence of each of the 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.

In accordance with the Constitution and in compliance with the MMLR, 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. In addition, the Constitution and MMLR also require the newly appointed Directors to hold office only until the next AGM and shall be eligible for re-election.

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. Roy Ho Yew Kee; and
2. Dr Azizah binti Sulaiman.

As at the date of this CG Overview Statement, the Board has yet to adopt a policy at limiting 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.

Time Commitment

The Board meets at least four (4) times a year to facilitate the discharge of its responsibilities. The Board will also attend additional meetings to be convened on an ad-hoc basis as and when necessary to consider business issues that require urgent decision of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Time Commitment (Cont'd)

During the FYE 2023, a total of five (5) Board meetings were held and the attendance of the directors at Board and Committee meetings is shown in the table below:

Name of Directors	Board	AC	NC	RC
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad Chairman and Independent Non-Executive Director	5/5	4/4	1/1	1/1
Roy Ho Yew Kee Executive Director	5/5			
Koo Kien Keat Independent Non-Executive Director	4/5	0/1		
Chan Jee Peng Independent Non-Executive Director	5/5	5/5	1/1	1/1
Ihsan bin Ismail Independent Non-Executive Director *(Resigned on 29 May 2023)*	5/5	5/5	1/1	1/1
Dr Azizah Binti Sulaiman Independent Non-Executive Director *(appointed on 1 June 2023)*	-	-	-	-

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.

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.

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 such regulatory requirements will have on the Group. The Company Secretary circulate and brief the relevant guidelines on statutory and regulatory requirements from time to time and for the Board's reference.

During the FYE 2023, 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:

Board members	Courses/Training Programmes Attended
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	Malaysia Tax & Budget Webinar
Roy Ho Yew Kee	Malaysia Tax & Budget Webinar
Koo Kien Keat	Exploring Various RPT Exemptions
Chan Jee Peng	• Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) Masterclass • CTIM - Malaysian Property Tax, Estates and Trusts
Ihsan Bin Ismail *(Resigned on 29 May 2023)*	Common Offences by Directors under the Companies Act 2016

* Dr Azizah Binti Sulaiman was appointed to the Board on 1 June 2023. Hence, the training attended by her before the appointment was not included.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Nomination Committee

Board Appointments

The NC plays a role in the Board appointment process. The process of nomination and selection of directors involves identification of potential candidate(s), evaluation of suitability of candidates based on the agreed upon criteria, followed by deliberation by NC and recommendation to the Board for its final 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 candidates 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 them are Independent Non-Executive Directors.

During the FYE 2023, the NC had undertaken the following activities:

- Assessed existing structure, size, composition and effectiveness of the Board as a whole and Board Committees;
- Conducted an annual assessment of the performance of the Board as a whole and made its recommendation to the Board;
- Conducted an annual assessment of the Independent Directors and made its recommendation to the Board; and
- Reviewed and recommended the re-election of the retiring Directors for Board's approval.

Board Evaluation

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

The effectiveness of the Board is assessed in the areas of the Board's roles and 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.

Based on the annual assessment conducted during the financial year, 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 year under review, and 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 our Board members and Senior Management are made based on merit, in the context of 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 on whether the candidates meet the requirements for 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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.

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 Directors 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 committee. 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 year 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 his own remuneration.

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

Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and its subsidiaries during the FYE 2023 are as follows:

Directors	Directors' Fees (RM)	Salary (RM)	Other Emoluments (RM)	Total (RM)
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	84,000	-	6,000	90,000
Mr Roy Ho Yew Kee	72,000	412,241	6,000	490,241
En Ihsan Bin Ismail *(Resigned on 29 May 2023)*	48,000	-	6,000	54,000
Mr Koo Kien Keat	48,000	-	5,000	53,000
Mr Chan Jee Peng	60,000	-	6,000	66,000
Dr Azizah Binti Sulaiman *(Appointed on 1 June 2023)*	-	-	-	-
Total				**753,241**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Remuneration of Key Senior Management

The Company notes 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 FY2023 was RM654,707 representing 5.24% of the total employees' remuneration of the Group.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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 Board has established an AC, which comprises three (3) members, all of whom are Independent Non-Executive Directors. The AC is chaired by Mr Chan Jee Peng, who is not the Chairman of the Board. Collectively, the AC members are financially literate, have commercial expertise skills, knowledge and understanding of the matters under the purview of the AC including the principles and developments of financial reporting. They constantly keep abreast of relevant changes to financial reporting standards and issues which have a significant impact on the financial statements through regular updates from the external auditors and the Executive Directors.

All the AC members undertake training and continuous professional developments as set out in this Statement on page 32.

The composition, roles and responsibilities of the AC are set out on pages 38 to 40 under the AC Report in this Annual Report. The duties and responsibilities of the AC are also available in the AC's TOR.

Under its TOR, the AC assists the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management and compliance systems and practice, financial statements, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business. The AC also responsible in ensuring that the financial statements of the Company are in accordance with the applicable accounting standards in Malaysia and in compliance with relevant rules and regulation.

In this regard, the AC reviewed the scope of the audit set out in the audit planning memorandum, work plan, areas of audit emphasis, fee proposal, issues arising from the audit and remedial actions to rectify the issues, audit judgements, level of errors identified during the audit and recommendations made by the 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 and has incorporated the said practice in the Terms of Reference of AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Audit Committee (Cont'd)

For the financial year, the AC performs an assessment on the suitability and independence of the External Auditors before making recommendation to the Board for the reappointment of the External Auditors. The AC was satisfied with the results of the aforesaid assessment and was unanimous in their decision to recommend to the Board the re-appointment of the external auditors of the Company for the financial year ending 31 March 2024. The AC has also reviewed the nature and extent of non-audit services provided by the external auditors for FYE 2023 and recommends to the Board on the reappointment of the external auditor.

The external auditors have confirmed in writing that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants ("MIA"). In compliance with the MIA requirements, the lead partner is rotated every five (5) years to ensure independence and effectiveness.

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 mitigating measures to manage such risks to acceptable levels.

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

The Group has outsourced the internal audit function to a professional service firm which is independent of the activities and operations of the Group. The outsourced internal auditors report directly to the AC.

Details on the risk management and internal control system of the Group are set out in the AC report and Statement on Risk Management and Internal Control of this Annual Report.

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

Communications with Stakeholders

The Board always recognizes 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. A corporate disclosure policies and procedures has been formalized to enable comprehensive, accurate and timely information relating to the Group are disclosed to the shareholders and other stakeholders not only to comply with the disclosure requirements as stipulated in the MMLR, but also set out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders in compliance with the MMLR of Bursa Securities.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Communications with Stakeholders (Cont'd)

The Group is mindful of the importance of timely and equal dissemination of material information to the stakeholders, media and regulators. In this respect, the Group has in place a Corporate Disclosure Policy 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 results are announced in a mandatory period.

The Company has established a website at www.komark.com.my from which 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.

Annual 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 in order to communicate their views and seek clarifications. The Executive Director, members of the Board, Company Secretary, senior management and external auditors are present to address queries during the meeting.

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 on the Group's operation.

As recommended by the MCCG, the notice of AGM will be despatched to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or Extraordinary General Meeting ("EGM") is accompanied by a full explanation of the effects of any proposed resolution.

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 then be announced to Bursa Securities on the same meeting day while the minutes of the general meeting will be posted 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 MCCG has 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 FYE 2023.

This Statement was approved by the Board of Directors of the Company on 21 July 2023.

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 year ended 31 March 2023 (**"FYE 2023"**).

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:

Chairman: Mr Chan Jee Peng, *Independent Non-Executive Director*

Members: Mr Koo Kien Keat, *Independent Non-Executive Director (appointed on 30 November 2022)*
Dr Azizah Binti Sulaiman, *Independent Non-Executive Director (appointed on 1 June 2023)*

The Chairman of the AC, Mr Chan Jee Peng is a member of the Malaysian Institute of Accountants. The current composition of the AC is in compliance with Paragraph 15.09 of the Main Market Listing Requirements (**"Listing Requirement"**) of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) and Malaysian Code on Corporate Governance.

The Company recognizes the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the AC members were former audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate who was an audit partner of the external auditors of the Group to be appointed as a member of AC.

B. TERM OF REFERENCE

The principal objective of the AC is to assist the Board in meeting its responsibilities relating to accounting and reporting practices of the group. The duties and responsibilities of the AC is as set out in the Terms of Reference of the AC which can be found on the Company's website at https://komark.com.my/.

C. MEETINGS AND ATTENDANCE

The AC conducted five (5) meetings during the FYE 2023 and the attendance of the AC members is set out as below:-

	Name of Directors	Attendance
(a)	Mr Chan Jee Peng	5/5
(b)	Mr Koo Kien Keat *(appointed on 30 November 2022)*	0/1
(c)	Dr Azizah Binti Sulaiman *(appointed on 1 June 2023)*	-
(d)	YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad *(resigned on 30 November 2022)*	4/4
(e)	En Ihsan Bin Ismail *(resigned on 29 May 2023)*	5/5

The meetings were structured through the use of agendas which were distributed to the AC with sufficient notification. The AC members are provided with notices and agenda about seven (7) days before the meeting. The meetings were of adequate length to allow the AC to accomplish its agenda with sufficient time to discuss emerging issues.

The Company Secretary or the representatives were present at all the meetings. Upon invitation, the executive Board members, members of management as well as representatives of the external auditors and internal auditors also attended specific AC meetings to facilitate direct communication and to provide clarifications on audit issues and the operations of the Group.

AUDIT COMMITTEE REPORT

C. MEETINGS AND ATTENDANCE (CONT'D)

The minutes of each AC meeting were recorded and tabled for confirmation at the next following AC meeting. The AC Chairman reported to the Board on the key matters deliberated during the AC meetings, for the Board's consideration and decision.

D. SUMMARY OF WORK

During the FYE 2023, in line with their Term of Reference, the activities of the AC included, among others, the following:-

(a) Reviewed the quarterly and year–to-date unaudited financial results of the Group to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the Board's approval;

(b) Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

(c) Reviewed and confirmed the minutes of the AC meetings;

(d) 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 FYE 2023;

(e) Reviewed the external auditor's scope of work and audit plan for the year;

(f) Discussed the Audit Planning Memorandum from the external auditors for the FYE 2023;

(g) 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 every quarter;

(h) Reviewed the internal audit report which outlined the recommendations towards correcting areas of weaknesses and ensured that there were management action plans established for the implementation of the Internal Auditors' recommendations;

(i) Discussed the Group Risk Management Report;

(j) Reviewed with the internal auditor, external auditors and the management, the adequacy of the existing policies, procedures and systems of internal control of the Group;

(k) Evaluated the performance of the external auditors for the financial year ended 31 March 2023 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

(l) Reviewed the audit fees of external auditors, after taking into consideration the independence and objectivity of the External Auditors and the cost effectiveness of their audit, before the recommendation to the Board for approval;

(m) Reviewed with the External Auditors and Internal Auditors, the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report;

(n) Reviewed the AC report, Corporate Governance Overview Statement together with Corporate Governance Report, Management Discussion and Analysis and Sustainability Statement for inclusion in the Annual Report and Circular /Statement to Shareholders; and

AUDIT COMMITTEE REPORT

E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional firm named Messrs. Indah Corporate Governance Sdn. Bhd. (**"Internal Auditor"**). Indah Corporate Governance Sdn. Bhd. has sufficient number of audit staffs deployed for the internal audit reviews which comprises a total of 5 persons, with the composition of 1 Directors and 4 staffs.

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 on the state of internal controls of the Group, the extent of compliance with the established policies, procedures and relevant statutory requirements, the extent the Group's assets are accounted for and safeguarded, and improvements to operations, processes and control systems.

The Internal Audit highlighted to the AC on their audit findings and requested formulation of management action plans by the Management to ensure an adequate and effective internal control system within the Group and to mitigate risks arising from any weaknesses in the Group's internal control system. Subsequently, follow up review was performed to ensure that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.

The AC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the Internal Audit function.

The total costs incurred by the Internal Auditor in discharging its functions and responsibilities in respect of the FYE 2023 was RM30,000.

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 41 to 43 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 year ended 31 March 2023. 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, joint venture, 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.

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

1. Invoicing Management
2. Production Management
3. Inventory Management
4. Procurement Management

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 was approved by the Board of Directors of the Company on 21 July 2023.

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 year ended 31 March 2023. 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 year ended 31 March 2023, 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 Year Ended 31 March 2023, the amount of audit and non-audit fees paid or payable to the External Auditors by the Group and Company respectively as follows:

Type of fees	Group (RM'000)	Company (RM'000)
Audit fees	189	56
Non-audit fees	3	3
Total	**192**	**59**

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 year ended 31 March 2023 or entered into since the end of the previous financial year.

UTILISATION OF PROCEEDS

a. Private Placement of up to 20% of the total number of issued shares of Company

On 12 April 2021, the Company proposed to undertake private placement of up to 20% of total number of issued shares of the Company to independent third-party investors (**"Private Placement up to 20%"**). The Private Placement up to 20% was completed following the listing and quotation of 96,223,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) on 31 May 2021, raising RM12,932,371.29 for the Company.

As at 31 March 2023, the proceeds have been fully utilised. The summary of the utilisation of proceeds were as follows:-

Purpose		Proposed utilisation RM'000	Actual utilisation RM'000	Variation RM'000	Unutilised RM'000
i)	Expansion of production capacity for the face mask manufacturing business	12,793	12,793	-	-
ii)	Estimated expenses for the proposals	139	139	-	-

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

UTILISATION OF PROCEEDS (CONDT'D)

b. 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.

As at 30 June 2023, the summary of the utilisation of proceeds 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	-	-	-
ii)	Product development	5,000	-	-	-
iii)	Working capital	4,481	-	-	-
iv)	Estimated expenses for the Proposed Rights Issue with Warrants	700	-	-	-

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 year ended 31 March 2023.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The Recurrent Related Party Transactions of a Revenue or Trading Nature incurred during the financial year 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 year ended 31 March 2023 (RM'000)
Key Alliance Group Berhad	i) Provision of Information and Communication Technology ("ICT") services. ii) Installation of security and Closed-Circuit Television ("CCTV") monitoring iii) Installation of Internet of Things ("IOT") devices iv) Installation of Covid-19 preventive measures. v) Migration of various operating platforms to cloud based.	- Mr. Roy Ho Yew Kee - YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	180
XOX Bhd	i) Sales of packaging and project labelling ii) Sales of face masks	- Mr. Roy Ho Yew Kee - Key Alliance Group Berhad	1,169
Key Alliance and its subsidiaries	i) Sales of face masks	- Mr. Roy Ho Yew Kee - YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	951
Cheetah Holdings Berhad and its subsidiaries	i) Sales of face masks	- Mr. Roy Ho Yew Kee - Mr. Koo Kien Keat	238
Tree Med Sdn Bhd	i) Worldwide distributorship for selling face masks	- 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 Thursday, 21 September 2023 at 10.30 a.m.. The details as enclosed in the circular dated 28 July 2023.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and providing management services to its subsidiaries within the Group. The principal activities of the subsidiaries are manufacturing of self-adhesive labels, stickers labelling machines, surgical face mask, protective face mask and trading of related products. Further details of the subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year/period	(5,097)	(24,298)
Loss attributable to:		
Owners of the parent	(4,760)	(24,298)
Non-controlling interests	(337)	-
	(5,097)	(24,298)

DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the end of the previous financial period.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 March 2023.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

WARRANTS 2021/2024 ("Warrant C")

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

		<---------- Number of outstanding Warrant C -------->			
Date issued	**Exercise price**	**At 1.4.2022**	**Exercised**	**Lapsed**	**At 31.3.2023**
15.1.2021	RM0.56	240,460,690	-	-	240,460,690

The salient terms of Warrants C are disclosed in Note 19 to the financial statements.

DIRECTORS' REPORT

TREASURY SHARES

As at 31 March 2023, the Company held 18,000 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 18 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 20 to the financial statements.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad*	
Roy Ho Yew Kee*	
Koo Kien Keat	
Chan Jee Peng	
Dr Azizah binti Sulaiman	(Appointed on 1 June 2023)
Ihsan Bin Ismail	(Resigned on 29 May 2023)

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

Subsidiaries of Komarkcorp Berhad (excluding those who are already the Directors of the Company)
Ong Ann Boon
Chu Chee Peng

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 March 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	<---------- Number of ordinary shares ---------->			
	Balance as at 1.4.2022	**Bought**	**Sold**	**Balance as at 31.3.2023**
Shares in the Company				
<u>Direct interests:</u>				
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	200,000	-	-	200,000
Roy Ho Yew Kee	1,000,000	200,000	-	1,200,000
<u>Indirect interests:</u>				
Roy Ho Yew Kee (1)	122,318,200	-	-	122,318,200

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) 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.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 March 2023 were as follows:

	Group RM'000	Company RM'000
Fees	312	312
Basic salaries and allowances	404	6
Defined contribution plans	42	-
Other emoluments	23	23
	781	341

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for the Directors, officers and auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision 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

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(I) AS AT THE END OF THE FINANCIAL YEAR (CONT'D)

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

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) 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.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Disposal of interest in subsidiary

During the financial year, the Group dispose of its interest in a subsidiary as disclosed in Note 9(c) to the financial statements.

(b) Disposal of property, plant and equipment

On 3 March 2023, a subsidiary of the Company has entered into a sale and purchase agreement with an individual to dispose a piece of freehold land and building for a cash consideration of RM1,300,000. The freehold land and building were reclassified to assets held for sale as at the financial year end as disclosed in Note 17 to the financial statements.

The disposal has yet to be completed as at the date of this report.

DIRECTORS' REPORT

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Proposed Rights Issue with Warrants

On 18 August 2021, the Company proposed to undertake the renounceable rights issue of up to 817,817,238 new ordinary shares together with up to 272,605,746 free detachable warrants on the basis of 3 rights shares together with 1 free Warrant ("Warrant D") for every 3 existing shares held by the shareholders at an issue price to be determined and announced by the board. No ESOS Options will be granted prior to the completion of the proposed Rights Issue with Warrants.

The proposed Rights Issue with Warrants had been approved by Bursa Securities on 5 November 2021 and subsequently approved by the shareholders via an Extraordinary General Meeting on 10 December 2021,.

The Proposed Rights with Warrants was not implemented as at 31 March 2023.

Subsequent to the financial year end, on 28 June 2023, the Company completed the issuance and listing and quotation of the following on the Official List of Bursa Malaysia Securities Berhad:

(i) 577,256,790 new ordinary shares ("Rights Shares") issued at RM0.08 per rights share pursuant to the Rights Issue with Warrants and 65,403,769 additional Warrants 2021/2024 ("Warrants C") arising from adjustment made pursuant to the Rights Issue with Warrants; and

(ii) 192,418,845 free detachable warrants 2023/2026 ("Warrants D") issued pursuant to the Rights Issue with Warrants

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 March 2023 were as follows:

	Group RM'000	Company RM'000
Statutory audit	189	56
Non-statutory audit	3	3
	192	59

Signed on behalf of the Board in accordance with a resolution of the Directors.

……………………

Roy Ho Yew Kee
Director

………………………………

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad
Director

Kuala Lumpur
21 July 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 61 to 136 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 31 March 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

……………………
Roy Ho Yew Kee
Director

……………………………
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad
Director

Kuala Lumpur
21 July 2023

STATUTORY DECLARATION

I, Roy Ho Yew Kee, being the Director primarily responsible for the financial management of Komarkcorp Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 136 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly
declared by the abovenamed
at Kuala Lumpur this
21 July 2023

……………………………
Roy Ho Yew Kee

Before me:

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 31 March 2023 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 136.

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 31 March 2023, and of their financial performance and their cash flows for the financial year then ended 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 Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. 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.

1. *Impairment assessment of the carrying amount of property, plant and equipment*

   As at 31 March 2023, the carrying amount of property, plant and equipment of the Group was RM71,612,000, as disclosed in Note 6 to the financial statements.

   The Group estimated the recoverable amount of property, plant and equipment using the higher of fair value less cost of disposal ("FVLCS") and Value in Use ("VIU"). The Group applies the VIU model based on present value of forecasted future cash flows for the cash generating unit ("CGU") to determine if there is any impairment loss required on the carrying amount of property, plant and equipment.

   We determined this to be a key audit matter because it requires management to exercise significant judgement in estimating the future results and key assumptions applied to cash flow projections in determining the recoverable amount. These key assumptions include budgeted gross margin, growth rate as well as determining an appropriate pre-tax discount rate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KOMARKCORP BERHAD

Key Audit Matters (Cont'd)

1. *Impairment assessment of the carrying amount of property, plant and equipment (Cont'd)*

   Audit response

   Our audit procedures included the following:

   (a) Assessed the reasonableness of the estimated useful lives, residual values and depreciation method of property, plant and equipment;

   (b) Reviewed the measurement of impairment losses;

   (c) Compared cash flow projections against recent performance and assessed reasonableness of key assumptions used by management in the cash flows forecast, by comparing to available industry data, taken into consideration of comparability and market factors; and

   (d) Assessed appropriateness of fair value less cost to sell.

2. *Impairment assessment of inventories*

   As at 31 March 2023, the carrying amount of inventories of the Group was RM8,777,000, as disclosed in Note 13 to the financial statements.

   We determined this to be a key audit matter as the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires management to exercise significant judgement in estimating the net realisable value of the inventories.

   In estimating the net realisable value of inventories, management had exercised significant judgements in identifying slow-moving and obsolete inventories by assessing the expiry dates of the respective inventories, expectation of current market prices and future demand of customers.

   Audit response

   Our audit procedures included the following:

   (a) Discussed with management and obtained an understanding of the process implemented by management over the determination of the lower of cost and net realisable value of inventories;

   (b) Reviewed the adequacy of inventories obsolescence, if any;

   (c) tested the first-in, first-out costing of inventories; and

   (d) tested slow-moving inventories for sales subsequent to the year end to support the assertion that the carrying amount of inventories is at the lower of cost and net realisable value.

3. *Impairment assessment of trade receivables*

   As at 31 March 2023, the carrying amount of trade receivables of the Group was RM10,589,000, as disclosed in Note 14 to the financial statements.

   We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KOMARKCORP BERHAD

Key Audit Matters (Cont'd)

3. *Impairment assessment of trade receivables (Cont'd)*

Audit response

Our audit procedures included the following:

(a) Assessed the adequacy of credit impaired assessment performed by management on trade receivables exceeding their credit terms;

(b) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;

(c) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;

(d) Inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and

(e) Assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

4. *Impairment assessment of carrying amount of investment in subsidiaries*

As at 31 March 2023, the carrying amount of the investments in subsidiaries of the Company was RM13,785,000 as disclosed in Note 9 to the financial statements.

Management used the VIU approach based on present value of forecasted cash flows for the subsidiaries to determine if there is any impairment loss required on the costs of investments in subsidiaries.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the recoverable amount, estimating the future results and key assumptions applied to cash flow projections of these subsidiaries. These key assumptions include forecast growth in future revenues and operating profit margin, as well as determining an appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

(a) Compared cash flows projections against recent performance and historical accuracy of budgets/forecasts and assessed the key assumptions used in projections;

(b) Evaluated the reasonableness of projected profit margins and growth rates by assessing evidence available to support these assumptions;

(c) Evaluated the reasonableness of the pre-tax discount rate used for each subsidiary by comparing to the weighted average cost of capital of the Group and relevant risk factors; and

(d) Assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KOMARKCORP BERHAD

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 we have 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 ability of the Group and of the Company 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:

(a) 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.

(b) 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 internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KOMARKCORP BERHAD

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

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

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company 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.

(e) 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.

(f) 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 year 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 9 to financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KOMARKCORP BERHAD

Other Matters

The financial statements of the Group and of the Company for the financial period ended 31 March 2022 were audited by another firm of chartered accountants, whose report dated 18 July 2022 expressed an unqualified opinion on those statements.

This report is made solely to the member 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.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Lee Wee Hoong
03316/07/2023 J
Chartered Accountant

Kuala Lumpur
21 July 2023

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	71,612	76,294	-	-
Intangible assets	7	61	82	-	-
Right-of-use assets	8	13,369	19,639	-	-
Investments in subsidiaries	9	-	-	13,785	20,558
Investment in an associate	10	-	-	-	-
Other investment	11	9,100	-	-	-
Deferred tax assets	12	-	-	-	-
		94,142	96,015	13,785	20,558
Current assets					
Inventories	13	8,777	13,554	-	-
Trade and other receivables	14	12,437	17,515	1,741	18,127
Tax recoverable		140	103	1	1
Short term funds	15	31	3,010	31	3,010
Cash and bank balances	16	1,994	2,349	46	70
		23,379	36,531	1,819	21,208
Assets held for sale	17	1,300	-	-	-
TOTAL ASSETS		118,821	132,546	15,604	41,766
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	132,927	132,927	132,927	132,927
Treasury shares	18	(4)	(4)	(4)	(4)
Other reserves	21	49,259	50,534	33,882	33,882
Accumulated losses		(86,437)	(82,038)	(151,279)	(126,981)
		95,745	101,419	15,526	39,824
Non-controlling interests		(423)	(86)	-	-
TOTAL EQUITY		95,322	101,333	15,526	39,824

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
LIABILITIES					
Non-current liabilities					
Post-employment benefits	22	-	667	-	-
Loans and borrowings	23	4,151	4,975	-	-
Lease liabilities	8	1,999	3,654	-	-
Deferred tax liabilities	12	-	380	-	-
		6,150	9,676	-	-
Current liabilities					
Trade and other payables	24	14,934	17,321	78	1,942
Loans and borrowings	23	821	439	-	-
Lease liabilities	8	1,594	3,777	-	-
		17,349	21,537	78	1,942
TOTAL LIABILITIES		23,499	31,213	78	1,942
TOTAL EQUITY AND LIABILITIES		118,821	132,546	15,604	41,766

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

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group 1.4.2022 to 31.3.2023 RM'000	Group 1.5.2021 to 31.3.2022 RM'000	Company 1.4.2022 to 31.3.2023 RM'000	Company 1.5.2021 to 31.3.2022 RM'000
Continuing operations					
Revenue	25	40,741	48,322	-	-
Cost of sales		(38,561)	(44,146)	-	-
Gross profit		2,180	4,176	-	-
Other operating income		4,546	636	62	247
Other operating expenses		(9,709)	(12,104)	(8,546)	(7,953)
Net losses on impairment of financial assets		(551)	(101)	(15,814)	(41,634)
Finance costs	26	(599)	(547)	-	-
Loss before tax	27	(4,133)	(7,940)	(24,298)	(49,340)
Taxation	30	380	141	-	-
Loss for the financial year from continuing operations		(3,753)	(7,799)	(24,298)	(49,340)
Discontinuing operations					
Loss for the financial year from discontinued operations	9	(1,344)	(2,437)	-	-
Loss for the financial year		(5,097)	(10,236)	(24,298)	(49,340)
Other comprehensive income,					
Items that will not be reclassified subsequently to profit or loss					
- Tax effect on remeasurement gain of defined benefit plan		-	(112)	-	-
		-	(112)	-	-

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Company	
	Note	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Items that may be reclassified subsequently to profit or loss					
- Reversal of translation (gain)/losses on deconsolidation of a subsidiary		-	272	-	-
- Exchange (loss)/gain on translating foreign operations		(262)	112	-	-
		(262)	384	-	-
Total comprehensive loss		(5,359)	(9,964)	(24,298)	(49,340)
Loss attributable to:					
Owners of the parent		(4,760)	(10,099)	(24,298)	(49,340)
Non-controlling interest		(337)	(137)	-	-
		(5,097)	(10,236)	(24,298)	(49,340)
Total comprehensive loss attributable to:					
Owners of the parent		(5,022)	(9,827)	(24,298)	(49,340)
Non-controlling interests		(337)	(137)	-	-
		(5,359)	(9,964)	(24,298)	(49,340)
Loss per ordinary share (sen) attributable to equity holders of the Company:					
Basic	31	(0.82)	(1.78)		
Diluted	31	*	*		

*   Anti-dilutive in nature

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	<------------------ Attributable to owners of the parent ------------------>						
	<----------- Non-distributable ----------->			<- Distributable ->			
Group	**Share capital (Note 18) RM'000**	**Treasury shares (Note 18) RM'000**	**Other reserves (Note 21) RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 April 2022	132,927	(4)	50,534	(82,038)	101,419	(86)	101,333
Loss for the financial year	-	-	-	(4,760)	(4,760)	(337)	(5,097)
Other comprehensive loss, net of tax	-	-	(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)
At 31 March 2023	132,927	(4)	49,259	(86,437)	95,745	(423)	95,322

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		<---- Attributable to owners of the parent						
		<---- Non-distributable		---->< Distributable ->				
Group	Note	Share capital (Note 18) RM'000	Treasury shares (Note 18) RM'000	Other reserves (Note 21) RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 May 2021		120,166	(4)	50,150	(71,827)	98,485	51	98,536
Loss for the financial period		-	-	-	(10,099)	(10,099)	(137)	(10,236)
Other comprehensive income, net of tax		-	-	384	(112)	272	-	272
Total comprehensive income/(loss)		-	-	384	(10,211)	(9,827)	(137)	(9,964)
Transaction with owners:								
Issuance of new ordinary shares pursuant to private placement	18	12,932	-	-	-	12,932	-	12,932
Share issuance expenses	18	(171)	-	-	-	(171)	-	(171)
Total transactions with owner		12,761	-	-	-	12,761	-	12,761
At 31 March 2022		132,927	(4)	50,534	(82,038)	101,419	(86)	101,333

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Company	<-------- Non-distributable	-------->	<-	Distributable ->	
	Share capital (Note 18) RM'000	Treasury shares (Note 18) RM'000	Other reserves (Note 21) RM'000	Accumulated losses RM'000	Total equity RM'000
Balance as at 1 April 2022	132,927	(4)	33,882	(126,981)	39,824
Loss for the financial year	-	-	-	(24,298)	(24,298)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss	-	-	-	(24,298)	(24,298)
Balance as at 31 March 2023	132,927	(4)	33,882	(151,279)	15,526

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		<-------- Non-distributable	--------	--------><- Distributable ->		
Company	**NOTE**	**Share capital (Note 18) RM'000**	**Treasury shares (Note 18) RM'000**	**Other reserves (Note 21) RM'000**	**Accumulated losses RM'000**	**Total equity RM'000**
At 1 May 2021		120,166	(4)	33,882	(77,641)	76,403
Loss for the financial period		-	-	-	(49,340)	(49,340)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(49,340)	(49,340)
Transaction with owners:						
Issuance of new ordinary shares pursuant to private placement	18	12,932	-	-	-	12,932
Share issuance expenses	18	(171)	-	-	-	(171)
Total transactions with owners		12,761	-	-	-	12,761
At 31 March 2022		132,927	(4)	33,882	(126,981)	39,824

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

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group 1.4.2022 to 31.3.2023 RM'000	Group 1.5.2021 to 31.3.2022 RM'000	Company 1.4.2022 to 31.3.2023 RM'000	Company 1.5.2021 to 31.3.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax from:					
Continuing operations		(4,133)	(7,940)	(24,298)	(49,340)
Discontinued operations		(1,344)	(2,437)	-	-
Adjustments for:					
Depreciation of right-of-use assets	8	1,975	640	-	-
Amortisation of intangible assets	7	21	29	-	-
Bad debt recovered		-	(4)	-	-
Bad debt written off		-	113	-	-
Allowance/(reversal) for impairment loss on:					
- Trade receivables		647	(16)	-	-
- Amount due from subsidiaries		-	-	15,814	41,634
- Amount due from an associate		(1,239)	(69)	-	-
- Amount due from related parties		(4)	2	-	-
- Other receivables		45	(18)	-	-
- Investment in subsidiaries	9	-	-	6,773	6,016
Depreciation of property, plant and equipment	6	5,969	4,913	-	-
Deposit and prepayment written off		-	49	-	-
Fair value gain on investment in quoted shares	27	(2,348)	-	-	-
Deferred income	9	-	(422)	-	-
Interest expense		328	447	-	-
Interest income		(2)	(297)	(2)	(292)
Lease concession		15	-	-	-
Inventories written off		-	681	-	-
(Gain)/Loss on disposal of property, plant and equipment		(61)	476	-	-
Loss allowance for slow-moving, defective and obsolete inventories	13	917	176	-	-
Gain on disposal of subsidiary	9	(1,403)	-	-	-
Right-of-use assets written off	8	292	-	-	-
Property, plant and equipment written off		363	212	-	-
Unrealised loss on foreign exchange - net		31	4	-	11
Operating loss before changes in working capital		69	(3,461)	(1,713)	(1,971)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group 1.4.2022 to 31.3.2023 RM'000	Group 1.5.2021 to 31.3.2022 RM'000	Company 1.4.2022 to 31.3.2023 RM'000	Company 1.5.2021 to 31.3.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Changes in working capital:					
Decrease/(increase) in inventories		4,161	(8,655)	-	-
Decrease/(increase) in receivables		5,389	(238)	257	(43,772)
(Decrease)/Increase in payables		(2,386)	6,527	(72)	151
		7,233	(5,827)	(1,528)	(45,592)
Income tax (paid)/refund - net		(37)	42	-	9
Interest paid		(604)	(709)	-	-
Interest received		2	297	2	292
Net cash from operating activities		6,594	(6,197)	(1,526)	(45,291)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of intangible assets	7	-	(111)	-	-
Deconsolidation of a subsidiary (net cash disposed)	9	(193)	(22)	-	-
Advances to subsidiaries		-	-	(1,477)	61
Proceeds from disposal of property, plant and equipment		61	554	-	-
Purchases of property, plant and equipment		(4,726)	(35,638)	-	-
Net cash flows used in investing activities		(4,858)	(35,217)	(1,477)	61

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group 1.4.2022 to 31.3.2023 RM'000	Group 1.5.2021 to 31.3.2022 RM'000	Company 1.4.2022 to 31.3.2023 RM'000	Company 1.5.2021 to 31.3.2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Withdrawal of deposits pledged to licensed banks		52	651	-	-
Net proceeds from issuance of ordinary shares pursuant to private placement		-	12,761	-	12,761
Repayment of lease liabilities		(3,714)	(3,523)	-	-
Repayment of term loans and other borrowings		(442)	(381)	-	-
Net cash flows (used in)/generated from financing activities		(4,104)	9,508	-	12,761
Net decrease in cash and cash equivalents		(2,368)	(31,906)	(3,003)	(32,469)
Effect of foreign exchange gain on cash and cash equivalents		(914)	374	-	-
Cash and cash equivalents at beginning of financial year		5,307	36,839	3,080	35,549
Cash and cash equivalents at end of financial year		2,025	5,307	77	3,080

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Loans and borrowings (Note 23) RM'000	Lease liabilities (Note 8) RM'000
As at 1 May 2021	5,795	5,379
Cash flows	(381)	(3,076)
Non-cash flows	-	5,128
At 31 March 2022 / 1 April 2022	5,414	7,431
Cash flows	(442)	(3,386)
Non-cash flows	-	(452)
As at 31 March 2023	4,972	3,593

CASH AND CASH EQUIVALENTS

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

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with licensed banks	16	-	52	-	-
Cash and bank balances	16	1,994	2,297	46	70
Short term funds	15	31	3,010	31	3,010
		2,025	5,359	77	3,080
Less:					
- Deposits pledges with licensed banks		-	(52)	-	-
		2,025	5,307	77	3,080

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

1. CORPORATE INFORMATION

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

The registered office of the Company has changed from Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan to 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 consolidated financial statements for the financial year ended 31 March 2023 comprise the Company and its subsidiaries. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 21 July 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and providing management services to its subsidiaries within the Group. The principal activities and the details of the subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

3. BASIS OF PREPARATION

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 ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of the new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are disclosed in Note 39.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) the ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual agreements; and

(c) the voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions are also eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the financial year are included in the statements of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(a) Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(i) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(ii) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(iii) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(i) If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity, and

(ii) Other contingent consideration that:

(a) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9.

(b) is not within the scope of MFRS 9 shall be measured at fair value at and each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or its proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except freehold land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land and buildings are revalued at every five (5) years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as an income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation periods and rates are as follows:

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

Freehold land has unlimited useful life and is not depreciated.

Depreciation on assets under construction commences when the assets are ready for their intended use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Leases

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, converying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the leases is reasonably certain to exercise that option; and

(b) Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lease is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

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

(a) Right-of-use ("ROU") assets

ROU assets are initially measured at cost comprising the following:

(i) The amount of the initial measurement of lease liability;

(ii) Any lease payments made at or before the commencement date less any lease incentive received;

(iii) Any initial direct costs; and

(iv) Decommissioning or restoration costs.

ROU assets are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain re-measurement of the lease liabilities.

The principal annual depreciation periods and rates are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Leases (Cont'd)

The Group as lessee (Cont'd)

(b) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflext revised in-substance fixed lease payments.

The Group as a lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

4.5 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

Associates are entities in which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investees but is neither control nor joint control over those policies.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Investments (Cont'd)

(b) Associates

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses, if any.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net interest in the associate of the Group.

The share of profit or loss of the associate of the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest in the associate of the Group arising from changes in the associate's equity that have not been recognised in the share of the associate's profit or loss. Such changes include those arising from foreign exchange translation differences. The share of those changes of the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate to the extent that there is no impairment.

When the share of losses in an associate of the Group equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associates are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference at the end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed off and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Investments (Cont'd)

(c) Other non-current investments

Other non-current investments such as quoted and unquoted investments are financial assets designated at fair value through profit or loss and as such are stated at fair values. The fair values for quoted shares are based on quoted prices on the relevant exchange at the reporting date. The fair value for unquoted share is estimated using adjusted net asset valuation technique based on the investee's latest available financial statements obtained.

The fair value gain or loss is recognised in profit or loss.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in profit or loss.

4.6 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial period-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Trademark	5 - 10 years

Gain or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

The expenditure is capitalised and no amortisation is necessary as the asset is still under the development stage.

4.7 Inventories

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

Cost of the inventories is determined using the first-in first-out basis. Cost includes all applicable direct costs and appropriate overhead expenses incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Inventories (Cont'd)

Cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.8 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 asset's recoverable amount is estimated.

Goodwill that have an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of the CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value-in-use.

In estimating value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract in the event an embedded derivative is recognised separately is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Financial assets measured at fair value (Cont'd)

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities measured at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.10 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Equity (Cont'd)

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.11 Financial guarantee contract

A Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as finance liabilities at the time the guarantee are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation.

4.12 Impairment of financial assets

The Group and the Company recognises loss allowance for expected credit loss ("ECL") on financial assets measured at amortised cost.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and futures forecasts in economic conditions of the Group's industry to estimate the amount of expected impairment loss. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables, amounts owing by subsidiaries and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Impairment of financial assets (Cont'd)

The probability of non-payment by other receivables, amounts owing by subsidiaries and amounts owing by related parties are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables, amounts owing by subsidiaries and amounts owing by related parties.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.14 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on the disposal of properties, if any.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits could be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Income taxes (Cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Employee benefits (Cont'd)

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.18 Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Revenue and other income (Cont'd)

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Sale of goods

Revenue from sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

(b) Services

Revenue from services rendered is recognised at a point in time when services have been rendered to the customer and coincides with the delivery of services and acceptance by customers.

Revenue recognition not in relation to performance obligations is described below:

(a) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(c) Rental income

Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

4.19 Earnings/(loss) per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.20 Fair value measurements

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Fair value measurements (Cont'd)

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the assets; and

(b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

4.21 Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

4.22 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the 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.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

5.2 Critical judgements made in applying accounting policies

There are no significant judgements made by the management in the process of applying the accounting policies of the Group that has a significant effect on the amounts recognised in the financial statements.

5.3 Key sources of estimation uncertainty

The following are key assumptions 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 financial year.

(a) Useful life 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 plant and equipment to be within 5 to 20 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 6 to the financial statements.

(b) Impairment of property, plant and equipment

The Group and the Company test non-financial assets for impairment when there are indications that the assets may be impaired.

During the financial period, the Group and the Company carried out the impairment test based on estimation of the value in use ("VIU") of the CGU to which the property, plant and equipment are allocated. Estimating the VIU requires the Group and the Company to make an estimate of the expected future cash flows from the CGU and apply a suitable discount rate in order to calculate the present value of those cash flows. The value in use was determined using a pre-tax discount rate of 6.45% and growth rate of 20%.

(c) 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.

The carrying amount at the reporting date for investments in subsidiaries is disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

5.3 Key sources of estimation uncertainty (Cont'd)

(d) Allowance for expected credit losses of trade and other receivables

The Group uses simplified approach to calculate ECLs for trade receivables, contract assets and other investments. 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 con-elation 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 loans and receivables is disclosed in Note 15 to the financial statements.

(e) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

6. PROPERTY, PLANT AND EQUIPMENT

Group	Computers and software RM'000	Construction in progress RM'000	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Moulds and dies RM'000	Renovation RM'000	Total RM'000
Cost or valuation										
At 1 May 2021	-	-	18,900	18,000	67,420	3,086	1,381	318	3,048	112,153
Additions	1,866	8,352	-	-	16,610	870	158	171	7,611	35,638
Reclassification to right-of-use assets (Note 8)	-	-	-	-	(18,224)	-	(253)	-	-	(18,477)
Disposals	-	-	-	-	(9,188)	(5)	(279)	-	-	(9,472)
Written off	-	-	-	-	(637)	(365)	-	-	(440)	(1,442)
Foreign exchange differences	-	-	-	-	(1,017)	(83)	(13)	-	(66)	(1,179)
At 31 March 2022/ 1 April 2022	1,866	8,352	18,900	18,000	54,964	3,503	994	489	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	-	-	18,000	17,500	31,683	6,523	162	628	18,585	93,081

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

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

Group	Computers and software RM'000	Construction in progress RM'000	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Moulds and dies RM'000	Renovation RM'000	Total RM'000
Accumulated depreciation										
At 1 May 2021	-	-	-	2,107	38,443	1,917	1,245	188	1,875	45,775
Charge for the year	-	-	-	330	3,546	248	53	137	599	4,913
Disposals	-	-	-	-	(6,238)	(19)	(270)	-	-	(6,527)
Written off	-	-	-	-	(588)	(254)	-	-	(388)	(1,230)
Reclassification to right-of-use assets (Note 8)	-	-	-	-	(1,399)	-	(36)	-	-	(1,435)
Reclassification	-	-	-	-	-	35	-	-	(35)	-
Foreign exchange differences	-	-	-	-	(782)	(72)	(11)	-	(64)	(929)
At 31 March 2022/ 1 April 2022	-	-	-	2,437	32,982	1,855	981	325	1,987	40,567
Charge for the year	-	-	-	380	2,731	855	10	170	1,823	5,969
Disposals	-	-	-	-	(592)	-	(622)	-	-	(1,214)
Written off	-	-	-	-	(2,213)	(11)	(59)	-	-	(2,283)
Reclassification to assets held for sale	-	-	-	(100)	-	-	-	-	-	(100)
Disposal of subsidiary	-	-	-	-	(18,486)	(1,442)	(209)	-	(1,333)	(21,470)
At 31 March 2023	-	-	-	2,717	14,422	1,257	101	495	2,477	21,469

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

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

Group	Computers and software RM'000	Construction in progress RM'000	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Moulds and dies RM'000	Renovation RM'000	Total RM'000
Accumulated impairment losses:										
At 1 May 2021/ 31 March 2022/ 1 April 2022	-	-	-	-	360	-	-	-	-	360
Disposal of subsidiary	-	-	-	-	(360)	-	-	-	-	(360)
At 31 March 2023	-	-	-	-	-	-	-	-	-	-
Net carrying amount:										
At 31 March 2022	1,866	8,352	18,900	15,563	21,622	1,648	13	164	8,166	76,294
At 31 March 2023	-	-	18,000	14,783	17,261	5,266	61	133	16,108	71,612

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

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

(a) Certain property, plant and equipment of the Group with a carrying amount of RM32,783,000 (2022: RM33,132,000) have been pledged to licensed banks and financial institutions for financing facilities of the Group as disclosed in Note 23 to the financial statements.

(b) Freehold land and buildings (at valuation) 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	
	2023	**2022**
	RM'000	**RM'000**
Freehold land	6,007	6,007
Freehold building	11,766	12,174
	17,773	18,181

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

7. INTANGIBLE ASSETS

	Group Trademark	
	2023	**2022**
	RM'000	**RM'000**
Cost		
At beginning of the financial year/period	111	-
Additions	-	111
At end of the financial year/period	111	111
Accumulated amortisation		
At beginning of the financial year/period	(29)	-
Amortisation charge for the financial year/period	(21)	(29)
At end of the financial period	(50)	(29)
Carrying amount		
At 31 March	61	82

NOTES TO THE FINANCIAL STATEMENTS
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8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

Group

Carrying amount	At 1.4.2022 RM'000	Addition RM'000	Disposal of subsidiary RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	At 31.3.2023 RM'000
Factory buildings	2,559	-	-	(840)	(254)	1,465
Motor vehicles	217	-	-	(51)	-	166
Machineries	16,825	-	(4,003)	(1,084)	-	11,738
Office premise	38	-	-	-	(38)	-
	19,639	-	(4,003)	(1,975)	(292)	13,369

Carrying amount	At 1.5.2021 RM'000	Addition RM'000	Reclassification from property, plant and equipment RM'000	Depreciation charge for the financial period RM'000	Written off RM'000	At 31.3.2022 RM'000
Factory buildings	549	2,535	-	(525)	-	2,559
Motor vehicles	-	-	217	-	-	217
Hostel	10	-	-	(10)	-	-
Machineries	-	-	16,825	-	-	16,825
Office premise	143	-	-	(105)	-	38
	702	2,535	17,042	(640)	-	19,639

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

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

Lease liabilities

	Group 2023 RM'000	Group 2022 RM'000
At beginning of the financial year/period	7,431	5,379
Additions	-	5,128
Lease payments	(3,714)	(3,523)
Interest expense	328	447
Disposal of subsidiary	(437)	-
Rent concession	(15)	-
At end of the financial year/period	3,593	7,431
Represented by:		
Non-current liabilities	1,999	3,654
Current liabilities	1,594	3,777
	3,593	7,431
Lease liabilities owing to financial institutions	2,080	3,987
Lease liabilities owing to non-financial institutions	1,513	3,444
	3,593	7,431

(a) The Group has lease contracts for various items of land, factory buildings, machineries and hostel used in its operations.

(b) The following are the amounts recognised in profit or loss:

	Group 1.4.2022 to 31.3.2023 RM'000	Group 1.5.2021 to 31.3.2022 RM'000
Depreciation of right-of-use assets	1,975	640
Rental reduction arising related to rent concessions	15	-
Expenses relating to short-term leases (included in administration expenses)	123	44
Interest expense on lease liabilities	328	447
	2,441	1,131

(c) The Group had a total cash outflows for leases amounted to RM3,837,000 (2022: RM3,567,000) during the financial year/period.

There were no leases with residual value guarantee or leases not yet commenced to which the Group is committed.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

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

(d) The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of each reporting period and the remaining maturities of the finance lease liabilities that are exposed to interest rate risk:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Within 1 year	1,594	3,777
1 to 5 years	1,999	3,654
More than 5 years	-	-
	3,593	7,431
WAEIR per annum (%)	3.86 – 5.65	3.86 – 5.65

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	**2022**
	RM'000	**RM'000**
Unquoted shares, at cost	85,227	85,227
Less: Accumulated impairment losses	(71,442)	(64,669)
	13,785	20,558

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

	Company	
	2023	**2022**
	RM'000	**RM'000**
At beginning of the year/period	64,669	58,653
Charge during the year/period	6,773	6,016
At end of the year/period	71,442	64,669

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Country of Incorporation	Effective interest in equity 2023 %	2022 %	Principal activities
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
Subsidiaries of GLLM:				
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.
Komark (Thailand) Co,. Ltd #	Thailand	-	100	Manufacturing and selling of self-adhesive labels
Subsidiary of KIM:				
PT Komark Labels and Labelling Indonesia^	Indonesia	-	-	Under liquidation

* Audited by another firm of auditors
\+ The financial statements of the subsidiary has been prepared on a going concern basis
\# Disposed during the year
^ Subsidiary under liquidation, and written off in the previous financial year

(c) Disposal of a subsidiary during the financial year

On 11 August 2022, GLLM, a wholly-owned subsidiary of the Company, had entered into a Share Sale Agreement with D'Nonce Technology Bhd ("D'Nonce"), a company incorporated in Malaysia and has its shares listed on Bursa Malaysia, to dispose 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 ("Consideration Shares"). The Consideration Shares, which represented 13.513% of equity interest in D'Nonce rank pari passu in all respects with the existing D'Nonce Shares. The disposal was completed on 29 December 2022.

Komark (Thailand) Co,. Ltd. was not classified as held for sale as at 31 March 2022 and the comparative statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operations separately from continuing operations. Management committed to a plan to sell Komark (Thailand) Co,. Ltd. upon receiving the offer in August 2022.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of a subsidiary during the financial year (Cont'd)

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

	Group 1.4.2022 to 31.3.2023 RM'000	Group 1.5.2021 to 31.3.2022 RM'000
Results of discontinued operations:		
Revenue	10,692	14,420
Expense	(12,021)	(16,695)
Lease interest	(15)	(162)
Results from operations	(1,344)	(2,437)
Taxation	-	-
Results of operating activities, net of tax	(1,344)	(2,437)
Gain on disposal of discontinued operations	1,403	-
Profit for the financial year/period	59	(2,437)

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

	Group 2023 RM'000
Assets/(Liabilities) disposed:	
Property, plant and equipment	1,776
Right-of-use asset	4,003
Inventories	1,380
Trade and other receivables	3,162
Cash and bank balances	193
Trade and other payables	(4,072)
Post employment benefit	(656)
Lease liabilities	(437)
Total identifiable net assets	5,349
Gain on disposal of subsidiary	1,403
	6,752
Less: Consideration received in the form of quoted share	(6,752)
Less: Cash and cash equivalent disposed	(193)
Net cash outflow from disposal of subsidiary	(193)

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) In the previous financial period, the Board of Directors of the Company had approved the proposed liquidation of its indirect Indonesian subsidiary, PT Komark Labels and Labelling Indonesia, which had continuously incurred losses over the years and had ceased its business operations since August 2021. A professional consultant had been appointed to manage the closure of the said subsidiary. As the Group has no intention to further fund its future losses and exert effect control, the said investment had been written off as follows:

	Group 2022 RM'000
Assets/(Liabilities) written off:	
Receivables	495
Bank balances	22
Payables	(616)
Post employment benefit	(60)
Tax payables	(535)
Identifiable net liabilities	(694)
Less: Adjustment against translation reserve	272
Balance reclassified as deferred income	(422)

The liquidation process of PT Komark Labels and Labelling Indonesia is still on-going as at the date of the authorisation of the financial statements.

(e) Material non-controlling interest

Summarised financial information of non-controlling interests has not been presented as the financial impacts of the non-controlling interests to the consolidated financial statements of the Group are immaterial.

10. INVESTMENT IN AN ASSOCIATE

	Group 2023 RM'000	Group 2022 RM'000
Unquoted shares, at cost	2	2
Less: Accumulated impairment losses	(2)	(2)
	-	-

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

Name of Company	Country of incorporation	Effective interest in equity 2023 %	Effective interest in equity 2022 %	Principal activities
Komark Enterprise Co,. Ltd *	Thailand	49	49	Trading of self-adhesive labels and related tools and equipment

* Audited by another firm of auditors.

NOTES TO THE FINANCIAL STATEMENTS

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10. INVESTMENT IN AN ASSOCIATE (CONT'D)

(b) Summarised financial information of the associate is as follows:

	2023 RM'000	2022 RM'000
Assets and liabilites		
Current assets	283	278
Current liabilities	(2,612)	(2,616)
Net liabilities	(2,329)	(2,338)
Results		
Revenue	16	13
Loss for the year	(30)	(79)
Total comprehensive (loss)	(30)	(79)
Cash flows from/(used) in operating activities	364	(7,247)
Cash flows used in investing activities	6,684	(1,475)
Net increase/(decrease) in cash and cash equivalents	7,048	(8,722)

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

	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Share of net liabilities of the Group	(1,141)	(1,146)
Carrying amount in the statement of financial position	-	-
Group's share of results not accounted for:		
For the financial year/period ended	-	-

11. OTHER INVESTMENT

	Group	
	2023 RM'000	2022 RM'000
Financial assets at fair value through profit or loss		
Quoted shares in Malaysia	9,100	-

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

12. DEFERRED TAX LIABILITIES

(a) The components and movements of deferred tax liabilities are as follows:

		Revaluation surplus	
	Note	2023 RM'000	2022 RM'000
Group			
At beginning of financial year/period		380	477
Recognised in profit or loss	30	(380)	(97)
At end of financial year/period		-	380

(b) The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group	
	2023 RM'000	2022 RM'000
Unutilised tax losses, expires by 31 December 2029	29,894	32,967
Unutilised tax losses, expires by 31 December 2030	3,732	3,732
Unutilised tax losses, expires by 31 December 2031	3,276	3,276
Unutilised tax losses, expires by 31 December 2032	2,835	2,835
Unutilised tax losses, expires by 31 December 2033	4,323	4,323
Unutilised tax losses, expires by 31 December 2034	5,944	-
Unabsorbed capital allowances	31,435	29,351
Unabsorbed reinvestment allowances	45,115	45,115
Other deductible temporary differences	(27,267)	(26,098)
	99,287	95,501

	Company	
	2023 RM'000	2022 RM'000
Unutilised tax losses, expires by 31 December 2034	982	-
Other taxable temporary differences	72,517	56,702
	73,499	56,702

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.

13. INVENTORIES

	Group	
	2023	2022
	RM'000	RM'000
At cost		
Raw materials	5,333	7,062
Work-in-progress	1,400	2,680
Finished goods	1,097	3,812
	7,830	13,554
At net realisable value		
Finished goods	947	-
	8,777	13,554

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM20,788,000 (2022: RM41,292,000).

(b) A write down of inventories to net realisable value of RM917,000 (2022: RM176,000) was made during the financial year.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
- Third parties	11,544	13,397	-	-
- Amount due from associate	1,233	1,233	-	-
- Amount due from related parties	-	109	-	-
- Amount due from former subsidiaries	-	-	297	509
	12,777	14,739	297	509

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

14. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables (continued)	12,777	14,739	297	509
Less: Allowance for impairment losses				
- Third parties	(955)	(308)	-	-
- Amount due from associate	(1,233)	(1,233)	-	-
- Amount due from related parties	-	(4)	-	-
- Amount due from former subsidiaries	-	-	(297)	(509)
	(2,188)	(1,545)	(297)	(509)
Trade receivables, net	10,589	13,194	-	-
Other receivables				
- Other receivables	500	65	99	7
- Deposits	20	749	-	-
- Amount due from associate	-	1,239	-	-
- Amount due from subsidiaries	-	-	73,347	73,451
	520	2,053	73,446	73,458
Less: Allowance for impairment losses				
- Third parties	(51)	(6)	(7)	(7)
- Amount due from associate	-	(1,239)	-	-
- Amount due from subsidiaries	-	-	(72,219)	(56,193)
	(51)	(1,245)	(72,226)	(56,200)
Other receivables, net	469	808	1,220	17,258
Total receivables	11,058	14,002	1,220	17,258
Prepayments	1,379	3,513	521	869
Total trade and other receivables	12,437	17,515	1,741	18,127

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Company range from 30 to 120 days (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Impairment for 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.

Impairment of trade receivables of the Group are as follows:

Group	**Gross carrying amount RM'000**	**Total impairment RM'000**	**Net carrying amount RM'000**
2023			
Current	6,152	-	6,152
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
	10,847	(258)	10,589
Credit impaired			
Individually impaired	1,930	(1,930)	-
Total	12,777	(2,188)	10,589
2022			
Current	8,216	-	8,216
1 to 30 days	2,895	-	2,895
31 to 60 days	1,349	-	1,349
61 to 90 days	121	-	121
More than 90 days	847	(234)	613
	13,428	(234)	13,194
Credit impaired			
Individually impaired	1,311	(1,311)	-
Total	14,739	(1,545)	13,194

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) 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**	**Credit impaired RM**	**Total impairment RM**
At 1 April 2022	234	1,311	1,545
Charge for the financial year	24	619	643
At 31 March 2023	258	1,930	2,188
At 1 May 2021	139	1,421	1,560
Charge/(reversal) for the financial period	95	(109)	(14)
Effects of foreign exchange loss	-	(1)	(1)
At 31 March 2022	234	1,311	1,545

	Company	
	2023 RM'000	**2022 RM'000**
At 1 April 2022	509	570
Reversal for the financial year	(212)	(61)
At 31 March 2023	297	509

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

A receivable is considered as default when such customer did not perform their obligation to make payment within the period granted or allowed.

(e) Impairment of other receivables and amount due from subsidiaries are recogised based on the general approach within MFRS 9 using the forward looking (gross domestic product ("GDP")) 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 makingand is having a deficit shareholder's fund.

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(e) (Cont'd)

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

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
At beginning of financial year/period	1,245	1,332	56,200	14,505
(Reversal)/Charge for the financial year/period	(1,194)	(87)	16,026	41,695
At end of financial year/period	51	1,245	72,226	56,200

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

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Ringgit Malaysia	9,333	12,057	1,220	17,258
United States Dollar	1,038	1,888	-	-
Singapore Dollar	559	57	-	-
Indonesian Rupiah	128	-	-	-
	11,058	14,002	1,220	17,258

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	
	2023 RM'000	**2022 RM'000**
Effects of 10% changes to RM against foreign currencies		
Loss after tax		
USD - increase by 10%	79	143
- decrease by 10%	(79)	(143)
SGD - increase by 10%	42	4
- decrease by 10%	(42)	(4)

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

15. SHORT TERM FUNDS

	Group and Company	
	2023	2022
	RM'000	RM'000
Financial assets at fair value through profit or loss:		
At beginning of the financial year/period	3,000	30,000
Addition during the year/period	31	11,810
Withdrawal during the year/period	(3,000)	(38,800)
At end of the financial year/period	31	3,010

(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.

16. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	-	52	-	-
Cash and bank balances	1,994	2,297	46	70
Total cash and bank balances	1,994	2,349	46	70

(a) In the previous financial period, fixed deposits with licensed banks of the Group that have been pledged as security for banking facilities extended to its subsidiaries amounted to RM52,000.

(b) In the previous financial period, the interest rate of the Group for fixed deposits with licensed banks was at 1%.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

16. CASH AND BANK BALANCES (CONT'D)

(c) The foreign currencies exposure profile of cash and bank balances are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	1,816	1,980	46	70
United States Dollar	110	369	-	-
Singapore Dollar	68	-	-	-
	1,994	2,349	46	70

Sensitivity analysis of RM against foreign currency for cash and bank balances is not disclosed as it is not material to the Group.

(d) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

17. ASSETS HELD FOR SALE

	Group	
	2023 RM	2022 RM
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.

As at 31 March 2023, the conditions precedent stipulated in the sale and purchase agreement remains unfulfilled. The disposal was yet to be completed on the date of the authorisation of this financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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18. SHARE CAPITAL AND TREASURY SHARES

		Group and Company			
		2023		2022	
	Note	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid-up with no par value:					
Ordinary shares:	(a)				
At beginning of financial year/period		577,357	132,927	481,134	120,166
Issuance of new shares pursuant to private placement		-	-	96,223	12,932
Share issuance expenses		-	-	-	(171)
At end of financial year/period		577,357	132,927	577,357	132,927
Treasury shares:	(b)				
At beginning/end of financial year/period		18	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) In the previous financial period, the Company undertook a private placement of up to 96,223,000 new ordinary shares representing 20% of the Company's issued and paid up ordinary shares to independent third party investors at an average price of RM0.1344 each for a cash consideration of RM12,932,000.

The newly issued shares ranked pari passu in all respect with the existing ordinary shares of the Company.

The Company did not issue any new ordinary shares during the current financial year.

(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 year.

NOTES TO THE FINANCIAL STATEMENTS
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19. WARRANTS

(a) Warrants 2021/2024 ("Warrants C")

On 23 November 2020, the Company issued 133,625,329 free Warrants 2021/2024 ("Warrants C") on the basis of one (l) 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 Warrants 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.

The movement of the outstanding warrants is as follows:

	Group and Company	
	2023 Unit	**2022 Unit**
Number of warrants outstanding:		
At beginning/end of the financial year/period	240,460,690	240,460,690

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

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

On 18 August 2021, the Company proposed to undertake the renounceable rights issue of up to 817,817,238 new ordinary shares together with up to 272,605,746 free detachable warrants on the basis of 3 rights shares together with 1 free Warrant D for every 3 existing shares held by the shareholders at an issue price to be determined and announced by the board ("Proposed Rights Issue with Warrants"). No ESOS Options will be granted prior to the completion of the proposed rights issue with warrants.

On 5 November 2021 and 8 November 2021, the Company announced that Bursa Securities had approved the following:
(i) Admission of the Warrant D to the Official List;
(ii) Listing and quotation of the Rights Shares, Warrant D and additional Warrants C; and
(iii) Listing and quotation of the new Shares to be issued upon the exercise of the Warrants D and additional Warrants C.

The Proposed Rights Issue with Warrants are subjected to certain conditions as set by Bursa Securities.

On 10 December 2021, the shareholders by an Extraordinary General Meeting had approved the said proposals. On 5 April 2022, Bursa Securities had granted an extension of time until 4 November 2022 to implement the same.

The Proposed Rights Issue with Warrants was not implemented as at 31 March 2023.

Subsequent to the financial year end, on 28 June 2023, the Company completed the issuance and listing and quotation of the following on the Official List of Bursa Malaysia Securities Berhad:
(i) 577,256,790 new ordinary shares ("Rights Shares") issued at RM0.08 per rights share pursuant to the Rights Issue with Warrants and 65,403,769 additional Warrants 2021/2024 ("Warrants C") arising from adjustment made pursuant to the Rights Issue with Warrants; and
(ii) 192,418,845 free detachable warrants 2023/2026 ("Warrants D") issued pursuant to the Rights Issue with Warrants.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

20. 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.

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   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 0 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
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21. OTHER RESERVES

Group	General reserve Note (a) RM'000	Translation Reserve Note (b) RM'000	Revaluation reserve Note (c) RM'000	Capital reserve Note (d) RM'000	Total RM'000
At 1 April 2022	361	1,017	15,274	33,882	50,534
Other comprehensive income	-	(262)	-	-	(262)
Recycle to profit or loss on deconsolidation of subsidiary	-	(652)	-	-	(652)
Reversal on deconsolidation of a subsidiary	(361)	-	-	-	(361)
At 31 March 2023	-	103	15,274	33,882	49,259
At 1 May 2021	361	633	15,274	33,882	50,150
Other comprehensive loss	-	112	-	-	112
Reversal on deconsolidation of a subsidiary	-	272	-	-	272
At 31 March 2022	361	1,017	15,274	33,882	50,534
Company					
At 31 March 2023/2022	-	-	-	33,882	33,882

(a) General reserve of the Group is maintained by a Thai subsidiary in 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) Capital reserve of the Group and of the Company relates to the excess credit arising from par value reduction of the issued and paid-up share capital in previous financial period.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

22. POST-EMPLOYMENT BENEFITS

The total post-employment benefits are as follows:

		Group	
	Note	2023 RM'000	2022 RM'000
Post employment benefits of subsidiary:			
- PT Komark Labels and Labelling Indonesia	(a)	-	-
- Komark (Thailand) Co,. Ltd	(b)	-	667
		-	667

(a) PT Komark Label and Labelling Indonesia

The liability for post-employment benefits consists of service payments, severance and termination benefits based on Indonesia Labour Law No. 13/2003 and other compensations.

The subsidiary ceased its business operations since August 2021 and the actuarial valuation of other long-term employee benefits for the year ended 30 April 2021 was performed by a registered actuarial consulting firm, PT Gemma Aktuaria, using the "Projected Unit Credit" method.

Employee benefit expenses are recognised in its statements of comprehensive income as follows:

	Group	
	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Current service cost	-	2

The reconciliation of post-employee benefits is as follows:

	Group	
	2023 RM'000	2022 RM'000
At beginning of financial year/period	-	391
Payment of benefits	-	(344)
Expenses	-	2
Effects of foreign exchange (loss)/gain	-	11
Adjustment on deconsolidation of the subsidiary	-	(60)
At end of financial year/period	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

22. POST-EMPLOYMENT BENEFITS (CONT'D)

(b) Komark (Thailand) Co,. Ltd

The liability for post-employment benefits represents the obligations payable to the employees when they reach retirement age. The provision amounts are based on the employee's age, length of employment services, salary increase rate and other relevant assumptions.

The valuation of other long-term employee benefits was generally based on management's discretion and no registered actuarial consulting finn had been engaged in calculating the post-employment benefits. The directors are of the opinion the cost may outweigh the benefits derived as the amount involved is immaterial.

Employee benefit expenses are recognised in its statements of comprehensive income as follows:

	Group	
	1.4.2022 to 31.3.2023 RM'000	**1.5.2021 to 31.3.2022 RM'000**
Current service cost	-	43

The reconciliation of post-employment benefits is as follows:

	Group	
	2023 RM'000	**2022 RM'000**
At beginning of financial year/period	667	747
Recognised in statement of comprehensive income	-	(43)
Effects of foreign exchange loss	(11)	(37)
Disposal of subsidiary	(656)	-
At end of financial year/period	-	667

23. BORROWINGS

	Group	
	2023 RM'000	**2022 RM'000**
Current		
Secured:		
Term loans	821	439
Non-current		
Secured:		
Term loans	4,151	4,975
	4,972	5,414

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

23. BORROWINGS (CONT'D)

(a) The term loans are secured by a legal charge over the freehold land and building of a subsidiary with a carrying value of RM32,783,000 (2022: RM33,132,000) and also corporate guarantee from the Company.

(b) The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of each reporting period and the remaining maturities of the term loan that are exposed to interest rate risk:

	Group	
	2023 RM'000	**2022 RM'000**
Within 1 year	821	439
1 – 5 years	2,007	2,134
More than 5 years	2,144	2,841
Total	4,972	5,414
WAEIR per annum (%)	3.95 to 7.50	3.95 – 7.50

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Trade payables				
- Third parties	6,555	12,014	-	-
Other payables				
Other payables, accruals and deposits received	7,957	4,390	78	150
Amount due to subsidiaries	-	-	-	1,792
Amount due to a former subsidiary	-	495	-	-
	7,957	4,885	78	1,942
Total payables	14,512	16,899	78	1,942
Deferred income	422	422	-	-
Total trade and other payables	14,934	17,321	78	1,942

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Company range from 60 to 120 days (2022: 60 to 120 days) from date of invoice.

(b) In the previous financial period, amount due to a former subsidiary and due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

24. TRADE AND OTHER PAYABLES (CONT'D)

(c) The currency exposure profile of trade and payables is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	14,635	15,299	78	1,942
United States Dollar	283	55	-	-
Singapore Dollar	15	299	-	-
Indonesian Rupiah	1	1,668	-	-
	14,934	17,321	78	1,942

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	
	2023 RM'000	2022 RM'000
Effects of 10% changes to RM against foreign currencies		
Loss after tax		
USD - increase by 10%	21	4
- decrease by 10%	(21)	(4)

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

25. REVENUE

	Group		Company	
	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Revenue from contracts with customers:				
Sales of adhesive labels and stickers and related products	20,038	23,511	-	-
Sales of face masks	20,703	24,811	-	-
Revenue from continued operation	40,741	48,322	-	-
Revenue from discontinued operation	10,692	14,420	-	-
	51,433	62,742	-	-

NOTES TO THE FINANCIAL STATEMENTS
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25. REVENUE (CONT'D)

	Group		Company	
	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Timing of revenue recognition				
Transferred at point in time	40,741	48,322	-	-

Revenue from contract with customers is disaggregated in Note 34 to the financial statements by geographical area.

26. FINANCE COSTS

	Group		Company	
	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Interest expense for financial liabilities:				
- Bank overdrafts interest	-	28	-	-
- Finance lease interest	58	220	-	-
- Lease interest	255	65	-	-
- Term loan interest	286	234	-	-
	599	547	-	-

27. LOSS BEFORE TAX

Other than those disclosed elsewhere in the financial statements, loss before tax is arrived at after charging/(crediting):

	Group		Company	
	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Net allowance/(reversal) for impairment losses on:				
Trade receivables				
- third parties	647	(16)	-	-
- related parties	(4)	2	-	-
- former subsidiary	-	-	(212)	(61)
Other receivables	45	(18)	-	-
Amount due from associate	(1,239)	(69)	-	-

NOTES TO THE FINANCIAL STATEMENTS
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27. LOSS BEFORE TAX (CONT'D)

Other than those disclosed elsewhere in the financial statements, loss before tax is arrived at after charging/ (crediting) (Cont'd):

	Group		Company	
	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Net allowance/(reversal) for impairment losses on: (Cont'd)				
Amount due from subsidiaries	-	-	16,026	41,695
Investment in subsidiaries	-	-	6,773	6,016
Auditors' remuneration				
- current year	189	216	56	45
- non-statutory audit	3	30	3	30
Bad debts recovered	-	(4)	-	-
Bad debts written off	-	113	-	-
Interest income	(2)	(297)	(2)	(292)
Inventories written off	-	681	-	-
(Gain)/loss on disposal of property, plant and equipment	(61)	476	-	-
Loss/(Gain) on foreign exchange				
- Realised	697	64	(39)	-
- Unrealised	31	4	-	11
Fair value gain on investment in quoted shares	(2,348)	-	-	-
Property, plant and equipment written off	363	211	-	-
Rental income	(36)	-	-	-

28. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Wages, salaries and overtime	10,868	16,139	354	301
Defined contribution plan	1,087	1,172	47	39
Others	536	1,764	55	31
	12,491	19,075	456	371

Included in the employee benefit expenses of the Group and the Company is Directors' remuneration amounting RM781,000 and RM341,000 (2022: RM1,515,000 and RM337,000) respectively. Further information is disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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29. DIRECTORS' REMUNERATION

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

	Group		Company	
	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Directors of the Company:				
Executive				
Fees	72	66	72	66
Salaries and other emoluments	326	504	6	11
Defined contribution plans	38	56	-	-
Others	54	204	-	-
	490	830	78	77
Non-Executive				
Fees	240	220	240	220
Other emoluments	23	40	23	40
	263	260	263	260
Total remuneration of the directors of the Company	753	1,090	341	337
Other directors:				
Executive				
Salaries and other emoluments	24	395	-	-
Defined contribution plans	4	30	-	-
	28	425	-	-
Total directors' remuneration	781	1,515	341	337

NOTES TO THE FINANCIAL STATEMENTS
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30. TAXATION

		Group		Company	
	Note	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Current income tax:					
- Overprovision in prior year		-	(44)	-	-
Deferred tax					
- Overprovision in prior year	12	(380)	(97)	-	-
		(380)	(141)	-	-

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other tax authorities are calculated at the rates prevailing in those respective jurisdiction.

(e) The numerical reconciliations between tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000
Loss before tax	(4,133)	(7,940)	(24,298)	(49,340)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	(992)	(1,906)	(5,832)	(11,842)
Tax effects in respect of:				
Effect of different tax rates in foreign jurisdictions	(493)	(11,642)	-	-
Non-deductible expenses	1,503	12,673	1,801	1,850
Income not subject to tax	(926)	(311)	-	-
Utilisation of previously unrecognised deferred tax	(966)	-	-	-
Deferred tax assets not recognised	1,874	1,186	4,031	9,992
	-	-	-	-
Overprovision of income tax in prior year	-	(44)	-	-
Overprovision of deferred tax in prior year	(380)	(97)	-	-
	(380)	(141)	-	-

NOTES TO THE FINANCIAL STATEMENTS

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31. LOSS PER SHARE

(a) Basic

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year/period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year/period.

	Group	
	1.4.2022 to 31.3.2023	**1.5.2021 to 31.3.2022**
Loss for the financial year/period attributable to equity of the parent	(4,760)	(10,099)
Weighted average number of ordinary shares in issue (000)	577,347	568,599
Basic loss per ordinary share (sen)	(0.82)	(1.78)

(b) Diluted

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

32. 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 9 to the financial statements;

(ii) Associate as disclosed in Note 10 to the financial statements; and

(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.

NOTES TO THE FINANCIAL STATEMENTS
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32. RELATED PARTY DISCLOSURES

(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	
	1.4.2022 to 31.3.2023 RM'000	**1.5.2021 to 31.3.2022 RM'000**	**1.4.2022 to 31.3.2023 RM'000**	**1.5.2021 to 31.3.2022 RM'000**
Transactions with related parties				
- Sales of goods	2,358	1,189	-	-

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

(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 29 to the financial statements.

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 loand 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 year and the Group is not required to comply with any externally imposed capital requirements in respect of their external borrowings for the financial year ended 31 March 2023.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Capital management (Cont'd)

The debts to equity ratio of the Group at the end of the reporting period was as follows:

	Note	Group 2023 RM'000	Group 2022 RM'000
Loans and borrowings	23	4,972	5,414
Lease liabilities	8	3,593	7,431
		8,565	12,845
Less: Cash and cash equivalents		(2,025)	(5,307)
Net debts		6,540	7,538
Total equity attributable to members of the Company		95,322	101,333
Debts to equity ratio (times)		0.07	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 year ended 31 March 2023.

(b) 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 and liquidity 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 14, 16 and 24 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) 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 31 March 2023. The Group borrows at fixed 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 8, 16 and 23 to the financial statements respectively.

Sensitivity analysis is not presented considering these financial assets and liabilities are fixed rate instruments, and not affected by change in interest rates.

(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, cash and bank balances and derivatives), 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 has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

<u>Recognition and measurement of impairment loss</u>

The Company manage its credit risk with its trade debtors through periodic review of credit limits. Information regarding loss allowance of trade and other receivables is disclosed in Note 14.

Cash and bank balances are held with reputable banks and financial institutions 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.

<u>Exposure to credit risk</u>

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 year, the Group did not renegotiate the terms of any trade receivable.

At the end of the reporting period, the Group does not have any significant exposure to any individual customer or counterparty other than 65% (2022:44%) of the Group's trade receivables as at reporting date were due from two (2) (2022: three (3)) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(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.

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.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31.3.2023				
Group				
Trade and other payables	14,951	-	-	14,951
Lease liabilities	1,838	2,048	-	3,886
Loans and borrowings	1,101	2,201	2,920	6,222
	17,890	4,249	2,920	25,059
At 31.3.2023				
Company				
Trade and other payables	78	-	-	78
Financial guarantee*	25,900	-	-	25,900
	25,978	-	-	25,978
At 31.3.2022				
Group				
Trade and other payables	17,321	-	-	17,321
Lease liabilities	3,963	4,075	-	8,038
Loans and borrowings	697	2,636	3,470	6,803
	21,981	6,711	3,470	32,162
Company				
Trade and other payables	1,942	-	-	1,942
Financial guarantee*	25,718	-	-	25,718
	27,660	-	-	27,660

* This disclosure represents the maximum liquidity risk exposure

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 RM346,000 (2022: RM Nil) 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 11 and 15 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
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34. SEGMENT INFORMATION (CONT'D)

(a) Operating segment (Cont'd)

Group 2023	Note	Label and sticker manufac-turing RM'000	Face mask manufac-turing RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidated RM'000
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)	(32,303)	(5,142)	-	36,454	(991)
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
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34. SEGMENT INFORMATION (CONT'D)

(a) Operating segment (Cont'd)

Group 2022	Note	Label and sticker manufac-turing RM'000	Face mask manufac-turing RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidated RM'000
Revenue						
External customers		37,931	24,811	-	-	62,742
Discontinued operation		(14,420)	-	-	-	(14,420)
Inter-segment sales		10,255	-	-	(10,255)	-
Total revenue	(A)	33,766	24,811	-	(10,255)	48,322
Results						
Other operating income		744	91	179	(378)	636
Finance cost		(523)	(30)	-	6	(547)
Depreciation and amortisation expenses		(4,326)	(1,295)	-	39	(5,582)
Other non-cash items expenses	(B)	(1,599)	(102)	-	92	(1,609)
Segment loss before tax		(55,166)	(1,881)	(179)	49,286	(7,940)
Segments assets		150,664	47,937	-	(66,055)	132,546
Segment liabilities		94,117	49,122	-	(112,026)	31,213

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

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. Recenue reported above represents revenue generaged from the reportable segments. Inter-segment sales for the current year/period is RM2,473,000 (2022: RM10,255,000)

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Group	
	1.4.2020 to 31.3.2023 RM'000	**1.5.2021 to 31.3.2022 RM'000**
Net reversal/(allowance) for impairment losses on:		
Trade receivables		
- Third parties	(647)	16
- Related parties	4	(2)
Other receivables	(45)	18
Amount due from associate	1,239	69
Bad debts written off	-	(113)
Deposit and prepayment written off	-	(49)
Gain/(loss) on disposal of property, plant and equipment	61	(476)
Loss allowance for defective and obsolete inventories	(917)	(176)
Inventories written off	-	(681)
Right-of-use assets written off	(292)	-
Property, plant and equipment written off	(363)	(211)
Unrealised loss on foreign exchange	(31)	(4)
	(991)	(1,609)

(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

31 MARCH 2023

34. SEGMENT INFORMATION (CONT'D)

(b) Geographical segment (Cont'd)

Geographical information

	External revenue		Non-current assets	
	1.4.2022 to 31.3.2023 RM'000	1.5.2021 to 31.3.2022 RM'000	31.3.2023 RM'000	31.3.2022 RM'000
Group				
Malaysia	40,741	41,481	94,142	90,124
Singapore	-	6,305	-	-
Thailand	10,692	14,419	-	5,891
Others	-	536	-	-
	51,433	62,742	94,142	96,015
Discontinued operations	(10,692)	(14,419)	-	-
	40,741	48,322	94,142	96,015

35. CAPITAL COMMITMENT

	Group 2023 RM'000	Group 2022 RM'000
Capital expenditure approved and contracted for the expansion of production capacity for the face mask manufacturing business	-	1,400

36. CONTINGENT LIABILITIES

(a) Corporate guarantees

	Company 2023 RM'000	Company 2022 RM'000
Secured		
Corporate guarantees granted to licensed bank for the banking facilities extended to certain subsidiaries	21,340	21,340
Unsecured		
Corporate guarantees given to suppliers in respect of goods supplied to the subsidiaries	4,560	4,378
	25,900	25,718

NOTES TO THE FINANCIAL STATEMENTS
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36. CONTINGENT LIABILITIES (CONT'D)

(b) Pending 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.

The parties are currently in the midst of mediating for a settlement proposal and the trial dates are tentatively fixed at 5 to 9 February 2024.

(ii) Kuala Lumpur Industrial Court Suit No. 20.4-312/22 Chin Kim Meng ("Claimant") v General Labels & Labelling (M) Sdn Bhd ("Respondent")

This refers to an industrial court claim brought by a former employee of the Respondent, which is a wholly-owned subsidiary of the Company. The claimant claimed that he had been unfairly dismissed by the Respondent. The case is now in post-trial written submission stage. Should the Claimant be successful in his claim, the Respondent may be required to pay up to 36 months of the employee's wages i.e RM173,016.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Disposal of interest in subsidiary

During the financial year, the Group dispose of its interest in a subsidiary as disclosed in Note 9(c) to the financial statements.

(b) Disposal of property, plant and equipment

On 3 March 2023, a subsidiary of the Company has entered into a sale and purchase agreement with an individual to dispose a piece of freehold land and building for a cash consideration of RM1,300,000. The freehold land and building were reclassed to assets held for sale as at the financial year end as disclosed in Note 17 to the financial statements.

The disposal was not completed as at the date of this financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2023

38. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Proposed Rights Issue with Warrants 2023/2026 ("Warrants D")

Subsequent to the financial year end, on 28 June 2023, the Company completed the issuance, listing and quotation of the following on the Official List of Bursa Malaysia Securities Berhad:

(i) 577,256,790 new ordinary shares ("Rights Shares") issued at RM0.08 per rights share pursuant to the Rights Issue with Warrants and 65,403,769 additional Warrants 2021/2024 ("Warrants C") arising from adjustment made pursuant to the Rights Issue with Warrants; and

(ii) 192,418,845 free detachable warrants 2023/2026 ("Warrants D") issued pursuant to the Rights Issue with Warrants.

Information of the Proposed Rights Issue with Warrants are disclosed in Note 19(b) to the financial statements.

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

39.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 *Business Combinations*)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 *Property, Plant and Equipment*)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

39.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards and Amendments to the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 17 *Insurance Contracts*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 *Insurance Contract*)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108	1 January 2023
Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 *Income Taxes*)	1 January 2023
Lease liability in a sale and leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures*)	1 January 2024
International Tax Reform – Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*)	See paragraph 98M of MFRS 112
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures*)	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standard and Amendments, since the effects would only be observable for the future financial years.

40. COMPARATIVE FIGURES

The comparative figures are for eleven (11) month period from 1 May 2021 to 31 March 2022. Consequently, comparative amounts for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and related notes to the financial statements are not entirely comparable to the current year's financial period covering a period of twelve (12) months from 1 April 2022 to 31 March 2023.

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 31.03.2023 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	19	Freehold	29/09/2022	32,783
General Labels & Labelling (M) Sdn. Bhd.	Lot PTD 112290, Mukim of Plentong District, Johor Bahru.	Factory Cum Office	-	L-10,200 B-5,394	25	Freehold	03/02/2021	1,300

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2023

Total Issued Share	: 1,154,613,338 Ordinary Shares
Types of Shares	: Ordinary Share
Voting Rights	: One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2023

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	587	29,704	0.0026
100 to 1,000	674	281,653	0.0244
1,001 to 10,000	2,430	14,608,100	1.2652
10,001 to 100,000	3,068	116,044,041	10.0506
100,001 to less than 5% of issued shares	727	606,460,940	52.5258
5% and above of issued shares	3	417,170,900	36.1314
Total	**7,489**	**1,154,595,338**	**100.0000**

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
	Names	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	200,000	0.0173	-	-
2.	Roy Ho Yew Kee	1,200,000	0.1039	-	-
3.	Koo Kien Keat	-	-	-	-
4.	Chan Jee Peng	-	-	-	-
5.	Dr Azizah Binti Sulaiman	-	-	-	-

SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
	Names	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Key Alliance Group Berhad	231,718,200	20.0689	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2023

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 JUNE 2023)

	Names	No. of Shares	Percentage of Shareholdings (%)
1.	M & A NOMINEE (TEMPATAN) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	140,187,500	12.1417
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR LAZARUS SECURITIES PTY LTD	139,211,400	12.0572
3.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	137,772,000	11.9325
4.	BOTANICAL DISTRIBUTION SDN BHD	55,010,000	4.7644
5.	LKL ADVANCE METALTECH SDN BHD	55,000,000	4.7636
6.	ACE EDIBLE OIL INDUSTRIES SDN BHD	48,900,800	4.2353
7.	ATTRACTIVE VENTURE SDN. BHD.	43,500,000	3.7676
8.	AE MULTI INDUSTRIES SDN BHD	42,000,000	3.6376
9.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS (LONPBCLR-3PTY)	21,400,000	1.8535
10.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	15,417,700	1.3353
11.	AE MULTI INDUSTRIES SDN. BHD.	13,000,000	1.1259
12.	SERSOL MARKETING SDN. BHD.	11,000,000	0.9527
13.	NG TONG LAI	6,974,900	0.6041
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG CHOW HUAT	6,320,020	0.5474
15.	CARTABAN NOMINEES (ASING) SDN BHD BARCLAYS BANK PLC (RE EQUITIES)	6,000,000	0.5197
16.	WOON JING WEI	5,600,000	0.4850
17.	EE KAN WONG	5,100,000	0.4417
18.	LIEW SEE KIM	5,040,700	0.4366
19.	TAN YOKE THENG	4,500,000	0.3897
20.	QUEK HONG JIE	4,030,000	0.3490
21.	ANG HOCK CHEONG	4,000,000	0.3464
22.	ONG CHONG CHEE	4,000,000	0.3464
23.	WONG NGIE TIEN	3,800,000	0.3291
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR MUTHUKUMAR A/L AYARPADDE	3,565,000	0.3088
25.	TAN LI LI	3,550,020	0.3075
26.	ACRYL SANI BIN ABDULLAH SANI	3,000,000	0.2598
27.	LIM SOOK CHEAN	3,000,000	0.2598
28.	ACE EDIBLE OIL INDUSTRIES SDN BHD	2,987,700	0.2588
29.	LIM WEE HUN	2,500,000	0.2165
30.	CHEAH JOO KIANG	2,400,000	0.2079

ANALYSIS OF
WARRANTS C
AS AT 30 JUNE 2023

Total Issued Warrants : 305,899,859 Warrants C
Total Exercised Warrants : 35,400 Warrants C
Total Outstanding : 305,864,459 Warrants C

DISTRIBUTION OF WARRANTS C AS AT 30 JUNE 2023

Size of Warrant Holdings	No. of Warrant Holders	No. of Warrants	Percentage of Warrants Holdings (%)
Less than 100	709	30,679	0.0100
100 to 1,000	402	100,169	0.0328
1,001 to 10,000	1,442	5,782,694	1.8906
10,001 to 100,000	1,631	54,171,531	17.7109
100,001 to less than 5% of issued warrants	579	227,844,186	74.4919
5% and above of issued warrants	1	17,935,200	5.8638
Total	**4,764**	**305,864,459**	**100.0000**

DIRECTORS' INTEREST IN WARRANTS C

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

ANALYSIS OF WARRANTS C

AS AT 30 JUNE 2023

THIRTY LARGEST WARRANT C HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 JUNE 2023)

	Names	No. of Warrants	Percentage of Warrants Holdings (%)
1.	LIEW SEE KIM	17,935,200	5.8638
2.	VICTOR CHAI CHENG WAH	9,056,640	2.9610
3.	KHAIRUL HISYAM BIN ISMAIL	6,392,817	2.0901
4.	MOHAMAD HARIS BIN ABDUL LATIFF	5,462,349	1.7859
5.	LIM SOON GUAN	4,139,572	1.3534
6.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH GIM KHOON (E-PTS/JAI)	3,044,786	0.9955
7.	GO BENN LEE	2,722,080	0.8900
8.	AHMAD ZUBAIDI BIN ABD RAHMAN	2,544,000	0.8317
9.	MUHAMMAD ASYRAF BIN ABDUL RAZAK	2,544,000	0.8317
10.	TAN SWEE PENG	2,544,000	0.8317
11.	SURIANI BINTI YUSOFF	2,289,600	0.7486
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LILY SUHANA BINTI ABD RAHMAN	1,802,805	0.5894
13.	LIEW SEE WAH	1,780,800	0.5822
14.	LOO LEONG GEE	1,742,004	0.5695
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR KAITHIRI A/P MORGES	1,594,197	0.5212
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD HAMRADHI BIN AB KARIM	1,580,078	0.5166
17.	CHUA LAI HONG	1,518,640	0.4965
18.	ONG POH CHOONG	1,491,272	0.4876
19.	NIK MOHD HASMIZIE BIN NIK MOHD KAMIL	1,471,900	0.4812
20.	SYED IBRAHIM BIN SYED HUSSIN	1,453,828	0.4753
21.	MAIHIZAM BIN MOHD ZIN	1,408,000	0.4603
22.	LIEW YOOK KUIW	1,399,200	0.4575
23.	GAN CHU GEE	1,359,259	0.4444
24.	SYED IBRAHIM BIN SYED HUSSIN	1,337,380	0.4372
25.	ROHAIMI BIN FATAH	1,310,032	0.4283
26.	BAHRUDIN BIN ZAKARIA	1,272,035	0.4159
27.	ABD RAHMAN BIN ABDULLAH	1,272,000	0.4159
28.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEN TECK LONG (STA 2)	1,272,000	0.4159
29.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HIANG TIANG (PENANG-CL)	1,272,000	0.4159
30.	HAW SWEE KIM	1,272,000	0.4159

ANALYSIS OF WARRANTS D

AS AT 30 JUNE 2023

Total Issued Warrants : 192,418,845 Warrants D
Total Exercised Warrants : -
Total Outstanding : 192,418,845 Warrants D

DISTRIBUTION OF WARRANTS D AS AT 30 JUNE 2023

Size of Warrant Holdings	No. of Warrant Holders	No. of Warrants	Percentage of Warrants Holdings (%)
Less than 100	6	323	0.0002
100 to 1,000	7	5,098	0.0027
1,001 to 10,000	106	580,268	0.3016
10,001 to 100,000	155	5,345,726	2.7781
100,001 to less than 5% of issued warrants	22	19,507,433	10.1380
5% and above of issued warrants	8	166,979,997	86.7794
Total	**304**	**192,418,845**	**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 30 JUNE 2023

THIRTY LARGEST WARRANT D HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 JUNE 2023)

	Names	No. of Warrants	Percentage of Warrants Holdings (%)
1.	M & A NOMINEE (TEMPATAN) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	36,929,166	19.1921
2.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	25,878,666	13.4491
3.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR LAZARUS SECURITIES PTY LTD	22,701,900	11.7982
4.	BOTANICAL DISTRIBUTION SDN BHD	18,336,666	9.5296
5.	LKL ADVANCE METALTECH SDN BHD	18,333,333	9.5278
6.	ACE EDIBLE OIL INDUSTRIES SDN BHD	16,300,266	8.4712
7.	ATTRACTIVE VENTURE SDN. BHD.	14,500,000	7.5356
8.	AE MULTI INDUSTRIES SDN BHD	14,000,000	7.2758
9.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	5,139,233	2.6709
10.	AE MULTI INDUSTRIES SDN. BHD.	4,333,333	2.2520
11.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS (LONPBCLR-3PTY)	3,566,666	1.8536
12.	NG TONG LAI	1,166,666	0.6063
13.	CARTABAN NOMINEES (ASING) SDN BHD BARCLAYS BANK PLC (RE EQUITIES)	1,000,000	0.5197
14.	ACE EDIBLE OIL INDUSTRIES SDN BHD	995,900	0.5176
15.	ONG CHONG CHEE	666,666	0.3465
16.	TOH CHIN CHONG	243,333	0.1265
17.	TEO CHENG WEE	233,306	0.1212
18.	TEH SWEE LIP	207,000	0.1076
19.	CHONG YING CHOY	200,000	0.1039
20.	LIEW YOOK KUIW	200,000	0.1039
21.	SOO AI LIN	183,333	0.0953
22.	TOH SU-N	183,333	0.0953
23.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHOON HUI	180,000	0.0935
24.	CHIN KIM YONG	166,666	0.0866
25.	TOH EU WYNN	166,666	0.0866
26.	YEE CHIN CHIN	166,666	0.0866
27.	GOH SENG HUAT	150,000	0.0780
28.	THE SIEW KIM	145,000	0.0754
29.	CHIM LUANG ENG	107,000	0.0556
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH KIAN HONG (E-KUG)	106,666	0.0554

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting **("27th AGM")** of the Company will be held on a virtual and entirely via remote participation and electronic voting via online meeting platform at https://rebrand.ly/KomarkAGM operated by InsHub Sdn. Bhd. 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 Thursday, 21 September 2023 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon.	Please refer to Explanatory Note to Ordinary Business
2.	To re-elect Roy Ho Yew Kee who retires pursuant to Clause 102 of the Company's Constitution and who being eligible, has offered himself for re-election.	Ordinary Resolution 1
3.	To re-elect Dr Azizah Binti Sulaiman who retires pursuant to Clause 109 of the Company's Constitution and who being eligible, has offered herself for re-election.	Ordinary Resolution 2
4.	To approve the payment of Directors' fees and benefits amounting to RM600,000 to the Directors of the Company from 27th AGM up to the conclusion of the 28th Annual General Meeting **("AGM")**.	Ordinary Resolution 3
5.	To re-appoint Messrs BDO 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:-

6. Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016 — Ordinary Resolution 5

   "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

7. Proposed Renewal of Authority for the Company to Purchase its own Shares **("Proposed Renewal of Share Buy-Back Authority")** — Ordinary Resolution 6

"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;

AND 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

8. Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature — Ordinary Resolution 7

   "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 Part A, Section 2.4 of the Circular to Shareholders dated 28 July 2023, 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."

9. 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 : 28 July 2023

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 27th AGM in person at the Broadcast Venue on the day of the meeting.
2. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors **("ROD")** as at 11 September 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the 27th AGM.
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 27th AGM, you must complete, sign and return the Form of Proxy 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, Malaysia or email to admin@aldpro.com.my or fax to +603 97702239 not less than forty-eight (48) hours before the time for holding the 27th AGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating in the 27th AGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.
8. If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to participate in the 27th 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.

<u>Explanatory Notes to Ordinary Business:</u>

<u>Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 March 2023</u>

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.

<u>Ordinary Resolutions 1 and 2: Re-election of Directors who retire pursuant to Clause 102 and Clause 109 of the Company's Constitution</u>

The following Directors who are standing for re-election as Directors of the Company pursuant to the Company's Constitution at the 27th AGM of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:-

a) Roy Ho Yew Kee (Clause 102)
b) Dr Azizah Binti Sulaiman (Clause 109)

(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.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Special Business:

Ordinary Resolution 5 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016

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 26th AGM held on 21 September 2022 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.

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 28 July 2023.

NOTICE OF ANNUAL GENERAL MEETING

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 is a new and renewal generate mandate and 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.

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 27th 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 is set out under Explanatory Note.

ADMINISTRATIVE
GUIDE

Date	Time	Broadcast Venue
21 September 2023	10.30 a.m.	27th AGM will be held on a virtual and entirely via remote participation and electronic voting via online meeting platform at https://rebrand.ly/KomarkAGM operated by InsHub Sdn. Bhd. 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.

MODE OF MEETING

The 27th AGM will be conducted entirely through live streaming from 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 Remote Participation and Voting Facilities **("RPV")**, the details of which is set out below.

RPV Facilities

1. 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.

2. 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 Form of Proxy in accordance with the notes and instructions printed therein.

3. 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 Form of Proxy or the original certificate of appointment of its corporate representative must submitted to Share Registrar's office, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the 27th AGM or at any adjournment thereof.

4. 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	• 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

<table>
<tr><th colspan="2">Procedures</th><th>Action</th></tr>
<tr><td colspan="3">Before AGM</td></tr>
<tr><td>2.</td><td>Submit your online registration</td><td>

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 28 July 2023 and the registration will close at 10.30 a.m. on 20 September 2023.
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 Register 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 11 September 2023, the system will send you an email to notify you if your registration is approved or rejected after 12 September 2023.
If your registration is rejected, you can contact the Company’s Poll Administrator or the Company for clarifications or to appeal.
</td></tr>
<tr><td colspan="3">On the day of AGM</td></tr>
<tr><td>3.</td><td>Attending Virtual AGM</td><td>

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.
</td></tr>
<tr><td>4.</td><td>Participate with live video</td><td>

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.
</td></tr>
<tr><td>5.</td><td>Online Remote Voting</td><td>

The Chairman will announce the commencement of the Voting session and the duration allowed at the respective AGM.
The list of resolutions for voting will appear at the right-hand side of your computer screen. 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.
</td></tr>
<tr><td>6.</td><td>End of remote participation</td><td>Upon the announcement by the Chairman on the closure of the AGM, the live session will end.</td></tr>
</table>

ADMINISTRATIVE GUIDE

Revocation of Proxy

Please note that if a Shareholder has submitted his/her Form of Proxy 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 to revoke the appointment of his/her proxy no later than 10.30 a.m. on 19 September 2023.

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. 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 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 / Ms Jey
Telephone No: +603 7688 1013
Email: vgm@mlabs.com

For Proxy matters:

Aldpro Corporate Services Sdn Bhd
Name: Ms Jennie Wong / Mr. Simon Teo / Ms Martini
Telephone No: +603 9770 2200
Email: admin@aldpro.com.my

KOMARK

KOMARKCORP BERHAD
(Registration No. 199601001919 (374265-A))
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

FORM OF PROXY

I/We ____
(FULL NAME IN BLOCK LETTERS)

(NRIC No./ Registration No./ Passport No. ____)

of ____
(FULL ADDRESS)

(Contact No. ______________________ and Email Address ______________________)

being a member/members of **KOMARKCORP BERHAD** (**"Company"**), hereby appoint

Name of Proxy	NRIC No./ Passport No.	% of Shareholdings to be Represented
Address		
Contact No.	Email Address	

and/ or failing him/ her

Name of Proxy	NRIC No./ Passport No.	% of Shareholdings to be Represented
Address		
Contact No.	Email Address	

or failing him/ her, the CHAIRMAN OF THE MEETING as my/ our proxy to vote for me/ us on my/ our behalf at the Twenty-Seventh ("27th") Annual General Meeting ("AGM") of the Company will be held on a virtual and entirely via remote participation and electronic voting via online meeting platform at https://rebrand.ly/KomarkAGM operated by InsHub Sdn. Bhd. 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 Thursday, 21 September 2023 at 10.30 a.m. or at any adjournment thereof.

My / our proxy is to vote as indicated below:

Resolutions		For	Against
Ordinary Resolution 1	To re-elect Roy Ho Yew Kee who retires pursuant to Clause 102 of the Company's Constitution		
Ordinary Resolution 2	To re-elect Dr Azizah Binti Sulaiman who retires pursuant to Clause 109 of the Company's Constitution		
Ordinary Resolution 3	To approve the payment of Directors' fees and benefits amounting to RM600,000 to the Directors of the Company from 27th AGM up to the conclusion of the 28th AGM		
Ordinary Resolution 4	To re-appoint Messrs BDO PLT as Auditors of the Company		
Ordinary Resolution 5	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 6	Proposed Renewal of authority for the Company to purchase its own shares		
Ordinary Resolution 7	Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this____________day of ____________2023.

....
** Signature of Member(s) / Common Seal of Shareholder*
** Delete if not applicable*

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 27th AGM in person at the Broadcast Venue on the day of the meeting.
2. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors **("ROD")** as at 11 September 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the 27th AGM.
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 27th AGM, you must complete, sign and return the Form of Proxy 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, Malaysia or email to admin@aldpro.com.my or fax to +603 97702239 not less than forty-eight (48) hours before the time for holding the 27th AGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating in the 27th AGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.
8. If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to participate in the 27th 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
Malaysia

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KOMARK
Registration No. 199601001919 (374265-A)

Lot 132, Jalan 16/1, Kawasan Perindustrian Cheras Jaya, Balakong, 43200 Cheras, Selangor D. E., Malaysia

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