

KOTRA INDUSTRIES BERHAD

(Incorporated in Malaysia)

FINANCIAL REPORT for the financial year ended 30 June 2025

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Kotra Industries Berhad

(Incorporated in Malaysia)

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 30 June 2025.

Principal activities

The Company is principally engaged in the business of investment holding and the provision of management services.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company are set out in the "Subsidiaries" section of this report.

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

Results

	Group RM'000	Company RM'000
Profit after taxation for the financial year	42,475	38,023

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

Dividends

Dividends paid by the Company since 30 June 2024 are as follows:-

- A second interim single tier dividend of 13 sen per ordinary share amounting to RM19,280,831 for the financial year ended 30 June 2024 on 10 October 2024; and
- A first interim single tier dividend of 12.5 sen per ordinary share amounting to RM18,539,261 for the financial year ended 30 June 2025 on 26 December 2024.

On 26 August 2025, the Company declared a second interim single tier dividend of 13 sen per ordinary share amounting to RM19,280,831 in respect of the current financial year, payable on 24 October 2025, to shareholders whose names appeared in the record of depositors on 14 October 2025. The financial statements for the current financial year do not reflect this interim single tier dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2026.

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Directors' report

Directors

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Chin Swee Chang
Piong Teck Onn
Datuk Jamaludin Bin Nasir
Datuk Piong Teck Yen
Lee Min On
Piong Chee Kien (Resigned on 1.3.2025)
Piong Chee Kuan (Appointed on 1.2.2025)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Datuk Seri Piong Teck Min
Piong Chee Wei

Directors' interests

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of ordinary shares			
	At 1.7.2024	Acquired	Sold	At 30.6.2025
Holding Company				
<i>Direct interest</i>				
Piong Teck Onn	61,529	-	-	61,529
Datuk Piong Teck Yen	8,737	-	-	8,737
The Company				
<i>Direct interest</i>				
Chin Swee Chang	2,314,800	-	-	2,314,800
Piong Teck Onn	16,286,626	-	-	16,286,626
Datuk Piong Teck Yen	8,296,564	-	-	8,296,564
<i>Indirect interest</i>				
Chin Swee Chang ¹	3,900,000	4,000	-	3,904,000
Piong Teck Onn ²	72,987,562	4,000	-	72,991,562

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Directors' report

Directors' interests (continued)

- ¹ Deemed interested by virtue of her sons' shareholding pursuant to Section 59(11)(c) of the Companies Act 2016.
- ² Deemed interested by virtue of his direct substantial shareholding in Piong Nam Kim Holdings Sdn. Bhd., Medisch Specialist Centre Sdn. Bhd., and Platinum Essence Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and his sons' shareholding pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of his shareholding in the holding company, namely Piong Nam Kim Holdings Sdn. Bhd., Piong Teck Onn is deemed to have interests in shares of the Company and its related corporations during the financial year to the extent of the holding company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) 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 except for any benefits which may be deemed to arise from the following transactions:-

	Group RM'000	Company RM'000
Subsidiary		
Dividend received/receivable	-	(38,231)
Management fee received/receivable	-	(540)
Companies in which certain directors have significant financial interests		
Lease payments on short-term leases	8	-
Lease payments for right-of-use assets	984	-
Companies in which close family members of certain directors have significant financial interests		
Sales of goods	(295)	-

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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Directors' report

Directors' remuneration

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	From the Company RM'000	From the Subsidiary RM'000	Total RM'000
Fees	399	-	399
Salaries, bonuses and other benefits	23	3,031	3,054
Contributions to defined contribution benefits	-	364	364
Estimated money value of benefits-in-kind	-	13	13
	<u>422</u>	<u>3,408</u>	<u>3,830</u>

Indemnity and insurance cost

During the financial year, the amount of insurance effected for the directors and officers of the Company and its subsidiaries was RM12,000,000. No indemnity was given to or insurance effected for the auditors of the Company.

Issues of shares and debentures

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

Options granted over unissued shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

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Directors' report

Subsidiaries

(a) The details of the Company's subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent	Principal Activities
<i>Subsidiaries of the Company</i>			
Kotra Pharma (M) Sdn. Bhd.	Malaysia	100%	Developing, manufacturing and trading of pharmaceutical and healthcare products
Appeton Healthcare Sdn. Bhd.	Malaysia	100%	Dormant
Biglink Rewards Sdn. Bhd.	Malaysia	100%	Dormant
Kite Training And Consultancy Sdn. Bhd.	Malaysia	100%	Dormant

(b) The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

Holding company

The holding company is Piong Nam Kim Holdings Sdn. Bhd., a company incorporated in Malaysia which the directors also regard as the ultimate holding company.

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Directors' report

Other statutory information

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:-
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:-
 - (i) the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company; and
 - (ii) the values attributed to the current assets in the financial statements misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:-
 - (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:-
 - (i) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due; and

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Directors' report

Other statutory information (continued)

(f) In the opinion of the directors (continued):-

- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	Group RM'000	Company RM'000
Audit fees	148	35
Non-audit fees	4	4
	<u>152</u>	<u>39</u>

Signed in accordance with a resolution of the directors dated **07 OCT 2025**



Piong Teck Onn
Managing Director



Chin Swee Chang
Executive Director

Kotra Industries Berhad

(Incorporated in Malaysia)

Statement by directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Piong Teck Onn and Chin Swee Chang, being two of the directors of Kotra Industries Berhad, state that, in the opinion of the directors, the financial statements set out on pages 14 to 64 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2025 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated **07 OCT 2025**



Piong Teck Onn
Managing Director



Chin Swee Chang
Executive Director

Statutory declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Daniel Chua Chong Liang, MIA membership number: CA18092, being the officer primarily responsible for the financial management of Kotra Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 14 to 64 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Daniel Chua Chong Liang,
at Melaka
in the State of Melaka
on this **07 OCT 2025**



Daniel Chua Chong Liang

Before me,



**Independent auditors' report to the members of
KOTRA INDUSTRIES BERHAD**

(Incorporated in Malaysia)
Registration No: 199901022732 (497632-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kotra Industries Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 June 2025, 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 material accounting policy information, as set out on pages 14 to 64.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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.

**Independent auditors' report to the members of
KOTRA INDUSTRIES BERHAD (continued)**

(Incorporated in Malaysia)

Registration No: 199901022732 (497632-P)

Key audit matters (continued)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter Revenue Recognition (Refer to Page 22, Note 4 to the financial statements)	How our audit addressed the key audit matter
Consolidated revenue recorded by the Group during the year amounted to approximately RM231 million. We consider revenue recognition for sale of goods to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regard revenue recognition to be a Key Audit Matter.	Our procedures included, amongst others: • tested the operating effectiveness of internal control over the completeness, accuracy, and timing of revenue recognised in the financial statements; • reviewed the terms of customer agreements to determine the point of control transfer to the customers on sampling basis; • tested the recording of sales transactions, revenue cut-off and review of credit notes after year end; and • obtained confirmations from trade receivables as at the financial year end on sampling basis and reviewed collections relating to material trade receivables during and after the financial year end.

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.

**Independent auditors' report to the members of
KOTRA INDUSTRIES BERHAD (continued)**

(Incorporated in Malaysia)

Registration No: 199901022732 (497632-P)

Information other than the financial statements and auditors' report thereon (continued)

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, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

**Independent auditors' report to the members of
KOTRA INDUSTRIES BERHAD (continued)**

(Incorporated in Malaysia)

Registration No: 199901022732 (497632-P)

Auditors' responsibilities for the audit of the financial statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

**Independent auditors' report to the members of
KOTRA INDUSTRIES BERHAD (continued)**

(Incorporated in Malaysia)

Registration No: 199901022732 (497632-P)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Crowe Malaysia PLT

201906000005 (LLP0018817 - LCA) & AF 1018

Chartered Accountants

Melaka

07 OCT 2025



Tan Guan Seng

03387/08/2026 J

Chartered Accountant

Kotra Industries Berhad

(Incorporated in Malaysia)

Statements of profit or loss and other comprehensive income For the financial year ended 30 June 2025

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	4	230,784	226,554	38,771	41,017
Other operating income	5	3,295	7,983	32	36
Raw materials and consumables used		(58,345)	(62,632)	-	-
Changes in inventories of finished goods and work-in-progress		(2,276)	2,363	-	-
Employee benefits expenses	6	(56,652)	(53,310)	(526)	(464)
Selling and distribution expenses		(27,466)	(28,841)	-	-
Depreciation and amortisation		(13,605)	(14,299)	-	-
Other operating expenses		(24,697)	(21,490)	(247)	(243)
Finance costs	7	(27)	(37)	-	-
Net reversal of impairment losses on financial assets	8	345	183	-	-
Profit before taxation	9	51,356	56,474	38,030	40,346
Income tax expense	10	(8,881)	(11,878)	(7)	(21)
Profit after taxation		42,475	44,596	38,023	40,325
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial year		42,475	44,596	38,023	40,325
Earnings per share attributable to equity holders of the Company (sen):					
- Basic	11	28.64	30.07		
- Diluted	11	28.64	30.07		

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

Kotra Industries Berhad

(Incorporated in Malaysia)

**Statements of financial position
As at 30 June 2025**

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	199,101	167,726	-	-
Investment properties	13	1,261	1,286	-	-
Investments in subsidiaries	14	-	-	121,668	121,408
Right-of-use assets	15	10,367	10,499	-	-
		<u>210,729</u>	<u>179,511</u>	<u>121,668</u>	<u>121,408</u>
Current assets					
Inventories	16	51,764	54,636	-	-
Trade receivables	17	32,651	36,110	-	-
Other receivables	18	2,580	2,704	6	6
Amounts owing by subsidiaries	19	-	-	-	169
Current tax assets		10	14	10	14
Derivative assets	20	32	-	-	-
Fixed deposits with licensed banks	21	18,511	60,601	700	600
Cash and bank balances		32,176	5,412	194	156
		<u>137,724</u>	<u>159,477</u>	<u>910</u>	<u>945</u>
Total assets		<u>348,453</u>	<u>338,988</u>	<u>122,578</u>	<u>122,353</u>
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	22	86,276	86,276	86,276	86,276
Retained earnings	23	193,818	189,163	36,222	36,019
Total equity		<u>280,094</u>	<u>275,439</u>	<u>122,498</u>	<u>122,295</u>
Non-current liabilities					
Term loan	25	1,531	-	-	-
Deferred tax liabilities	26	6,179	1,875	-	-
Deferred income	27	294	548	-	-
Lease liabilities	28	82	82	-	-
		<u>8,086</u>	<u>2,505</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	29	13,277	18,245	-	-
Other payables	30	44,125	40,204	80	58
Lease liabilities	28	960	960	-	-
Current tax liabilities		1,911	1,635	-	-
		<u>60,273</u>	<u>61,044</u>	<u>80</u>	<u>58</u>
Total liabilities		<u>68,359</u>	<u>63,549</u>	<u>80</u>	<u>58</u>
Total equity and liabilities		<u>348,453</u>	<u>338,988</u>	<u>122,578</u>	<u>122,353</u>

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

Registration No: 199901022732 (497632-P)

Kotra Industries Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 30 June 2025

Group	Note	Non-distributable			Distributable		Total equity RM'000
		Share capital RM'000	Share option reserve RM'000	Retained earnings RM'000			
At 1 July 2023		84,896	153	186,030		271,079	
Profit after taxation, representing total comprehensive income for the financial year		-	-	44,596		44,596	
Contributions by and distributions to owners of the Company:							
- Dividends	31	-	-	(41,528)		(41,528)	
- Employees' share options exercised		1,380	(88)	-		1,292	
- Share options expired transferred to retained earnings		-	(65)	65		-	
Total transactions with owners		1,380	(153)	(41,463)		(40,236)	
At 30 June 2024/1 July 2024		86,276	-	189,163		275,439	
Profit after taxation, representing total comprehensive income for the financial year		-	-	42,475		42,475	
Contributions by and distributions to owners of the Company:							
- Dividends	31	-	-	(37,820)		(37,820)	
At 30 June 2025		86,276	-	193,818		280,094	

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

Registration No: 199901022732 (497632-P)

Kotra Industries Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 30 June 2025 (continued)

Company	Note	Non-distributable		Distributable		Total equity RM'000
		Share capital RM'000	Share option reserve RM'000	Retained earnings RM'000		
At 1 July 2023		84,896	153	37,157		122,206
Profit after taxation, representing total comprehensive income for the financial year		-	-	40,325		40,325
Contributions by and distributions to owners of the Company:						
- Dividends	31	-	-	(41,528)		(41,528)
- Employees' share options exercised		1,380	(88)	-		1,292
- Share options expired transferred to retained earnings		-	(65)	65		-
Total transactions with owners		1,380	(153)	(41,463)		(40,236)
At 30 June 2024/1 July 2024		86,276	-	36,019		122,295
Profit after taxation, representing total comprehensive income for the financial year		-	-	38,023		38,023
Contributions by and distributions to owners of the Company:						
- Dividends	31	-	-	(37,820)		(37,820)
At 30 June 2025		86,276	-	36,222		122,498

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

Kotra Industries Berhad

(Incorporated in Malaysia)

Statements of cash flows**For the financial year ended 30 June 2025**

		Group		Company	
		2025	2024	2025	2024
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before taxation		51,356	56,474	38,030	40,346
Adjustments for:-					
Amortisation of deferred income	27	(254)	(275)	-	-
Depreciation of investment properties	13	25	26	-	-
Depreciation of property, plant and equipment	12	12,488	13,178	-	-
Depreciation of right-of-use assets	15	1,092	1,095	-	-
Fair value gain on derivatives	5	(32)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	5,9	(2)	27	-	-
Interest expense on lease liabilities	7	24	20	-	-
Interest income	5	(2,285)	(3,771)	(32)	(36)
Interest income from short-term investments	5	-	(9)	-	-
Inventories written down	16	972	363	-	-
Net reversal of impairment losses on trade receivables	8	(345)	(183)	-	-
Other interest expense	7	3	17	-	-
(Reversal of property, plant and equipment written off)/Property, plant and equipment written off	12	(1)	44	-	-
Rental income from investment properties	5	(9)	-	-	-
Share-based payment under ESOS	6	-	44	-	-
Unrealised loss on foreign exchange	9	211	1,934	-	-
Operating profit before working capital changes		63,243	68,984	37,998	40,310
Decrease in inventories		1,900	4,201	-	-
Decrease/(Increase) in receivables		2,635	(2,241)	169	(17)
(Decrease)/Increase in payables		(3,781)	(4,311)	22	2
Cash from operations		63,997	66,633	38,189	40,295
Income tax paid		(4,367)	(1,817)	(17)	(38)
Income tax refunded		70	10	14	-
Net cash from operating activities		59,700	64,826	38,186	40,257

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

Kotra Industries Berhad

(Incorporated in Malaysia)

Statements of cash flows**For the financial year ended 30 June 2025 (continued)**

		Group		Company	
	Note	2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Cash flows (for)/from investing activities					
Additional investments in existing subsidiaries		-	-	(260)	-
Interest received		2,285	3,780	32	36
Proceeds from disposal of property, plant and equipment		20	50	-	-
Purchase of property, plant and equipment	32(a)	(38,655)	(49,198)	-	-
Rental received		9	-	-	-
Withdrawal of fixed deposits with tenure more than 3 months		-	9,667	-	-
Net cash (for)/from investing activities		<u>(36,341)</u>	<u>(35,701)</u>	<u>(228)</u>	<u>36</u>
Cash flows for financing activities					
Dividend paid	31	(37,820)	(41,528)	(37,820)	(41,528)
Interest paid	32(b)	(37)	(37)	-	-
Proceeds from issuance of ordinary shares		-	1,248	-	1,248
Proceeds from term loan	32(b)	1,531	-	-	-
Repayment of lease liabilities	32(b)	(960)	(964)	-	-
Net cash for financing activities		<u>(37,286)</u>	<u>(41,281)</u>	<u>(37,820)</u>	<u>(40,280)</u>
Net (decrease)/increase in cash and cash equivalents		(13,927)	(12,156)	138	13
Effects of exchange rate changes on cash and cash equivalents		(1,399)	(1,116)	-	-
Cash and cash equivalents at beginning of the financial year		66,013	79,285	756	743
Cash and cash equivalents at end of the financial year	32(c)	<u>50,687</u>	<u>66,013</u>	<u>894</u>	<u>756</u>

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

Kotra Industries Berhad

(Incorporated in Malaysia)

Notes to the financial statements - 30 June 2025

1. General information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda, 75400 Melaka. The principal place of business is located at No. 1, 2 & 3, Jalan TTC 12, Cheng Industrial Estate, 75250 Melaka.

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as "the Group".

The Company is principally involved in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The holding company is Piong Nam Kim Holdings Sdn. Bhd., a company incorporated in Malaysia, which the directors also regard as the ultimate holding company.

The financial statements of the Company and of the Group are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated **07 OCT 2025**

2. Basis of preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 2.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

Kotra Industries Berhad

(Incorporated in Malaysia)

Notes to the financial statements - 30 June 2025

2. Basis of preparation (continued)

- 2.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
• MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
• MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
• Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
• Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
• Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
• Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

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Kotra Industries Berhad

(Incorporated in Malaysia)

Notes to the financial statements - 30 June 2025

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed in the following notes:-

- Note 10.1 - Income taxes;
- Note 12.1 - Depreciation of property, plant and equipment;
- Note 16.1 - Write-down of inventories;
- Note 17.1 - Impairment of trade receivables; and
- Note 26.1 - Deferred tax assets.

4. Revenue

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Revenue from contract with customers				
<u>Recognised at a point in time</u>				
Sale of goods	230,784	226,554	-	-
Revenue from other sources				
Dividend income	-	-	38,231	40,477
Management fees	-	-	540	540
	<u>230,784</u>	<u>226,554</u>	<u>38,771</u>	<u>41,017</u>

- (a) The information on the disaggregation of revenue by geographical market is disclosed in Note 35 to the financial statements.
- (b) The information of the revenue from other sources is summarised below:-

Dividend income

Dividend income is recognised when the right to receive dividend payment is established.

Management fees

Management fees are recognised in the period in which the services are rendered.

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Notes to the financial statements - 30 June 2025

4. Revenue (continued)

4.1 Material accounting policy information for revenue

Sale of goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. Other operating income

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Amortisation of deferred income	254	275	-	-
Fair value gain on derivatives	32	-	-	-
Gain on disposal of property, plant and equipment	2	-	-	-
Gain on foreign exchange - realised	-	3,338	-	-
Interest income from short-term investments	-	9	-	-
Interest income on financial assets measured at amortised cost	2,285	3,771	32	36
Rental income from investment properties	9	-	-	-
Miscellaneous	713	590	-	-
	<u>3,295</u>	<u>7,983</u>	<u>32</u>	<u>36</u>

The information of the other operating income is summarised below:-

(i) Government grants

The Group presents government grants related to an asset by setting up the grants as deferred income and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

(ii) Interest income

Interest income is recognised on accrual basis using the effective interest method.

(iii) Rental income

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

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Notes to the financial statements - 30 June 2025

6. Employee benefits expenses

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 33(d))				
Directors of the Company	3,817	3,731	422	364
Directors of the subsidiaries	647	592	-	-
	<u>4,464</u>	<u>4,323</u>	<u>422</u>	<u>364</u>
Non-directors' remuneration				
Short-term employee benefits	46,195	43,106	91	88
Defined contribution benefits	4,650	4,692	11	11
Other personnel expenses	1,343	1,145	2	1
Share option expenses	-	44	-	-
	<u>56,652</u>	<u>53,310</u>	<u>526</u>	<u>464</u>

Included in employee benefits expenses are key management personnel compensation as disclosed in Note 33(d) to the financial statements.

7. Finance costs

	Group	
	2025	2024
	RM'000	RM'000
Interest expense on financial liabilities that are not at fair value through profit or loss:		
- bank overdrafts	3	17
Interest expense on lease liabilities (Note 28)	24	20
	<u>27</u>	<u>37</u>

8. Net reversal of impairment losses on financial assets

	Group	
	2025	2024
	RM'000	RM'000
Impairment losses on trade receivables (Note 17)	413	268
Reversal of impairment losses on trade receivables (Note 17)	(758)	(451)
	<u>(345)</u>	<u>(183)</u>

Kotra Industries Berhad

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Notes to the financial statements - 30 June 2025

9. Profit before taxation

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging:-				
Auditors' remuneration:				
- audit fees	148	132	35	33
- non-audit fees	4	4	4	4
Depreciation:				
- investment properties (Note 13)	25	26	-	-
- property, plant and equipment (Note 12)	12,488	13,178	-	-
- right-of-use assets (Note 15)	1,092	1,095	-	-
Direct operating expenses arising from investment properties	14	12	-	-
Inventories written down (Note 16)	972	363	-	-
Loss on disposal of property, plant and equipment	-	27	-	-
Loss on foreign exchange:				
- realised	4,708	-	-	-
- unrealised	211	1,934	-	-
(Reversal of property, plant and equipment written off)/Property, plant and equipment written off (Note 12)	(1)	44	-	-
Lease expenses:				
- short-term leases	144	147	-	-
- low-value assets	2	16	-	-

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Kotra Industries Berhad

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Notes to the financial statements - 30 June 2025**10. Income tax expense**

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Current tax expense	4,986	3,213	7	20
(Over)/Underprovision in the previous financial year	(409)	(1)	-	1
	<u>4,577</u>	<u>3,212</u>	<u>7</u>	<u>21</u>
Deferred tax (Note 26):				
- origination and reversal of temporary differences	4,946	8,902	-	-
- over-recognition of deferred tax liabilities in the previous financial year	(642)	-	-	-
- under-recognition of deferred tax assets in the previous financial year	-	(236)	-	-
	<u>4,304</u>	<u>8,666</u>	<u>-</u>	<u>-</u>
	<u>8,881</u>	<u>11,878</u>	<u>7</u>	<u>21</u>

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	<u>51,356</u>	<u>56,474</u>	<u>38,030</u>	<u>40,346</u>
Tax at the statutory tax rate of 24% (2024: 24%)	12,325	13,554	9,127	9,683
Non-taxable income	-	(2)	(9,175)	(9,715)
Non-deductible expenses	384	400	55	52
Utilisation of tax incentives	(2,701)	(1,837)	-	-
Utilisation of deferred tax assets previously not recognised	(76)	-	-	-
(Over)/Underprovision of current tax in the previous financial year	(409)	(1)	-	1
Over-recognition of deferred tax liabilities in the previous financial year	(642)	-	-	-
Under-recognition of deferred tax assets in the previous financial year	-	(236)	-	-
	<u>8,881</u>	<u>11,878</u>	<u>7</u>	<u>21</u>

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Notes to the financial statements - 30 June 2025

10. Income tax expense (continued)

10.1 Critical accounting estimates and judgements for income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

11. Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2025	2024
Profit attributable to owners of the Company (RM'000)	42,475	44,596
Weighted average number of ordinary shares in issue ('000)	148,314	148,296
Basic earnings per ordinary share (sen)	<u>28.64</u>	<u>30.07</u>

(b) Diluted earnings per share

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares during the financial year.

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Registration No: 199901022732 (497632-P)

KOTRA INDUSTRIES BERHAD

(Incorporated in Malaysia)

Notes to the financial statements - 30 June 2025

12. Property, plant and equipment

Group	At 1.7.2024 RM'000	Additions (Note 32(a)) RM'000	Reclassification RM'000	Disposals RM'000	Write Off (Note 9) RM'000	Depreciation Charges (Note 9) RM'000	At 30.6.2025 RM'000
2025							
<i>Carrying amount</i>							
Industrial buildings and installations	38,704	13	18	-	-	(1,228)	37,507
Machinery and equipment	34,139	995	15,915	-	-	(9,788)	41,261
Motor vehicles	759	-	-	(18)	-	(157)	584
Office equipment	31	10	-	-	-	(14)	27
Computer equipment	1,626	520	-	-	1	(813)	1,334
Furniture and fittings	533	224	238	-	-	(221)	774
Renovation	475	17	39	-	-	(267)	264
Capital work-in-progress	91,459	42,101	(16,210)	-	-	-	117,350
	167,726	43,880	-	(18)	1	(12,488)	199,101

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KOTRA INDUSTRIES BERHAD
(Incorporated in Malaysia)

Notes to the financial statements - 30 June 2025

12. Property, plant and equipment (continued)

Group	At 1.7.2023 RM'000	Additions (Note 32(a)) RM'000	Reclassification RM'000	Disposals RM'000	Write Off (Note 9) RM'000	Depreciation Charges (Note 9) RM'000	At 30.6.2024 RM'000
2024							
<i>Carrying amount</i>							
Industrial buildings and installations	39,835	92	-	-	-	(1,223)	38,704
Machinery and equipment	42,453	774	1,254	-	(40)	(10,302)	34,139
Motor vehicles	786	217	-	(76)	-	(168)	759
Office equipment	47	-	-	-	-	(16)	31
Computer equipment	2,300	305	-	(1)	(4)	(974)	1,626
Furniture and fittings	731	31	-	-	-	(229)	533
Renovation	741	-	-	-	-	(266)	475
Capital work-in-progress	39,473	53,240	(1,254)	-	-	-	91,459
	126,366	54,659	-	(77)	(44)	(13,178)	167,726

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Notes to the financial statements - 30 June 2025**12. Property, plant and equipment (continued)**

Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2025			
Industrial buildings and installations	58,906	(21,399)	37,507
Machinery and equipment	200,070	(158,809)	41,261
Motor vehicles	2,197	(1,613)	584
Office equipment	560	(533)	27
Computer equipment	9,687	(8,353)	1,334
Furniture and fittings	5,501	(4,727)	774
Renovation	2,738	(2,474)	264
Capital work-in-progress	117,350	-	117,350
	397,009	(197,908)	199,101

Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2024			
Industrial buildings and installations	58,875	(20,171)	38,704
Machinery and equipment	183,173	(149,034)	34,139
Motor vehicles	2,295	(1,536)	759
Office equipment	566	(535)	31
Computer equipment	9,401	(7,775)	1,626
Furniture and fittings	5,039	(4,506)	533
Renovation	2,682	(2,207)	475
Capital work-in-progress	91,459	-	91,459
	353,490	(185,764)	167,726

- (a) The carrying amount of property, plant and equipment of the Group pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 25 to the financial statements are as follows:-

	Group	
	2025 RM'000	2024 RM'000
Capital work-in-progress	52,150	-

- (b) The Group's capital work-in-progress represents capital expenditures incurred for factory buildings under construction and production machinery under installation. Included in the capital work-in-progress is the interest expenses capitalised during the financial year amounting to RM10,107 (2024: Nil).

Kotra Industries Berhad

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Notes to the financial statements - 30 June 2025

12. Property, plant and equipment (continued)

12.1 Critical accounting estimates and judgements for depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

12.2 Material accounting policy information for property, plant and equipment

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Industrial buildings and installations	2% - 10%
Machinery and equipment	5% - 20%
Motor vehicles	10%
Office equipment	10%
Computer equipment	20%
Furniture and fittings	10%
Renovation	10%

Capital work-in-progress represent factory buildings under construction and production machinery under installation. They are not depreciated until such time when the asset is available for use.

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Kotra Industries Berhad

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Notes to the financial statements - 30 June 2025

13. Investment properties

	Group	
	2025	2024
	RM'000	RM'000
Cost:-		
At 1 July/30 June	2,105	2,105
Accumulated depreciation:-		
At 1 July	819	793
Depreciation during the financial year (Note 9)	25	26
At 30 June	844	819
	1,261	1,286
Represented by:-		
Freehold land	810	810
Freehold buildings	451	476
	1,261	1,286
Fair value	3,400	2,807

- (a) An investment property of the Group is leased to a customer under operating lease with rentals payable monthly. The lease contains initial non-cancellable period of 2 (2024: Nil) years and an option that is exercisable by the customer to extend its lease for 2 (2024: Nil) years.

The Group requires 2 (2024: Nil) months of advanced rental payments from the customer. The lease does not include residual value guarantee and variable lease payments that depend on an index or rate.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating lease is as follows:-

	Group	
	2025	2024
	RM'000	RM'000
Within 1 year	18	-
Between 1 and 2 years	9	-
	27	-

- (b) The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

Kotra Industries Berhad

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Notes to the financial statements - 30 June 2025**13. Investment properties (continued)****13.1 Material accounting policy information for investment properties**

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on other investment properties is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation period for buildings is 50 years.

14. Investments in subsidiaries

	Company	
	2025 RM'000	2024 RM'000
Unquoted shares, at cost	115,016	114,756
Share options granted to employees of a subsidiary	6,652	6,652
	<u>121,668</u>	<u>121,408</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2025	2024	
Subsidiaries of the Company				
Kotra Pharma (M) Sdn. Bhd.	Malaysia	100%	100%	Developing, manufacturing and trading of pharmaceutical and healthcare products
Appeton Healthcare Sdn. Bhd.	Malaysia	100%	100%	Dormant
Biglink Rewards Sdn. Bhd.	Malaysia	100%	100%	Dormant
Kite Training And Consultancy Sdn. Bhd.	Malaysia	100%	100%	Dormant

14.1 Material accounting policy information for investments in subsidiaries

Investments in subsidiaries including the share options granted to employees of a subsidiary, which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

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Notes to the financial statements - 30 June 2025

15. Right-of-use assets

Group	At 1.7.2024 RM'000	Modification of Lease Liabilities (Note 28) RM'000	Depreciation Charges (Note 9) RM'000	At 30.6.2025 RM'000
2025				
<i>Carrying amount</i>				
Leasehold land	9,458	-	(131)	9,327
Office premise	1,041	960	(961)	1,040
	<u>10,499</u>	<u>960</u>	<u>(1,092)</u>	<u>10,367</u>

Group	At 1.7.2023 RM'000	Modification of Lease Liabilities (Note 28) RM'000	Depreciation Charges (Note 9) RM'000	At 30.6.2024 RM'000
2024				
<i>Carrying amount</i>				
Leasehold land	9,589	-	(131)	9,458
Office premise	1,045	960	(964)	1,041
	<u>10,634</u>	<u>960</u>	<u>(1,095)</u>	<u>10,499</u>

- (a) The Group has lease contracts for leasehold land and office premise used in its operations. Their lease terms are as below:-

	2025	2024
Leasehold land	76 to 77 years	76 to 77 years
Office premise	2 years	2 years

- (b) The Group has applied recognition exemptions for short-term lease and leases of low-value assets which do not exceed RM50,000.
- (c) The Group has lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.
- (d) The leasehold land of the Group with carrying amount of RM5,708,160 (2024: Nil) has been pledged to a licensed bank as security for banking facilities granted to the Company as disclosed in Note 25 to the financial statements.

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Notes to the financial statements - 30 June 2025

15. Right-of-use assets (continued)

15.1 Material accounting policy information for right-of-use assets

Short-term leases and leases of low-value assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

Right-of-use assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

16. Inventories

	Group	
	2025	2024
	RM'000	RM'000
Raw materials	21,607	21,057
Work-in-progress	1,843	1,091
Finished goods	27,118	30,146
Goods in transit	1,196	2,342
	<u>51,764</u>	<u>54,636</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	59,649	59,906
Amount written down (Note 9)	<u>972</u>	<u>363</u>
Movement for inventories written down:-		
At 1 July	5,136	5,829
Addition during the financial year (Note 9)	972	363
Written off during the financial year	<u>(1,895)</u>	<u>(1,056)</u>
At 30 June	<u>4,213</u>	<u>5,136</u>

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16. Inventories (continued)

16.1 Critical accounting estimates and judgements for 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.

16.2 Material accounting policy information for inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

17. Trade receivables

	Group	
	2025	2024
	RM'000	RM'000
Trade receivables	34,062	37,866
Less: Allowance for impairment losses	(1,411)	(1,756)
	<u>32,651</u>	<u>36,110</u>
Allowance for impairment losses:-		
At 1 July	1,756	1,939
Addition during the financial year (Note 8)	413	268
Reversal during the financial year (Note 8)	(758)	(451)
At 30 June	<u>1,411</u>	<u>1,756</u>

The Group's normal trade credit terms range from 60 to 120 (2024: 60 to 120) days.

Included in trade receivables are amounts due from related parties as disclosed in Note 33(c) to the financial statements.

17.1 Critical accounting estimates and judgements for impairment of trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

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18. Other receivables

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Other receivables:-				
Third parties	43	138	-	-
Interest receivables	129	251	5	5
Advance payments to suppliers	1,773	1,843	-	-
	1,945	2,232	5	5
Deposits	363	271	1	1
Prepayments	272	201	-	-
	2,580	2,704	6	6

The advance payments to suppliers are unsecured and interest-free. The amount owing will be offset against future billings from the suppliers.

19. Amounts owing by subsidiaries

The amounts owing by subsidiaries are non-trade balances which represent unsecured and interest-free payment made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

20. Derivative assets

	Contract/Notional Amount		Group	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Forward currency contracts	7,596	-	32	-

The Group does not apply hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in United States Dollar (USD) for which firm commitments existed at the end of the reporting period. The settlement dates of the forward currency contracts range between 1 to 4 months (2024: Nil) after the end of the reporting period.

21. Fixed deposits with licensed banks

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 3.75% to 4.45% (2024: 2.10% to 5.50%) per annum and 3.75% (2024: 3.70%) per annum respectively. The fixed deposits have maturity periods ranging from 63 to 91 (2024: 4 to 92) days and 91 (2024: 91) days for the Group and the Company respectively.

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22. Share capital

	Group/Company			
	2025 Number of shares '000	2024 '000	2025 Amount RM'000	2024 RM'000
Issued and fully paid-up				
Ordinary shares				
At 1 July	148,314	148,064	86,276	84,896
New shares issued under the employee share option scheme for cash	-	250	-	1,380
At 30 June	148,314	148,314	86,276	86,276

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

Further information relating to the exercise of employee share option scheme is set out on page 39.

At an Extraordinary General Meeting held on 29 July 2013, the Company's shareholders approved the establishment of an Employee Share Option Scheme ("ESOS") of not more than 15% of the total issued and paid-up ordinary shares of the Company to eligible directors and employees of the Group (herein referred to as "new ESOS"). The new ESOS is governed by the ESOS By-Laws.

The main features of the new ESOS are as follows:-

- The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.
- Eligible directors or employees of the Group are directors or employees of the Group who have been confirmed in the service of the Group prior to the offer or, if the employee is serving under an employment contract, the contract should be for a duration of at least two (2) years. The maximum allowable allotments for the directors have been approved by the shareholders of the Company in a general meeting.
- The Scheme shall be in force for a period of five (5) years from 30 July 2013 and has been extended for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS committee and shall not in aggregate exceed a duration of ten (10) years from the effective date.

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22. Share capital (continued)

The main features of the new ESOS are as follows (continued):-

- (d) The option price may be subjected to a discount of not more than 10% of the average of the market quotation of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days immediately preceding the offer date.
- (e) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.
- (f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.
- (g) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate or as determined by the ESOS Committee.
- (h) The option granted to eligible employees will lapse when they are no longer in employment with the Group.

The option prices and the details in the movement of the options granted are as follows:-

Date of offer	Exercise period	Exercise price per ordinary share RM	Number of Options over Ordinary Shares			
			Balance at 1.7.2023	Granted	Exercised	Balance at 30.6.2024
26.5.2023	28.7.2023	4.99	250,000	-	(250,000)	-
			250,000	-	(250,000)	-

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of any other company.

There were no options granted during the financial year.

23. Retained earnings

Under Malaysia's single-tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends declared from these profits are generally tax-exempt for shareholders. However, effective from Year of Assessment 2025, individual shareholders receiving more than RM100,000 in Malaysian dividend income annually will be subject to a 2% tax on the excess amount. This tax is not subject to withholding by the Company and must be declared and paid by the individual shareholders through their personal income tax return. Any dividends paid to corporate shareholders are remained tax-exempt.

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Notes to the financial statements - 30 June 2025**24. Other reserves**

	Group/Company	
	2025	2024
	RM'000	RM'000
Share options under ESOS:-		
At 1 July	-	153
Movement during the year	-	(153)
At 30 June	-	-

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

25. Term loan (secured)

	Group	
	2025	2024
	RM'000	RM'000
Non-current liabilities	1,531	-

(a) The term loan is secured by the following:-

- (i) legal charge of the Group's property, plant and equipment and right-of-use assets as disclosed in Notes 12(a) and 15(d) to the financial statements;
- (ii) specific debentures over certain assets of the Group;
- (iii) assignment of insurance policy for the charged property;
- (iv) negative pledge on all other property, plant and equipment as disclosed in Note 12 to the financial statements; and
- (v) corporate guarantee by the Company.

(b) The interest rate profile of the term loan is summarised below:-

	Effective Interest Rate		Group	
	2025	2024	2025	2024
	%	%	RM'000	RM'000
Floating rate term loan	3.92	-	1,531	-

(c) The major covenant of the term loan is a subsidiary's gearing ratio shall not exceed 2.0 times.

The covenant is tested annually, at 30 June. The Group has complied with the covenant throughout the reporting period.

There are no indicators that the Group would have difficulties complying with the upcoming covenant assessments.

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Notes to the financial statements - 30 June 2025**26. Deferred tax liabilities**

Group	Recognised in		At 30.6.2025 RM'000
	At 1.7.2024 RM'000	Profit or Loss (Note 10) RM'000	
2025			
<i>Deferred tax liabilities</i>			
Property, plant and equipment	(10,900)	622	(10,278)
Right-of-use assets	(249)	-	(249)
	(11,149)	622	(10,527)
<i>Deferred tax assets</i>			
Other temporary differences	5,116	(1,018)	4,098
Lease liabilities	250	-	250
Unutilised tax incentives	3,908	(3,908)	-
	9,274	(4,926)	4,348
	(1,875)	(4,304)	(6,179)

Group	Recognised in		At 30.6.2024 RM'000
	At 1.7.2023 RM'000	Profit or Loss (Note 10) RM'000	
2024			
<i>Deferred tax liabilities</i>			
Property, plant and equipment	(12,731)	1,831	(10,900)
Right-of-use assets	(250)	1	(249)
	(12,981)	1,832	(11,149)
<i>Deferred tax assets</i>			
Other temporary differences	5,343	(227)	5,116
Lease liabilities	251	(1)	250
Unused tax losses	1,475	(1,475)	-
Unutilised tax incentives	12,703	(8,795)	3,908
	19,772	(10,498)	9,274
	6,791	(8,666)	(1,875)

26.1 Critical accounting estimates and judgements for deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

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Notes to the financial statements - 30 June 2025

27. Deferred income

	Group	
	2025	2024
	RM'000	RM'000
Non-current		
Government grant	294	548

RM254,234 (2024: RM275,613) has been amortised and recognised as other income in the statement of profit or loss.

28. Lease liabilities

	Group	
	2025	2024
	RM'000	RM'000
At 1 July	1,042	1,046
Changes due to lease modification (Notes 15 and 32(b))	960	960
Interest expense recognised in profit or loss (Note 7)	24	20
Repayment of principal	(960)	(964)
Repayment of interest expense	(24)	(20)
At 30 June	1,042	1,042
Analysed by:-		
Current liabilities	960	960
Non-current liabilities	82	82
	1,042	1,042

28.1 Material accounting policy information for lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

29. Trade payables

The normal trade credit terms granted to the Group range from 60 to 90 (2024: 60 to 90) days.

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Notes to the financial statements - 30 June 2025**30. Other payables**

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Accruals	1,365	1,210	80	58
Deposits received from customers	17,811	20,003	-	-
Payroll liabilities	8,271	7,244	-	-
Due to suppliers of property, plant and equipment	11,572	6,357	-	-
Other payables	5,106	5,390	-	-
	<u>44,125</u>	<u>40,204</u>	<u>80</u>	<u>58</u>

31. Dividends

	Group/Company	
	2025	2024
	RM'000	RM'000
Second interim single tier dividend of 13 (2024: 15.5) sen per ordinary share in respect of the previous financial year	19,281	22,989
First interim single tier dividend of 12.5 (2024: 12.5) sen per ordinary share in respect of the current financial year	18,539	18,539
	<u>37,820</u>	<u>41,528</u>

On 26 August 2025, the Company declared a second interim single tier dividend of 13 sen per ordinary share amounting to RM19,280,831 in respect of the current financial year, payable on 24 October 2025, to shareholders whose names appeared in the record of depositors on 14 October 2025. The financial statements for the current financial year do not reflect this interim single tier dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2026.

32. Cash flow information

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	Group	
	2025	2024
	RM'000	RM'000
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 12)	43,880	54,659
Under payables for purchase of property, plant and equipment	(5,215)	(5,461)
Interest expense capitalised (Note 32(b))	(10)	-
	<u>38,655</u>	<u>49,198</u>

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Notes to the financial statements - 30 June 2025**32. Cash flow information (continued)**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

Group	Bank Overdrafts RM'000	Term Loan RM'000	Lease Liabilities RM'000	Total RM'000
2025				
At 1 July	-	-	1,042	1,042
<u>Changes in financing cash flows</u>				
Proceeds from drawdown	-	1,531	-	1,531
Repayment of principal	*	-	(960)	(960)
Repayment of interests	(3)	(10)	(24)	(37)
	(3)	1,521	(984)	534
<u>Other changes</u>				
Modification of lease (Notes 15 and 28)	-	-	960	960
Interest expense recognised in profit or loss	3	-	24	27
Interest expense capitalised under capital work-in-progress (Note 32(a))	-	10	-	10
	3	10	984	997
At 30 June	-	1,531	1,042	2,573

Group	Bank Overdrafts RM'000	Lease Liabilities RM'000	Total RM'000
2024			
At 1 July	-	1,046	1,046
<u>Changes in financing cash flows</u>			
Repayment of principal	*	(964)	(964)
Repayment of interests	(17)	(20)	(37)
	(17)	(984)	(1,001)
<u>Other changes</u>			
Modification of lease (Notes 15 and 28)	-	960	960
Interest expense recognised in profit or loss	17	20	37
	17	980	997
At 30 June	-	1,042	1,042

* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement is presented.

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Notes to the financial statements - 30 June 2025

32. Cash flow information (continued)

(c) The cash and cash equivalents comprise the following:-

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	18,511	60,601	700	600
Cash and bank balances	32,176	5,412	194	156
	50,687	66,013	894	756

(d) The total cash outflows for leases as a lessee are as follows:-

	Group	
	2025	2024
	RM'000	RM'000
Payment of short-term leases	144	147
Payment of low-value assets	2	16
Interest paid on lease liabilities	24	20
Payment of lease liabilities	960	964
	1,130	1,147

33. Related party disclosures

(a) Holding company and subsidiaries

The holding company is disclosed in Note 1 to the financial statements.

The subsidiaries are disclosed in Note 14 to the financial statements.

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Notes to the financial statements - 30 June 2025**33. Related party disclosures (continued)**

(b) Significant related party transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Subsidiary				
Dividend received/receivable	-	-	(38,231)	(40,477)
Management fee received/receivable	-	-	(540)	(540)
Companies in which certain directors have significant financial interests				
Lease payments on short-term leases	8	11	-	-
Lease payments for right-of-use assets	984	984	-	-
Companies in which close family members of certain directors have significant financial interests				
Sales of goods	(295)	(405)	-	-

The related party transactions described above were entered into the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with the respective parties.

(c) The outstanding balances of the related parties at the end of the reporting period are as follows:-

	Group	
	2025	2024
	RM'000	RM'000
Companies in which close family members of certain directors have significant financial interests		
Trade receivables	86	162

There is no amount due and owing to the Group which has exceeded credit term, by the related parties.

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33. Related party disclosures (continued)

(d) Key management personnel compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	399	350	399	350
- salaries, bonuses and other benefits	3,054	3,020	23	14
Defined contribution benefits	364	361	-	-
	<u>3,817</u>	<u>3,731</u>	<u>422</u>	<u>364</u>
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	578	529	-	-
Defined contribution benefits	69	63	-	-
	<u>647</u>	<u>592</u>	<u>-</u>	<u>-</u>
Total directors' remuneration (Note 6)	<u>4,464</u>	<u>4,323</u>	<u>422</u>	<u>364</u>

The estimated monetary value of benefits-in-kind provided by the Group to a director of the Company was RM12,500 (2024: RM12,500).

34. Capital commitments

	Group	
	2025	2024
	RM'000	RM'000
Approved and contracted for:-		
- Construction of factory building	25,144	46,342
- Purchase of plant and equipment	21,856	29,555
	<u>47,000</u>	<u>75,897</u>

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35. Operating segments

In determining the geographical segments of the Group, revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Group	Revenue		Non-current Assets	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	155,536	151,841	210,729	179,511
Overseas	75,248	74,713	-	-
	<u>230,784</u>	<u>226,554</u>	<u>210,729</u>	<u>179,511</u>

The revenue is recognised at a point in time.

No other segmental information such as segment assets, liabilities and results is presented as the Group is principally engaged in the manufacturing and trading of pharmaceutical and healthcare products and operates in Malaysia only.

There is no single customer that contributed 10% or more to the Group's revenue in the current financial year. In the previous financial year, revenue from one major customer with revenue equal to or more than 10% of the Group's total revenue, amounts to RM26,356,132 arising from export sales.

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Notes to the financial statements - 30 June 2025**36. Financial instruments**

The activities of the Group and of the Company are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

(a) Financial risk management policies

The policies in respect of the major areas of treasury activity are as follows:-

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro Dollar ("EUR"), Singapore Dollar ("SGD") and Brunei Dollar ("BND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign currency exposure

Group	USD RM'000	EUR RM'000	SGD RM'000	BND RM'000	Total RM'000
2025					
Trade receivables	3,826	-	1,018	329	5,173
Other receivables	785	10	224	-	1,019
Cash and bank balances	22,830	70	2,383	-	25,283
Fixed deposits with licensed banks	17,811	-	-	-	17,811
Trade payables	(527)	(12)	-	-	(539)
Other payables	(20,877)	(966)	-	-	(21,843)
Net exposure	23,848	(898)	3,625	329	26,904

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Notes to the financial statements - 30 June 2025**36. Financial instruments (continued)****(a) Financial risk management policies (continued)****(i) Foreign currency risk (continued)**

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (continued):-

Foreign currency exposure (continued)

Group	USD RM'000	EUR RM'000	SGD RM'000	BND RM'000	Total RM'000
2024					
Trade receivables	7,050	-	988	139	8,177
Other receivables	750	74	122	-	946
Cash and bank balances	2,908	16	618	-	3,542
Fixed deposits with licensed banks	53,882	-	3,419	-	57,301
Trade payables	(1,802)	-	-	-	(1,802)
Other payables	(23,270)	(3)	(4)	-	(23,277)
Net exposure	<u>39,518</u>	<u>87</u>	<u>5,143</u>	<u>139</u>	<u>44,887</u>

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

		Group	
		2025 RM'000	2024 RM'000
Effects on profit after taxation			
USD/RM	- strengthened by 5% (2024: 5%)	906	1,502
	- weakened by 5% (2024: 5%)	(906)	(1,502)
EUR/RM	- strengthened by 5% (2024: 5%)	(34)	4
	- weakened by 5% (2024: 5%)	34	(4)
SGD/RM	- strengthened by 5% (2024: 5%)	138	195
	- weakened by 5% (2024: 5%)	(138)	(195)
BND/RM	- strengthened by 5% (2024: 5%)	13	5
	- weakened by 5% (2024: 5%)	(13)	(5)

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36. Financial instruments (continued)

(a) Financial risk management policies (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing borrowings.

The Group and the Company's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 25 to the financial statements.

Interest rate risk sensitivity analysis

At the end of the reporting period, if interest rates had been 100 basis points higher/lower, with all other variables held constant, the Group's profit after taxation would have been RM11,637 (2024: Nil) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iii) Equity price risk

The Group and the Company do not have any quoted investments and hence, is not exposed to equity price risk.

(iv) Credit risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and the Company manages their exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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Notes to the financial statements - 30 June 2025

36. Financial instruments (continued)

(a) Financial risk management policies (continued)

(iv) Credit risk (continued)

Credit risk concentration profile

The Group does not have any significant credit risk related to any individual customer or counterparty.

The Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties), net of loss allowance, at the end of the reporting period is as follows:-

	Group	
	2025 RM'000	2024 RM'000
Local	27,478	27,933
Export	5,173	8,177
	<u>32,651</u>	<u>36,110</u>

Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is presented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes a corporate guarantee provided to a subsidiary of RM1,531,201 (2024: Nil), representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. This corporate guarantee has not been recognised in the Company's financial statements since its fair value on initial recognition was not material.

Assessment of impairment losses

The Group has a formal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluates whether any of the financial assets at amortised cost are credit impaired.

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36. Financial instruments (continued)

(a) Financial risk management policies (continued)

(iv) Credit risk (continued)

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debts to the Group in full or is more than 90 days past due. However, the Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

Trade receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, assumptions and techniques used for estimating impairment losses

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on an individual basis.

The expected loss rates are based on the payment profiles of sales over 24 months (2024: 24 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions which correlated to the historical loss rates.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

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Notes to the financial statements - 30 June 2025

36. Financial instruments (continued)

(a) Financial risk management policies (continued)

(iv) Credit risk (continued)

Assessment of impairment losses (continued)

Trade receivables (continued)

Allowance for impairment losses

The reconciliation of allowance for impairment losses are as follows:-

Group	Non-credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
<u>Trade receivables</u>			
Balance at 1.7.2023	1,375	564	1,939
Additions	268	-	268
Reversals	-	(451)	(451)
Balance at 30.6.2024/1.7.2024	1,643	113	1,756
Additions	-	413	413
Reversals	(758)	-	(758)
Balance at 30.6.2025	885	526	1,411

The information about the credit exposure and loss allowances recognised for trade receivables are as follows:-

Group	Gross Amount RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
2025			
Current (not past due)	25,359	(424)	24,935
1 to 30 days past due	6,304	(193)	6,111
31 to 60 days past due	1,761	(239)	1,522
61 to 90 days past due	112	(29)	83
Credit impaired	526	(526)	-
	34,062	(1,411)	32,651

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Notes to the financial statements - 30 June 2025

36. Financial instruments (continued)

(a) Financial risk management policies (continued)

(iv) Credit risk (continued)

Assessment of impairment losses (continued)

Trade receivables (continued)

Allowance for impairment losses (continued)

The information about the credit exposure and loss allowances recognised for trade receivables are as follows (continued):-

Group	Gross Amount RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
2024			
Current (not past due)	30,804	(1,221)	29,583
1 to 30 days past due	5,194	(211)	4,983
31 to 60 days past due	1,491	(157)	1,334
61 to 90 days past due	264	(54)	210
Credit impaired	113	(113)	-
	<u>37,866</u>	<u>(1,756)</u>	<u>36,110</u>

Trade receivables that are collectively determined to be impaired relate to expected credit losses measured based on the Group's observed default rates.

There has not been any significant change in the gross amounts of trade receivables that impacted the allowance for impairment losses.

Other receivables

The Group and the Company apply the 3-stage general approach to measure expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

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Notes to the financial statements - 30 June 2025

36. Financial instruments (continued)

(a) Financial risk management policies (continued)

(iv) Credit risk (continued)

Assessment of impairment losses (continued)

Other receivables (continued)

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for impairment losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed deposits with licensed banks, cash and bank balances

The Group and the Company consider the licenced banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount owing by subsidiaries

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances. The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

Allowance for impairment losses

At the end of the reporting period, there was no indication that the balances are not recoverable.

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Notes to the financial statements - 30 June 2025

36. Financial instruments (continued)

(a) Financial risk management policies (continued)

(iv) Credit risk (continued)

Financial guarantee contracts

Corporate guarantee for borrowing facilities granted to a subsidiary is financial guarantee contract.

Inputs, assumptions and techniques used for estimating impairment losses

The Company closely monitors the subsidiary's financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

Allowance for impairment losses

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances when these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

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Notes to the financial statements - 30 June 2025

36. Financial instruments (continued)

(a) Financial risk management policies (continued)

(v) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Group	Contractual Interest Rate %	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 to 5 Years RM'000
2025				
<u>Non-derivative financial liabilities</u>				
Term loan	3.92	1,663	61	1,602
Lease liabilities	3.92	1,066	984	82
Trade payables	-	13,277	13,277	-
Other payables	-	26,314	26,314	-
		<u>42,320</u>	<u>40,636</u>	<u>1,684</u>
2024				
<u>Non-derivative financial liabilities</u>				
Lease liabilities	3.97	1,066	984	82
Trade payables	-	18,245	18,245	-
Other payables	-	20,201	20,201	-
		<u>39,512</u>	<u>39,430</u>	<u>82</u>

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Notes to the financial statements - 30 June 2025

36. Financial instruments (continued)

(a) Financial risk management policies (continued)

(v) Liquidity risk (continued)

Maturity analysis (continued)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period)(continued):-

Company	Contractual Interest Rate %	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 to 5 Years RM'000
2025				
<u>Non-derivative financial liabilities</u>				
Other payables	-	80	80	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	1,531*	1,531	-
		<u>1,611</u>	<u>1,611</u>	<u>-</u>
2024				
<u>Non-derivative financial liability</u>				
Other payables	-	<u>58</u>	<u>58</u>	<u>-</u>

* The potential exposure of the financial guarantee contracts is equivalent to the outstanding amount of the credit facilities of the said subsidiary at the end of the reporting period. The financial guarantee has not been recognised in the financial statements because its fair value on initial recognition was not material.

(b) Capital risk management

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group and the Company 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.

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Notes to the financial statements - 30 June 2025**36. Financial instruments (continued)****(b) Capital risk management (continued)**

The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group and the Company include within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

The debt-to-equity ratio of the Group and of the Company at the end of the reporting period are not presented as its cash and cash equivalents exceeded the total external borrowings.

(c) Classification of financial instruments

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>Fair value through profit or loss</u>				
Derivative assets (Note 20)	32	-	-	-
<u>Amortised cost</u>				
Trade receivables (Note 17)	32,651	36,110	-	-
Other receivables (Note 18)	172	389	5	5
Amounts owing by subsidiaries (Note 19)	-	-	-	169
Fixed deposits with licensed banks (Note 21)	18,511	60,601	700	600
Cash and bank balances	32,176	5,412	194	156
	83,510	102,512	899	930
Financial liabilities				
<u>Amortised cost</u>				
Term loan (Note 25)	1,531	-	-	-
Lease liabilities (Note 28)	1,042	1,042	-	-
Trade payables (Note 29)	13,277	18,245	-	-
Other payables (Note 30)	26,314	20,201	80	58
	42,164	39,488	80	58

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Notes to the financial statements - 30 June 2025

36. Financial instruments (continued)

(d) Gains or losses arising from financial instruments

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>Fair value through profit or loss</u>				
Net gains recognised in profit or loss	32	9	-	-
<u>Amortised cost</u>				
Net (losses)/gains recognised in profit or loss	(1,489)	5,143	32	36
Financial liabilities				
<u>Amortised cost</u>				
Net (losses)/gains recognised in profit or loss	(827)	179	-	-

(e) Fair value information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

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Notes to the financial statements - 30 June 2025**36. Financial instruments (continued)****(e) Fair value information (continued)**

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:-

Group	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM'000	Fair Value of Financial Instruments not Carried at Fair Value Level 2 RM'000	Total Fair Value RM'000	Total Carrying Amount RM'000
2025				
<u>Financial asset</u>				
Derivative assets:				
- forward currency contracts	32	-	32	32
<u>Financial liability</u>				
Term loan:				
- floating rate	-	1,531	1,531	1,531

Fair value of financial instruments carried at fair value

- (i) The fair values above have been determined using the following basis:-

The fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts.

- (ii) There were no transfers between level 1 and level 2 during the financial year.

Fair value of financial instruments not carried at fair value

- (i) The fair values, which are for disclosure purposes, have been determined using the following basis:-

The fair value of the term loan that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

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Notes to the financial statements - 30 June 2025

36. Financial instruments (continued)

36.1 Material accounting policy information for financial instruments

(i) Financial assets

Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(ii) Financial liabilities

Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(iii) Equity

Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

(iv) Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

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Notes to the financial statements - 30 June 2025

36. Financial instruments (continued)

36.1 Material accounting policy information for financial instruments (continued)

(v) Financial guarantee contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

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