

KOMARKCORP BERHAD

Company No.: 199601001919 (374265 - A)

Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 September 2023

(The figures have not been audited)

| | Current Qtr Ended 30/09/2023 | Comparative Qtr Ended 30/09/2022 | Cumulative 30/09/2023 | Cumulative 30/09/2022 |
|---|---|---|----------------------------------|----------------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 5,868 | 10,794 | 13,596 | 21,665 |
| Cost of sales | <u>(5,572)</u> | <u>(9,607)</u> | <u>(12,632)</u> | <u>(19,349)</u> |
| Gross Profit | 296 | 1,187 | 964 | 2,316 |
| Other income | 197 | 150 | 285 | 442 |
| Employee benefits expenses | (975) | (1,112) | (1,963) | (2,275) |
| Other operating expenses | (1,283) | (1,459) | (1,923) | (3,638) |
| Fair value adjustment on other investment | 587 | - | (587) | - |
| Finance costs | <u>(119)</u> | <u>(150)</u> | <u>(245)</u> | <u>(295)</u> |
| Loss before tax | (1,297) | (1,384) | (3,469) | (3,450) |
| Income tax expense | - | - | - | - |
| Loss from continuing operations | (1,297) | (1,384) | (3,469) | (3,450) |
| Discontinued operation | | | | |
| Loss from discontinued operation, net of tax | - | (495) | - | (1,125) |
| Loss after tax | (1,297) | (1,879) | (3,469) | (4,575) |
| Other Comprehensive Loss | | | | |
| Exchange difference on translating foreign operations | - | (52) | - | (167) |
| | <u>-</u> | <u>(52)</u> | <u>-</u> | <u>(167)</u> |
| Total Comprehensive Loss for the period | (1,297) | (1,931) | (3,469) | (4,742) |
| Loss attributable to: | | | | |
| Equity holders of the parent | (1,237) | (1,891) | (3,403) | (4,555) |
| Non-controlling interests | (60) | 12 | (66) | (20) |
| | <u>(1,297)</u> | <u>(1,879)</u> | <u>(3,469)</u> | <u>(4,575)</u> |

KOMARKCORP BERHAD

Company No.: 199601001919 (374265 - A)

Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTD.)

For the period ended 30 September 2023

(The figures have not been audited)

| | Current Qtr Ended 30/09/2023 RM'000 | Comparative Qtr Ended 30/09/2022 RM'000 | Cumulative 30/09/2023 RM'000 | Cumulative 30/09/2022 RM'000 |
|--|--|--|---|---|
| Total Comprehensive Loss attributable to: | | | | |
| Equity holders of the parent | (1,237) | (1,943) | (3,403) | (4,722) |
| Non-controlling interests | (60) | 12 | (66) | (20) |
| | <u>(1,297)</u> | <u>(1,931)</u> | <u>(3,469)</u> | <u>(4,742)</u> |
| Basic Loss per Ordinary Share (sen) | (0.17) | (0.33) | (0.47) | (0.79) |
| Diluted Loss per Ordinary Share (sen) | (0.10) | (0.23) | (0.28) | (0.56) |

This statement should be read in conjunction with the notes to interim financial report and the Company's Annual Audited Financial Statements for the year ended 31 March 2023.

KOMARKCORP BERHAD

Company No.: 199601001919 (374265 - A)

Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

(The figures have not been audited)

| | AS AT 30/09/2023 | AS AT 31/03/2023 (Audited) |
|--|---------------------|----------------------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 77,481 | 71,612 |
| Intangible assets | 50 | 61 |
| Right-of-use assets | 3,967 | 13,369 |
| Other investment | 8,513 | 9,100 |
| | <u>90,011</u> | <u>94,142</u> |
| Current assets | | |
| Inventories | 9,210 | 8,777 |
| Trade and other receivables | 28,960 | 12,437 |
| Tax recoverable | 154 | 140 |
| Cash and bank balances | 26,734 | 2,025 |
| Assets held for sale | - | 1,300 |
| | <u>65,058</u> | <u>24,679</u> |
| Total Assets | <u>155,069</u> | <u>118,821</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to the equity holders of the parent | | |
| Share capital | 178,088 | 132,927 |
| Treasury shares, at cost | (4) | (4) |
| Reserves | (40,581) | (37,178) |
| | <u>137,503</u> | <u>95,745</u> |
| Non-controlling interest | (489) | (423) |
| Total Equity | <u>137,014</u> | <u>95,322</u> |
| Non-current liabilities | | |
| Loans and borrowings | 3,978 | 4,151 |
| Lease liabilities | 1,286 | 1,999 |
| | <u>5,264</u> | <u>6,150</u> |
| Current liabilities | | |
| Trade and other payables | 9,065 | 14,934 |
| Lease liabilities | 1,409 | 1,594 |
| Loans and borrowings | 2,317 | 821 |
| | <u>12,791</u> | <u>17,349</u> |
| Total Liabilities | <u>18,055</u> | <u>23,499</u> |
| Total Equity And Liabilities | <u>155,069</u> | <u>118,821</u> |
| Net Assets per Share (RM) | 0.12 | 0.17 |

This statement should be read in conjunction with the notes to interim financial report and the Company's Annual Audited Financial Statements for the year ended 31 March 2023.

KOMARKCORP BERHAD

Company No.: 199601001919 (374265 - A)

Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
Condensed Consolidated Statements of Changes in Equity
For the period ended 30 September 2023

| | Attributable to Equity Holders of the Parent | | | | | | | Total | Non Controlling Interest | Total Equity |
|---|--|--------------------|--------------------|------------------------|-------------------------------|--------------------|-----------------------|----------------|--------------------------------|-----------------|
| | Share Capital | Treasury Shares | Non-distributable | | | Distributable | | | | |
| | | | General Reserve | Translation Reserve | Revaluation Surplus on PPE | Capital Reserve | Accumulated Losses | | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At 1st April 2023 | 132,927 | (4) | - | 103 | 15,274 | 33,882 | (86,437) | 95,745 | (423) | 95,322 |
| Issuance of ordinary shares pursuant to: | | | | | | | | | | |
| - right issue | 46,181 | - | - | - | - | - | - | 46,181 | - | 46,181 |
| Share issue expenses | (1,020) | - | - | - | - | - | - | (1,020) | - | (1,020) |
| Total comprehensive loss for the period | - | - | - | - | - | - | (3,403) | (3,403) | (66) | (3,469) |
| As at 30th September 2023 | 178,088 | (4) | - | 103 | 15,274 | 33,882 | (89,840) | 137,503 | (489) | 137,014 |
| At 1st April 2022 | 132,927 | (4) | 361 | 1,017 | 15,274 | 33,882 | (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 | - | - | - |
| As at 31st March 2023 | 132,927 | (4) | - | 103 | 15,274 | 33,882 | (86,437) | 95,745 | (423) | 95,322 |

This statement should be read in conjunction with the notes to interim financial report and the Company's Annual Audited Financial Statements for the year ended 31 March 2023.

KOMARKCORP BERHAD

Company No.: 199601001919 (374265 - A)

Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 September 2023

(The figures have not been audited)

| | Period Ended | |
|---|-----------------|--------------|
| | 30/09/2023 | 30/09/2022 |
| | RM'000 | RM'000 |
| Cash Flows from Operating Activities | | |
| Loss Before Taxation | | |
| - Continuing operations | (3,469) | (3,450) |
| - Discontinued operation | - | (1,125) |
| Adjustments for: | | |
| Amortisation of right-of-use assets | 807 | 486 |
| Amortisation of intangible assets | 11 | - |
| Allowance for expected credit loss on receivables | - | 19 |
| Depreciation of property, plant and equipment | 2,906 | 3,655 |
| Fair value loss in investment quoted share | 587 | - |
| Interest expenses | 245 | 295 |
| Interest income | (175) | (11) |
| Impairment of inventories | - | 1,560 |
| Loss on disposal of property, plant and equipment | 8 | - |
| Realised/Unrealised (gain)/loss on foreign exchange - net | (31) | 190 |
| Operating income before working capital changes | 889 | 1,619 |
| Changes in working capital: | | |
| Inventories | (433) | (3,047) |
| Trade and other receivables | (16,523) | 3,314 |
| Trade and other payables | (5,838) | 1,521 |
| Cash (used in)/generated From Operations | (21,905) | 3,407 |
| Income taxes paid | (14) | (37) |
| Interest paid | (245) | (295) |
| Interest received | 175 | 11 |
| Net Cash (Used in)/Generated From Operating Activities | (21,989) | 3,086 |

KOMARKCORP BERHAD

Company No.: 199601001919 (374265 - A)

Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)
For the period ended 30 September 2023

(The figures have not been audited)

| | Period Ended | |
|--|----------------------|----------------------|
| | 30/09/2023 RM'000 | 30/09/2022 RM'000 |
| Cash Flows from Investing Activity | | |
| Purchases of property, plant and equipment | (221) | (3,589) |
| Net Cash Used in Investing Activity | <u>(221)</u> | <u>(3,589)</u> |
| Cash Flows from Financing Activities | | |
| Placement of deposit pledged to licensed bank | (5,000) | - |
| Proceeds from disposal of property, plant and equipment | 1,333 | - |
| Net proceeds from issuance of ordinary shares pursuant to right issue | 45,161 | - |
| Repayment of lease liabilities | (898) | (446) |
| Repayment of term loans and other borrowings | (637) | (1,581) |
| Net Cash Generated From/(Used In) Financing Activities | <u>39,959</u> | <u>(2,027)</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 17,749 | (2,530) |
| Effect of exchange rate changes | - | (167) |
| Cash and Cash Equivalents at Beginning of the Period | (i) 2,025 | 5,307 |
| Cash and Cash Equivalents at End of the Period | <u>19,774</u> | <u>2,610</u> |
| (i) Cash and Cash Equivalents | | |
| Cash and cash equivalents included in the cash flow statements comprise the following: | | |
| | RM'000 | RM'000 |
| Cash and Bank Balances | 26,734 | 2,610 |
| Less : Deposits pledged with licensed institutions | (5,000) | - |
| Bank Overdraft | (1,960) | - |
| | <u>19,774</u> | <u>2,610</u> |

This statement should be read in conjunction with the notes to interim financial report and the Company's Annual Audited Financial Statements for the year ended 31 March 2023.

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023****A1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2023 which were prepared under Malaysian Financial Reporting Standards (“MFRS”). These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2023.

A2. Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2023, except for the adoption of the following new MFRS, amendments to MFRSs and IC Interpretation that are effective for the financial statements effective from 1 April 2022, as disclosed below:

| Description | Effective for annual periods beginning on or after |
|---|---|
| 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 |
| Annual Improvements to MFRS Standards 2018-2020 | 1 January 2022 |

The directors expect that the adoption of the above standards and amendments will have no material impact on the financial statements in the period of initial application.

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**
A2. Changes in Accounting Policies (contd.)
Standards Issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

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

The directors expect that the adoption of the above standards and amendments will have no material impact on the financial statements in the period of initial application.

A3. Audit Report

The audit report for the financial statements of the Group for the financial year ended 31 March 2023 was not subject to any qualification.

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**
A4. Seasonal or Cyclicity of Interim Operations

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

A5. Exceptional / Extraordinary Items

There were no exceptional or extraordinary items for the current quarter except as disclosed in the notes to this report.

A6. Changes in Estimates

There were no significant changes in estimates of the amounts reported in the prior financial years that have a material effect in the current quarter.

A7. Debts and Equity Securities

During the current financial period, the Company increased its issued and paid-up ordinary share capital by way of issuance of 577,256,790 ordinary shares of RM0.08 each pursuant to the Rights Issue with Warrants.

As at 30 September 2023, the issued and paid-up ordinary share capital of the Company was RM178,087,812. The details were as follows:

| Issued and Paid up Share Capital | Unit of Ordinary Share | RM'000 |
|--|-------------------------------|---------------|
| As at 1 April 2023 | 577,356,548 | 132,927 |
| Issuance of share pursuant to Rights Issue with Warrants | 577,256,790 | 46,181 |
| Share issue expenses | - | (1,020) |
| As at 30 September 2023 | 1,154,613,338 | 178,088 |

The number of treasury shares held were 18,000 ordinary shares at a total cost of RM3,547. There was no share buy-back during the current quarter.

Save for the above, there was no other issuance, cancellation, resale and repayment of debts and equity securities for the current quarter.

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**

A8. Dividend Paid

No dividend was proposed or paid during the current quarter.

A9. Segmental Information

The Group's principal activities are involved in manufacturing self-adhesive labels and OPP roll-fed and shrink sleeves and other related products for large global and small-medium customers in Malaysia, Thailand, Singapore and Indonesia and manufacturing of disposable surgical face masks.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarized as follows:

The Group's reportable segments were identified as follows:

- (i) Label and Packaging – manufacturing of self-adhesive stickers and trading of related products
- (ii) Mask – manufacturing of disposable surgical face mask and protective apparels

| Financial quarter ended 30 September 2023 | Label and Packaging | Mask | Elimination | Consolidation |
|--|--------------------------------|---------------|--------------------|----------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 4,827 | 1,154 | (113) | 5,868 |
| Loss | | | | (848) |
| Unallocated Expenses | | | | (505) |
| Interest Income | | | | 175 |
| Finance Costs | | | | (119) |
| Loss before taxation | | | | (1,297) |
| Income Tax Expenses | | | | - |
| Loss for the period | | | | (1,297) |

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**
A9. Segmental Information (Cont'd)

| <u>Financial year-to-date ended</u> <u>30 September 2023</u> | Label and | Mask | Elimination | Consolidation |
|---|------------------|---------------|--------------------|----------------------|
| | Packaging | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 10,003 | 3,804 | (211) | 13,596 |
| Loss | | | | (2,685) |
| Unallocated Expenses | | | | (714) |
| Interest Income | | | | 175 |
| Finance Costs | | | | (245) |
| Loss before taxation | | | | (3,469) |
| Income Tax Expenses | | | | - |
| Loss for the period | | | | (3,469) |

| <u>Financial quarter ended</u> <u>30 September 2022</u> | Label and | Mask | Elimination | Consolidation |
|--|------------------|---------------|--------------------|----------------------|
| | Packaging | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 6,602 | 4,639 | (447) | 10,794 |
| Loss | | | | (824) |
| Unallocated Expenses | | | | (415) |
| Interest Income | | | | 5 |
| Finance Costs | | | | (150) |
| Loss before taxation | | | | (1,384) |
| Income Tax Expenses | | | | - |
| Loss from discontinued operation, net of tax | | | | (495) |
| Loss for the period | | | | (1,879) |

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**
A9. Segmental Information (Cont'd)

| Financial year-to-date ended 30 September 2022 | Label and Packaging | Mask | Elimination | Consolidation |
|---|--------------------------------|---------------|--------------------|----------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 13,361 | 10,306 | (2,002) | 21,665 |
| Loss | | | | (2,391) |
| Unallocated Expenses | | | | (775) |
| Interest Income | | | | 11 |
| Finance Costs | | | | (295) |
| Loss before taxation | | | | (3,450) |
| Income Tax Expenses | | | | - |
| Loss from discontinued operation, net of tax | | | | (1,125) |
| Loss for the period | | | | (4,575) |

A10. Property, Plant and Equipment

The revaluation of land and buildings have been brought forward, without any amendment to the previous annual financial statement.

A11. Material Events Subsequent to the Interim Period

There were no material events subsequent to the quarter ended 30 September 2023 except as disclosed in this report.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review other than as disclose in Note B7.

A13. Change in Contingent Liabilities or Contingent Assets

As at 30 September 2023, the Company has given corporate guarantee of RM5.930 million to banks and financial institutions for banking facilities extended to its subsidiaries.

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**
ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS
B1. Review of Performance

Performance of current quarter against the preceding year corresponding quarter:

| | Individual Period (2 nd Quarter) | | Changes RM'000 | Cumulative Year | | Changes RM'000 |
|--|--|---|-----------------------|-----------------------------|---|-----------------------|
| | Current Year Quarter | Preceding Year Corresponding Quarter | | Current Year To- date | Preceding Year Corresponding Quarter | |
| | 30/09/2023 | 30/09/2022 | | 30/09/2023 | 30/09/2022 | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue | 5,868 | 10,794 | (4,926) | 13,596 | 21,665 | (8,069) |
| Loss Before Interest and Tax | (1,178) | (1,234) | 56 | (3,224) | (3,155) | (69) |
| Loss Before Tax | (1,297) | (1,384) | 87 | (3,469) | (3,450) | (19) |
| Loss from continuing operations | (1,297) | (1,384) | 87 | (3,469) | (3,450) | (19) |
| Loss from discontinued operation, net of tax | - | (495) | 495 | - | (1,125) | 1,125 |
| Loss After Tax | (1,297) | (1,879) | 582 | (3,469) | (4,575) | 1,106 |
| Loss Attributable to Holders of the Parent | (1,237) | (1,891) | 654 | (3,403) | (4,555) | 1,152 |

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**
B1. Review of Performance (Cont'd)
Analysis of Quarters Performance

For current quarter ended 30 September 2023, the Group recorded a revenue of RM5.868 million compared to preceding year corresponding quarter of RM10.794 million, a decrease of RM4.926 million due to the decrease of revenue in mask segment as a result of the decrease in the face mask demand.

For the current quarter under review, the Group recorded a loss before tax of RM1.297 million compared to preceding year corresponding quarter of RM1.384 million.

B2. Comparison with the Preceding Quarter's Results

| | Current Quarter | Immediate | Changes |
|--|-----------------|-------------------|---------|
| | 30/09/2023 | Preceding Quarter | |
| | RM'000 | 30/06/2023 | RM'000 |
| Revenue | 5,868 | 7,728 | (1,860) |
| Loss Before Interest and Tax | (1,178) | (2,046) | 868 |
| Loss Before Tax | (1,297) | (2,172) | 875 |
| Loss After Tax | (1,297) | (2,172) | 875 |
| Loss Attributable to Holders of the Parent | (1,237) | (2,166) | 929 |

The Group recorded a revenue of RM5.868 million as compared to RM7.728 million for the preceding quarter, representing a decrease of RM1.860 million or 24.07%. Lower revenue reported for the quarter was mainly attributed to the decrease in Mask Division's revenue.

The Group recorded a loss before tax of RM1.297 million compared to the loss before tax of RM2.172 million for the preceding quarter. The lower loss recorded during the quarter under review was due to fair value adjustment on quoted shares.

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023****B3. Commentary of Prospects**

The Group anticipates the economic landscape for consumer packaging and printing services to remain challenging in the near future but slowly picking up as more tenders are opening. The Group will continue to remain active in participating in these tenders to secure more jobs and expand its customer base.

Therefore, the Group will be placing more focus on developing the face mask business in order to cushion any adverse impacts from the consumer packaging and printing services industry. The Group also believe that face masks will remain essential within majority daily lives despite the lenient mandate for face masks as Malaysians will continue to be cautious and more vigilant for their own safety.

Having said, the Group will gradually expand its production capacity to up to 102 manufacturing lines for 3-ply face masks and 26 manufacturing lines to be installed for the production of respirator face masks by 2023. The Group will also be investing in new machinery for the manufacturing of surgical masks for hospitals in preparation to cater to the medical industry.

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 market capitalisation through greater participation in upcoming medical expositions.

While the operating environment continues to be challenging in the near future, the Group maintains an optimistic view of its future prospects in the coming financial year. 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 the stakeholders.

B4. Profit Forecast or Profit Guarantee

The Group did not announce or disclose any profit forecast or profit guarantee in a public document.

B5. Board of Directors Statement on Internal Targets

The Group did not announce or disclose any profit estimates, forecast, projections or internal management targets in a public document.

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023****B6. Taxation**

| | Current Quarter (RM'000) | Year to date (RM'000) |
|-------------------------|-------------------------------------|----------------------------------|
| Income Tax | | |
| - Current tax expenses | - | - |
| - Deferred tax expenses | - | - |
| Total | - | - |

B7. Status of Corporate Proposal*Proposed Share Consolidation*

On 23 August 2023, the Company announced that it proposed to undertake a proposed consolidation of every 5 existing ordinary shares in Komarkcorp Share held by shareholders of the Komarkcorp on an entitlement date to be determined later into 1 Komarkcorp Share ("the Proposal").

Bursa Securities had, vide its letter dated 6 September 2023, approved the Proposal.

The shareholders have approved the Proposal during the Extraordinary General Meetings held on 9 October 2023.

The Proposed Share Consolidation were completed on 26 October 2023.

There was no other corporate proposal announced but not completed for the quarter under review.

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**
B8. Status of Utilisation of Rights Issue Proceeds

- (i) Pursuant to the Rights Issue Exercise which was duly completed upon the subscription and listing of the 577,256,790 Placement Shares at RM0.08 each on the Main Market of Bursa Malaysia Securities Berhad with effect 28 June 2023, the gross proceeds raised from the Rights Issue Exercise was RM46,180,543.20 and the utilisation status as at 22 November 2023 is as set out below:

| Purpose | Proposed utilisation RM'000 | Actual utilisation RM'000 | Intended timeframe for utilisation | Deviation amount | |
|--|--------------------------------|------------------------------|------------------------------------|------------------|---|
| | | | | Amount RM'000 | % |
| (i) Expansion of the manufacturing business | 36,000 | 14,452 | By 30 June 2025 | - | - |
| (ii) Product Development | 5,000 | 2,000 | By 30 June 2025 | - | - |
| (iii) Working Capital | 4,481 | 4,100 | By 31 December 2024 | - | - |
| (iv) Estimated expenses for the Rights Issue with Warrants | 700 | 700 | Immediate | - | - |

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**
B9. Group's Bank Borrowings and Debt Securities

Group's bank borrowings and debt securities as at the end of the reporting period are as follows:

| | As At 30 September 2023 | | |
|----------------|-------------------------|---------------------|---------------------|
| | Long Term | Short Term | Total Borrowings |
| | RM'000 denomination | RM'000 denomination | RM'000 denomination |
| Secured | | | |
| Bank Overdraft | - | 1,960 | 1,960 |
| Term Loan | 3,978 | 357 | 4,335 |
| Total | 3,978 | 2,317 | 6,295 |

| | As At 31 March 2023 | | |
|----------------|---------------------|---------------------|---------------------|
| | Long Term | Short Term | Total Borrowings |
| | RM'000 denomination | RM'000 denomination | RM'000 denomination |
| Secured | | | |
| Term Loan | 4,151 | 821 | 4,972 |
| Total | 4,151 | 821 | 4,972 |

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023****B10. Material Litigation****(i) Kuala Lumpur High Court (“High Court”) Civil Suit No. WA-23NCVC-43-05/2021 Komarkcorp v The Edge Communications Sdn Bhd (“The Edge”)**

Our Company had on 11 May 2021, filed a Writ and Statement of Claim in the High Court against The Edge for, amongst others, damages and an injunction to restrain The Edge whether by itself, its agents or servants or otherwise from publishing or causing to be published the same or similar words defamatory of our Company.

The Edge then filed its Defence on 19 July 2021. On 11 August 2021, our Company filed an application for, among others, further and better particulars in respect of the Defence and extension of time to file their Reply. On 19 August 2021, the Edge filed an application to strike out the Writ and Statement of Claim.

On 13 October 2021, both applications were dismissed by the Court with costs of RM5,000.00 payable to our Company (in respect of the striking out application) and costs of RM5,000.00 payable to The Edge (in respect of the further and better particulars application). The Court further ordered our Company to file a Reply by 27 October 2021 and had advised Parties to mediate the case.

Our Company filed its Reply on 27 October 2021 and had informed the Court that it had proposed to The Edge to mediate the case through the Malaysian Mediation Centre as this would allow parties to explore their positions better. However, The Edge was not agreeable to our Company’s suggestion and had proposed to mediate through the Kuala Lumpur Court Mediation Centre (“KLCMC”) instead.

Both our Company and The Edge failed to reach a resolution via the mediation which was fixed for 29 June 2022.

The matter is now fixed for trial for 5 days, from 5 February 2024 to 9 February 2024 before YA Puan Hayatul Akmal binti Abdul Aziz and fixed for e-Review before Puan Haslinda A. Raof on 6 September 2023 for both the solicitors of our Company and The Edge to update the court about the compliance of pre-trial directions.

Our Board is of the view that Komarkcorp has a fair chance in its claims against The Edge. In view that our Company is the claimant for this case, this litigation is not expected to result in any material adverse impact to our Group’s business operations and financial performance.

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**

B10. Material Litigation (Cont'd)

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

Vide Industrial Court Suit No. 20/4 – 312/22, Chin Kim Meng (‘CKM’) (now deceased), a former employee of General Labels & Labelling (M) Sdn Bhd (‘GL’), brought an action based on wrongful dismissal against GL, a wholly-owned subsidiary of Komarkcorp.

The Industrial Court had on 5.9.2023 decided in CKM’s favour and awarded the sum of RM118,330.41 [less statutory deductions (if any)] to CKM, to be paid within thirty (30) days from the date of the award.

Aggrieved, GL has filed an against the Industrial Court’s award in the Kuala Lumpur High Court vide Civil Appeal No. WA-16A-61-09/2023 on 18.9.2023. The appeal is against Mau Yu Mei as the representative to the estate of CKM (deceased).

The appeal is fixed for hearing on 24.6.2024.

Our Board is of the view that GL has a fair chance to overturn the Industrial Court’s award.

Save for the above, there were no other pending material litigations against the Group as at the date of this report.

B11. Dividend Payable

No dividend has been proposed or paid for the quarter ended 30 September 2023.

B12. Loss Per Share (LPS)

The calculation of basic loss per share is based on the net loss attributable to ordinary shareholders of the parent and the weighted average number of ordinary shares in issue during the period.

| | Period Ended 30 September 2023 | Period Ended 30 September 2022 |
|--|---|---|
| Loss attributable to Shareholders of Parent (RM’000) | (3,403) | (4,555) |
| Weighted Average Number of Ordinary Shares (’000) | 721,653 | 577,347 |
| Basic Loss Per Share (Sen) | (0.47) | (0.79) |

KOMARKCORP BERHAD

Company No. : 199601001919 (374265-A)

Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**
B13. Notes to the Statement of Comprehensive Loss

| | | Period Ended | Period Ended |
|----|---|----------------|----------------|
| | | September 2023 | September 2022 |
| | | RM'000 | RM'000 |
| a) | Depreciation and amortisation | 3,724 | 4,160 |
| b) | Fair value adjustment in quoted shares | 587 | - |
| c) | Loss on disposal of property, plant and equipment | 8 | - |
| d) | Interest income | (175) | (11) |
| e) | Interest expense | 245 | 295 |
| f) | Impairment of inventories | - | 1,560 |
| g) | Realised/unrealised foreign exchange (gain)/loss, net | (31) | 190 |

This page has been intentionally left blank.