bakertilly

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30 March 2026

The Board of Directors
KK Mart Retail Berhad
Menara KK
T6-01-03, Tower 6, Maju Link
Jalan Lingkaran Tengah 2
Bandar Tasik Selatan
57000 Kuala Lumpur

Dear Sirs,

Reporting Accountants' opinion on the Financial Statements contained in the Accountants' Report of KK Mart Retail Berhad ("KK Mart" or the "Company")

Opinion

We have audited the accompanying financial statements of the Company as defined in Note 2 to the financial statements (collectively known as the "Group") which comprise of:

i) The combined statements of financial position as at 30 June 2023, 30 June 2024 and 30 June 2025, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 30 June 2023, 30 June 2024 and 30 June 2025 ("combined financial statements");

ii) Notes to the combined financial statements, including material accounting policy information, as set out on pages 6 to 80.

In our opinion, the accompanying financial statements contained in the Accountants' Report of the Company gives a true and fair view of the financial positions of the Group as at 30 June 2023, 30 June 2024 and 30 June 2025, and of its financial performance and cash flows for the financial years ended 30 June 2023, 30 June 2024 and 30 June 2025 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards as well as Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia.

Baker Tilly Monteiro Heng PLT trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

KK MART RETAIL BERHAD
(Incorporated 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 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.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountants' 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.

KK MART RETAIL BERHAD
(Incorporated in Malaysia)

Reporting Accountants' 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, 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the financial statements of the Group 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 Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements of the Group, including the disclosures, and whether the financial statements of the Group 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 the purposes of the group audit. We remain solely responsible for our audit opinion.

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

KK MART RETAIL BERHAD
(Incorporated in Malaysia)

Other Matter

This report is made solely to the Company and has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon any other purpose. We do not assume responsibility to any other person for the content of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Paul Tan Hong
No. 03459/11/2027 J
Chartered Accountant

Kuala Lumpur

Date: 30 MAR 2026

KK MART RETAIL BERHAD
Accountants' Report

STATEMENT BY DIRECTORS

We, **DATUK SERI DR. CHAI KEE KAN** and **CHAI OI CHENG**, being two of the directors of KK MART RETAIL BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 30 June 2023, 30 June 2024 and 30 June 2025 and of its financial performance and cash flows for the financial years ended 30 June 2023, 30 June 2024 and 30 June 2025.

Signed by the Board of Directors in accordance with a resolution of the directors:

……
DATUK SERI DR. CHAI KEE KAN
Director

……
CHAI OI CHENG
Director

Kuala Lumpur

Date: 30 MAR 2026

KK MART RETAIL BERHAD
Accountants' Report

STATEMENTS OF FINANCIAL POSITION

		As at 30 June		
	Note	2023 RM'000	2024 RM'000	2025 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	**5**	86,321	103,283	114,776
Right-of-use assets	**6**	142,024	144,887	164,149
Investment properties	**7**	5,418	-	-
Other investments	**8**	16,429	-	-
Total non-current assets		**250,192**	**248,170**	**278,925**
Current assets				
Inventories	**9**	172,962	220,130	252,896
Trade and other receivables	**10**	140,591	120,832	21,910
Contract assets	**11**	2,811	513	7,724
Cash and short-term deposits	**12**	38,574	48,911	122,843
Total current assets		**354,938**	**390,386**	**405,373**
TOTAL ASSETS		**605,130**	**638,556**	**684,298**
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Invested equity	**13**	16,335	246,769	246,769
Reorganisation reserve	**14**	-	(230,434)	(230,434)
Retained earnings		236,496	245,302	219,789
TOTAL EQUITY		**252,831**	**261,637**	**236,124**

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		As at 30 June		
	Note	2023 RM'000	2024 RM'000	2025 RM'000
Non-current liabilities				
Loans and borrowings	**15**	46,496	36,756	34,967
Lease liabilities	**16**	80,727	80,191	93,074
Deferred tax liabilities	**17**	4,773	5,991	5,828
Provision	**18**	828	1,013	1,183
Total non-current liabilities		**132,824**	**123,951**	**135,052**
Current liabilities				
Redeemable convertible preference shares ("RCPS")	**19**	-	-	10,976
Loans and borrowings	**15**	9,227	3,655	2,038
Lease liabilities	**16**	35,826	41,462	51,094
Trade and other payables	**20**	160,637	196,703	238,991
Contract liabilities	**11**	98	281	295
Current tax liabilities		13,687	10,867	9,728
Total current liabilities		**219,475**	**252,968**	**313,122**
TOTAL LIABILITIES		**352,299**	**376,919**	**448,174**
TOTAL EQUITY AND LIABILITIES		**605,130**	**638,556**	**684,298**

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

KK MART RETAIL BERHAD
Accountants' Report

STATEMENTS OF COMPREHENSIVE INCOME

		← FYE 30 June →		
		2023	**2024**	**2025**
	Note	**RM'000**	**RM'000**	**RM'000**
Revenue	**21**	1,254,910	1,454,902	1,567,193
Cost of sales		(906,059)	(1,046,357)	(1,116,359)
Gross profit		**348,851**	**408,545**	**450,834**
Other income	**22**	9,247	8,223	5,693
Administrative expenses		(168,579)	(212,427)	(237,873)
Other operating expenses		(51,462)	(61,963)	(73,066)
Operating profit		**138,057**	**142,378**	**145,588**
Finance income	**23**	1,114	1,455	3,211
Finance costs	**24**	(7,924)	(8,126)	(16,687)
Profit before tax	**25**	**131,247**	**135,707**	**132,112**
Income tax expense	**27**	(32,538)	(34,111)	(35,125)
Profit for the financial year, representing total comprehensive income for the financial year		**98,709**	**101,596**	**96,987**
Earnings per share				
- Basic (RM)	**28**	19.17	1.04	0.39
- Diluted (RM)	**28**	19.17	1.04	0.39

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

KK MART RETAIL BERHAD
Accountants' Report

STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company			
		Invested equity RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 July 2022		**16,335**	**-**	**196,787**	**213,122**
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income for the financial year		-	-	98,709	98,709
Transaction with owners					
Dividends paid on shares	**29**	-	-	(59,000)	(59,000)
At 30 June 2023		**16,335**	**-**	**236,496**	**252,831**
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income for the financial year		-	-	101,596	101,596
Transactions with owners					
Issuance of ordinary shares of combining entity		*	-	-	*
Shares issued upon incorporation		*	-	-	*
Issuance of shares for acquisition of a subsidiary		246,619	(246,619)	-	-
Adjustment arising from internal restructuring		(16,185)	16,185	-	-
Dividends paid on shares	**29**	-	-	(92,790)	(92,790)
Total transactions with owners		230,434	(230,434)	(92,790)	(92,790)
At 30 June 2024		**246,769**	**(230,434)**	**245,302**	**261,637**

** Denotes < RM1,000*

KK MART RETAIL BERHAD
Accountants' Report

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

		Attributable to owners of the Company			
	Note	**Invested equity RM'000**	**Reorganisation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 July 2024		**246,769**	**(230,434)**	**245,302**	**261,637**
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income for the financial year		-	-	96,987	96,987
Transaction with owners					
Dividends paid on shares	**29**	-	-	(122,500)	(122,500)
At 30 June 2025		**246,769**	**(230,434)**	**219,789**	**236,124**

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

KK MART RETAIL BERHAD
Accountants' Report

STATEMENTS OF CASH FLOWS

		← FYE 30 June →		
	Note	**2023 RM'000**	**2024 RM'000**	**2025 RM'000**
Cash flows from operating activities				
Profit before tax		131,247	135,707	132,112
Adjustments for:				
Depreciation of property, plant and equipment	**5**	13,017	16,069	18,568
Depreciation of right-of-use assets	**6**	36,609	41,946	48,052
Depreciation of investment properties	**7**	114	57	-
(Reversal of)/Impairment loss on trade and other receivables		(11)	46	(55)
Inventories written off		13,451	14,795	17,317
Property, plant and equipment written off		83	*	296
Bad debts written off on receivables		123	*	-
Loss on lease modification		1,639	3,876	6,113
(Gain)/Loss on disposal of property, plant and equipment		(123)	15	37
Finance income		(1,114)	(1,455)	(3,211)
Finance costs		7,924	8,126	16,687
Operating profits before changes in working capital		202,959	219,182	235,916
Changes in working capital:				
Inventories		(56,471)	(61,963)	(50,083)
Trade and other receivables		10,569	19,713	98,985
Trade and other payables		23,149	36,057	35,121
Contract assets		1,390	2,298	(7,211)
Contract liabilities		98	183	14
Net cash generated from operations		181,694	215,470	312,742
Income tax paid		(28,070)	(35,713)	(36,420)
Interests received		1,114	1,455	3,194
Net cash from operating activities		154,738	181,212	279,516

** Denotes < RM1,000*

KK MART RETAIL BERHAD
Accountants' Report

STATEMENTS OF CASH FLOWS (CONTINUED)

		← FYE 30 June →		
	Note	**2023 RM'000**	**2024 RM'000**	**2025 RM'000**
Cash flows from investing activities				
Purchase of property, plant and equipment	**12(ii)**	(29,918)	(33,397)	(30,470)
Purchase of right-of-use assets	**12(iii)**	(279)	-	-
Proceeds from disposal of property, plant and equipment		129	130	112
Net change in pledged deposits		1,285	-	-
Net cash used in investing activities		(28,783)	(33,267)	(30,358)
Cash flows from financing activities	**12(iv)**			
Issuance of RCPS		-	-	10,000
Dividends paid		(59,000)	(71,000)	(122,500)
Interests paid		(7,924)	(8,126)	(8,550)
Drawdown of term loans		1,827	-	-
Repayment of term loans		(8,881)	(10,035)	(3,288)
Repayment of lease liabilities		(38,135)	(43,134)	(50,734)
Repayment of hire purchase payables		(145)	(224)	(154)
Net cash used in financing activities		(112,258)	(132,519)	(175,226)
Net increase in cash and cash equivalents		13,697	15,426	73,932
Cash and cash equivalents at the beginning of the financial year		19,788	33,485	48,911
Cash and cash equivalents at the end of the financial year	**12(i)**	**33,485**	**48,911**	**122,843**

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

KK MART RETAIL BERHAD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

KK Mart Retail Berhad ("KK Mart" or the "Company") was incorporated as a private company limited by shares on 27 September 2023 under Companies Act 2016 and is domiciled in Malaysia.

The principal place of the Company is located at Menara KK, T6-01-03, Tower 6, Maju Link, Jalan Lingkaran Tengah 2, Bandar Tasik Selatan, 57000 Kuala Lumpur.

On 25 March 2026, the Company was converted to a public limited company.

The principal activity of the Company is investment holding. The details of the combined entities are as follows:

Combined entities	Principal place of business/ country of incorporation	Principal activities
KK Supermart & Superstore Sdn. Bhd. ("KKSMST") *	Malaysia	Operating and franchising of convenience stores
KK Supermart Sdn. Bhd. ("KKSM")	Malaysia	Dormant
KK Megamart Sdn. Bhd. ("KKMM")	Malaysia	Dormant
KK Mega Hugo Sdn. Bhd. ("KKMH") #	Malaysia	Dormant

* KKSMST became a wholly-owned subsidiary of KK Mart on 6 February 2024.
\# KKMH became a wholly-owned subsidiary of KK Mart on 8 January 2024.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 March 2026.

2. BASIS OF PREPARATION

The financial statements of KK Mart for the financial years ended ("FYE(s)") 30 June 2023, 30 June 2024 and 30 June 2025 have been prepared pursuant to the listing of and quotation for the entire issued share capital of KK Mart on the Main Market of Bursa Malaysia Securities Berhad and comprise the combined statements of financial position as at 30 June 2023 and 30 June 2024 and 30 June 2025, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the FYEs 30 June 2023, 30 June 2024 and 30 June 2025 ("combined financial statements")

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

Combined financial statements of the Group for the FYEs 30 June 2023, 30 June 2024 and 30 June 2025

The combined financial statements of KK Mart consist of the financial statements of the following entities under common control which is accounted for using the merger method of accounting (collectively hereinafter referred to as the "Group") for each of the financial years:

	FYE 30 June		
Entities Under Common Control	**2023**	**2024**	**2025**
KK Mart	+	√,^	√,^
KKSMST	√,^	√,^	√,^
KKSM	√,@	√,@	√,^
KKMM	√,@	√,@	√,^
KKMH	*	√,^	√,^

√ *The combined financial statements of the Group include the financial statements of these combined entities prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and/or the International Financial Reporting Standards ("IFRSs") for the respective financial years.*

^ *The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.*

@ *The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were re-audited by Baker Tilly Monteiro Heng PLT for the purpose of inclusion into the financial statements of the Group. The audited financial statements which were lodged with Companies Commission of Malaysian were audited by a firm of chartered accountants other than Baker Tilly Monteiro Heng PLT.*

\+ *No financial statements were available for KK Mart as it was incorporated on 27 September 2023.*

* *No financial statements were available for KKMH as it was incorporated on 8 January 2024.*

The audited financial statements of all the combined entities within the Group for the relevant years reported above were not subject to any qualification or modification.

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entity within the Group, if later.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases.

The financial information presented in the combined financial statements may not correspond to those in the combined financial statements of the Group had the relevant transactions to legally constitute a group been incorporated in the combined financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group are consistently applied for all the financial years presented in these combined financial statements.

2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with the MFRSs and IFRSs.

2.2 Adoption of amendments to MFRSs and explanation of change in accounting policy

(a) Adoption of amendments to MFRSs

The Group has adopted the following applicable amendments to MFRSs for the current financial year:

MFRS 121 The Effects of Changes in Foreign Exchange Rates

The adoption of the above amendments to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments to MFRSs and explanation of change in accounting policy (continued)

(b) Change in accounting policy

Accounting policy for inventories from First-in-First-out method (FIFO) to Weighted Average Cost method (WAC)

The Group re-assessed its accounting for inventories with respect to valuation of inventories. The Group had previously measured all inventories using the First-in-First-out (FIFO) method. During the FYE 30 June 2025, the Group elected to voluntarily change the method of valuing inventories to Weighted Average Cost (WAC).

The directors believe that the WAC method would give fairer presentation of the results and financial position of the Group and provide more relevant and comparable information in enabling users to evaluate financial performance of the Group than the existing FIFO method. The WAC method is suitable since the inventories are located in various locations including outlets and warehouses.

The change from FIFO to WAC method represents a change in accounting policy which must be accounted for retrospectively in the financial statements. The change in accounting policy does not have significant effect on the financial statements of the Group.

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective

(a) The Group has not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective.

		Effective for financial periods beginning on or after
New MFRS		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)

(a) The Group has not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective. (continued)

		Effective for financial periods beginning on or after
Amendments to MFRSs (continued)		
MFRS 107	Statements of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2027
MFRS 128	Investments in Associates and Joint Ventures	Deferred

(b) The Group plans to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 *Presentation of Financial Statements*. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including "operating profit", which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures ("MPMs"). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity's financial performance, and any changes made to the MPMs in the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group plans to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group are summarised below. (continued)

MFRS 18 Presentation and Disclosure in Financial Statements (continued)

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the "operating" category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as "other" to be labelled and/or described in as faithfully representative and precise a way as possible.

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the requirements, including:

- clarify the classification of financial assets, particularly those with environmental, social and corporate governance and similar features. The Amendments clarify how the contractual cash flows on such financial assets should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduce new disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group plans to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group are summarised below. (continued)

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

Amendments to MFRS 121 clarifies how entities should translate financial statements from a non-hyperinflationary currency into a hyperinflationary presentation currency.

- When an entity's functional currency is the currency of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the results and financial position of the entity shall be translated into the presentation currency by translating all amounts (ie assets, liabilities, equity items, income and expenses, including comparatives) at the closing rate at the date of the most recent statement of financial position.
- When an entity's functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and the entity translates the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy, the entity shall restate the comparative amounts of that foreign operation included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures for the previous reporting period in accordance with paragraph 34 of MFRS 129 Financial Reporting in Hyperinflationary Economies.

(c) The initial application of the above applicable new MFRS and amendments to MFRSs is not expected to have any material impact on the financial statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group.

3.1 Basis of combination/consolidation

(a) Subsidiaries and business combination

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

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve or merger deficit.

3.2 Separate financial statements

In the Company's statement of financial position, investment in a subsidiary is measured at cost less any accumulated impairment losses.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future and are, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Financial instruments

Financial assets – subsequent measurement and gains and losses

<u>Financial assets at fair value through profit or loss</u>

The Group subsequently measures these assets at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

<u>Debt instruments at amortised cost</u>

The Group subsequently measures these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Financial instruments (continued)

Financial liabilities – subsequent measurement and gains and losses

The Group classifies the financial liabilities at amortised cost.

The Group subsequently measures other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, plant and equipment

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

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Buildings	50
Computers	5
Furniture and fittings	5 – 10
Motor vehicles	5 – 10
Office equipment	5 – 10
Renovation	3 – 10
Shop equipment	5 – 10
Signboards	5 – 10

3.5 Leases

(a) Lessee accounting

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

<u>Short-term leases and leases of low value assets</u>

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Leases (continued)

(a) Lessee accounting (continued)

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the 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 useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments, that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(b) Lessor accounting

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of revenue. Rental income from sublease properties is recognised as other income.

3.6 Investment properties

Investment properties stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. All other investment properties are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Buildings	50
Leasehold land	83

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.7 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as purchase costs on a weighted average cost basis.

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

3.8 Preference shares

The Group classifies preference shares as financial liability as the preference shares are redeemable on a specific date at the option of the equity holders and the dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

3.9 Revenue and other income

(a) Dividend income

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

(b) Sale of goods

The Group sells a range of general merchandise to local customers. Revenue from sale of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points).

(c) Commission

The Group acts as an agent in providing in-store services to its customers.

When another party is involved in providing services to its customers, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. When the Group's role is only to arrange for another entity to provide the services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

(d) Interest income

Interest income is recognised using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Revenue and other income (continued)

(e) Rental income

Rental income from properties are recognised on a straight-line basis over the term of the lease.

(f) Complementary income

The Group receives complementary income such as incentives and rebates from suppliers for various programs, primarily volume incentives, display and advertising income. Rebates are recognised in the statements of comprehensive income when the Group achieves the volume-purchase targets and promotional programs have been fulfilled by the Group in accordance with the terms as stipulated in the trade agreements with vendors.

Other incentives mainly comprise in-store displays and promotions and advertisements for specific products. Incentives are recognised in the statements of comprehensive income when the performance obligations have been fulfilled by the Group in accordance with the terms as stipulated in the agreements with vendors. These incentives are recognised as revenue in the statements of comprehensive income.

(g) Customer loyalty programme

The Group's loyalty programme allows the customers to collect award credits when specified sales terms were fulfilled by the customers. The customers can then redeem these credits once the specified number of award credits has been collected.

The Group accounts for the award credits as separately identifiable component of the initial sales transactions. The fair value of the consideration received or receivable in respect of the initial sales is allocated between the fair value of the award credits and the other components of the sale.

The consideration allocated to the award credits is deferred and subsequently recognised as revenue when the award credits are redeemed. The deferral is treated as a deduction from revenue. The fair value of the award credits is determined with reference to the fair value of the gift to the customer and takes into account the redemption rate for the award credits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's financial statements within the next financial year are disclosed as follows:

Determining the lease term of contracts with renewal and termination options as lessee

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

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate such as the construction of significant leasehold improvements or significant customisation to the leased asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

FYE 2023	Note	Freehold land and buildings RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Shop equipment RM'000	Signboards RM'000	Total RM'000
Cost										
At 1 July 2022		13,117	10,580	3,354	2,320	4,037	29,767	44,966	4,887	113,028
Additions		-	2,647	680	183	180	8,711	16,832	835	30,068
Disposals		-	-	-	(446)	-	-	-	-	(446)
Written off		-	(38)	-	(24)	-	(80)	(172)	(16)	(330)
Reclassification		-	-	-	1,080	*	-	*	-	1,080
At 30 June 2023		13,117	13,189	4,034	3,113	4,217	38,398	61,626	5,706	143,400
Accumulated depreciation										
At 1 July 2022		649	6,324	706	2,171	1,059	11,319	19,658	2,438	44,324
Depreciation charge for the financial year	**25**	262	2,198	405	209	420	3,509	5,532	482	13,017
Disposals		-	-	-	(440)	-	-	-	-	(440)
Written off		-	(38)	-	(24)	-	(50)	(120)	(15)	(247)
Reclassification		-	-	-	425	*	-	*	-	425
At 30 June 2023		911	8,484	1,111	2,341	1,479	14,778	25,070	2,905	57,079
Carrying amount										
At 1 July 2022		**12,468**	**4,256**	**2,648**	**149**	**2,978**	**18,448**	**25,308**	**2,449**	**68,704**
At 30 June 2023		**12,206**	**4,705**	**2,923**	**772**	**2,738**	**23,620**	**36,556**	**2,801**	**86,321**

** Denotes < RM1,000*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

FYE 2024	Note	Freehold land and buildings RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Shop equipment RM'000	Signboards RM'000	Total RM'000
Cost										
At 1 July 2023		13,117	13,189	4,034	3,113	4,217	38,398	61,626	5,706	143,400
Additions		-	2,446	2,364	85	57	9,634	18,017	830	33,433
Disposals		-	-	-	(443)	-	-	(23)	-	(466)
Written off		-	-	-	(171)	-	-	-	-	(171)
Reclassification		-	-	-	-	-	(720)	23	-	(697)
At 30 June 2024		13,117	15,635	6,398	2,584	4,274	47,312	79,643	6,536	175,499
Accumulated depreciation										
At 1 July 2023		911	8,484	1,111	2,341	1,479	14,778	25,070	2,905	57,079
Depreciation charge for the financial year	**25**	262	2,344	808	188	415	4,367	7,143	542	16,069
Disposals		-	-	-	(316)	-	-	(5)	-	(321)
Written off		-	-	-	(171)	-	-	-	-	(171)
Reclassification		-	-	-	-	-	(445)	5	-	(440)
At 30 June 2024		1,173	10,828	1,919	2,042	1,894	18,700	32,213	3,447	72,216
Carrying amount										
At 1 July 2023		**12,206**	**4,705**	**2,923**	**772**	**2,738**	**23,620**	**36,556**	**2,801**	**86,321**
At 30 June 2024		**11,944**	**4,807**	**4,479**	**542**	**2,380**	**28,612**	**47,430**	**3,089**	**103,283**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

FYE 2025	Note	Freehold land and buildings RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Shop equipment RM'000	Signboards RM'000	Total RM'000
Cost										
At 1 July 2024		13,117	15,635	6,398	2,584	4,274	47,312	79,643	6,536	175,499
Additions		-	2,761	842	339	54	9,787	15,939	784	30,506
Disposals		-	-	-	(41)	-	-	(619)	-	(660)
Written off		-	(39)	(7)	-	-	(502)	(60)	(224)	(832)
At 30 June 2025		13,117	18,357	7,233	2,882	4,328	56,597	94,903	7,096	204,513
Accumulated depreciation										
At 1 July 2024		1,173	10,828	1,919	2,042	1,894	18,700	32,213	3,447	72,216
Depreciation charge for the financial year	**25**	262	2,550	724	140	418	5,280	8,605	589	18,568
Disposals		-	-	-	(40)	-	-	(471)	-	(511)
Written off		-	(39)	(2)	-	-	(274)	(34)	(187)	(536)
At 30 June 2025		1,435	13,339	2,641	2,142	2,312	23,706	40,313	3,849	89,737
Carrying amount										
At 1 July 2024		**11,944**	**4,807**	**4,479**	**542**	**2,380**	**28,612**	**47,430**	**3,089**	**103,283**
At 30 June 2025		**11,682**	**5,018**	**4,592**	**740**	**2,016**	**32,891**	**54,590**	**3,247**	**114,776**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets held in trust

Motor vehicles with a carrying amount of RM4 (2024: RM5 and 2023: RM61,440) are held in trust by a director of the Group.

(b) Assets pledged as security

Freehold land and buildings with a carrying amount of RM11,681,449 (2024: RM11,943,797 and 2023: RM12,206,145) have been pledged as securities to secure banking facilities granted to the Company as disclosed in Note 15.

Leased assets are pledged as securities for the related lease liabilities as disclosed in Note 16.

6. RIGHT-OF-USE ASSETS

Information about leases for which the Group is lessee is presented below:

FYE 2023	Note	Leasehold land RM'000	Motor vehicles RM'000	Buildings RM'000	Shoplots RM'000	Hostels RM'000	Total RM'000
Cost							
At 1 July 2022		500	1,080	37,301	224,930	161	263,972
Additions		-	-	2,106	27,297	587	29,990
Reclassification		-	(1,080)	-	-	-	(1,080)
Lease modification		-	-	-	4,367	-	4,367
Derecognised due to end of lease term		-	-	-	(11,540)	-	(11,540)
At 30 June 2023		500	-	39,407	245,054	748	285,709
Accumulated depreciation							
At 1 July 2022		65	425	2,467	116,050	34	119,041
Depreciation charge for the financial year	**25**	7	-	788	35,656	158	36,609
Reclassification		-	(425)	-	-	-	(425)
Derecognised due to end of lease term		-	-	-	(11,540)	-	(11,540)
At 30 June 2023		72	-	3,255	140,166	192	143,685
Carrying amount							
At 1 July 2022		**435**	**655**	**34,834**	**108,880**	**127**	**144,931**
At 30 June 2023		**428**	**-**	**36,152**	**104,888**	**556**	**142,024**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RIGHT-OF-USE ASSETS (CONTINUED)

Information about leases for which the Group is lessee is presented below: (continued)

FYE 2024	Note	Leasehold land RM'000	Buildings RM'000	Shoplots RM'000	Hostels RM'000	Total RM'000
Cost						
At 1 July 2023		500	39,407	245,054	748	285,709
Additions		-	-	26,232	515	26,747
Reclassification		-	-	697	-	697
Lease modification		-	-	17,836	(154)	17,682
Derecognised due to end of lease term		-	-	(1,801)	-	(1,801)
At 30 June 2024		500	39,407	288,018	1,109	329,034
Accumulated depreciation						
At 1 July 2023		72	3,255	140,166	192	143,685
Reclassification		-	-	440	-	440
Depreciation charge for the financial year	**25**	7	788	40,664	487	41,946
Lease modification		-	-	-	(123)	(123)
Derecognised due to end of lease term		-	-	(1,801)	-	(1,801)
At 30 June 2024		79	4,043	179,469	556	184,147
Carrying amount						
At 1 July 2023		**428**	**36,152**	**104,888**	**556**	**142,024**
At 30 June 2024		**421**	**35,364**	**108,549**	**553**	**144,887**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RIGHT-OF-USE ASSETS (CONTINUED)

Information about leases for which the Group is lessee is presented below: (continued)

FYE 2025	Note	Leasehold land RM'000	Buildings RM'000	Shoplots RM'000	Hostels RM'000	Training centres RM'000	Total RM'000
Cost							
At 1 July 2024		500	39,407	288,018	1,109	-	329,034
Additions		-	-	42,578	2,048	17	44,643
Lease modification		-	-	22,388	283	-	22,671
Derecognised due to end of lease term		-	-	(2,258)	(134)	-	(2,392)
At 30 June 2025		500	39,407	350,726	3,306	17	393,956
Accumulated depreciation							
At 1 July 2024		79	4,043	179,469	556	-	184,147
Depreciation charge for the financial year	**25**	7	788	46,239	1,013	5	48,052
Derecognised due to end of lease term		-	-	(2,258)	(134)	-	(2,392)
At 30 June 2025		86	4,831	223,450	1,435	5	229,807
Carrying amount							
At 1 July 2024		**421**	**35,364**	**108,549**	**553**	**-**	**144,887**
At 30 June 2025		**414**	**34,576**	**127,276**	**1,871**	**12**	**164,149**

The Group leases several assets including leasehold land, buildings, shoplots, hostels and training centres.

The Group leases land and buildings for its office space and operation site. The leases for office space and operation site generally have remaining lease term of three (3) to sixty-two (62) years.

Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INVESTMENT PROPERTIES

	Note	Freehold land RM'000	Freehold buildings RM'000	Leasehold land RM'000	Leasehold buildings RM'000	Total RM'000
Cost						
At 1 July 2022/30 June 2023		194	467	1,080	4,587	6,328
Distribution	**(a)**	(194)	(467)	(1,080)	(4,587)	(6,328)
At 30 June 2024/ 30 June 2025		-	-	-	-	-
Accumulated depreciation						
At 1 July 2022		-	131	154	511	796
Depreciation charge for the financial year	**25**	-	9	13	92	114
At 30 June 2023		-	140	167	603	910
Depreciation charge for the financial year	**25**	-	5	6	46	57
Distribution	**(a)**	-	(145)	(173)	(649)	(967)
At 30 June 2024/ 30 June 2025		-	-	-	-	-
Carrying amount						
At 1 July 2022		**194**	**336**	**926**	**4,076**	**5,532**
At 30 June 2023		**194**	**327**	**913**	**3,984**	**5,418**
At 30 June 2024/ 30 June 2025		**-**	**-**	**-**	**-**	**-**

(a) Distribution of investment properties

On 8 February 2024, KKSMST had entered into a memorandum of agreement with Datuk Seri Dr. Chai Kee Kan to distribute its entire nine (9) investment properties for a total consideration of RM5,361,058 via a dividend-in-specie declared by KKSMST in respect of the FYE 30 June 2024. The sales and purchase agreements for the distribution of the nine (9) investment properties were signed on 8 November 2024 and 15 November 2024, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INVESTMENT PROPERTIES (CONTINUED)

The followings are recognised in profit or loss in respect of investment properties:

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Rental income	364	290	-
Direct operating expenses:			
- income generating investment properties	(20)	(15)	-
- non-income generating investment properties	(5)	(2)	-

Investment properties pledged as security

Investment properties of the Group with carrying amount of Nil (2024: Nil and 2023: RM520,585) have been pledged as security to secure term loans as disclosed in Note 15.

Fair value information

There are no Level 1 and Level 3 investment properties or transfers between Level 1, Level 2 and Level 3 during the FYEs 30 June 2024 and 30 June 2023.

Level 2 fair value

Level 2 fair value of freehold land and buildings has been derived using the sales comparison approach. Sales prices of comparable property in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable property.

8. OTHER INVESTMENTS

	As at 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Financial assets designated at fair value through profit or loss ("FVTPL")			
Unquoted shares	16,429	-	-

Other investments in unquoted ordinary shares as at 30 June 2023 represents investment in subsidiaries designated at FVTPL.

The financial position, financial performance and cash flows of the below companies have been carved from the combined financial statements as the Supergold Development Sdn. Bhd. ("SGD") and KK Superstore Sdn. Bhd. ("KKST") ceased to be the subsidiaries of KKSMST on 2 February 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER INVESTMENTS (CONTINUED)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest 2023 %	2024 %	2025 %	Principal activities
Subsidiaries of KKSMST					
SGD	Malaysia	100%	-	-	Property investment
KKST	Malaysia	100%	-	-	Dormant

Movement of equity interests in SGD and KKST

On 2 February 2024, pursuant to a dividend-in-specie declared by KKSMST, KKSMST had distributed its entire equity interest (representing 250,000 shares) in SGD to its shareholders for a consideration of RM15,668,324. SGD ceased to be a subsidiary of KKSMST.

On 2 February 2024, pursuant to a dividend-in-specie declared by KKSMST, KKSMST had distributed its entire equity interest (representing 100,000 shares) in KKST to its shareholders for a consideration of RM760,879. KKST ceased to be a subsidiary of KKSMST.

9. INVENTORIES

	As at 30 June 2023 RM'000	2024 RM'000	2025 RM'000
At lower of cost and net realisable value:			
Trading goods	172,962	220,130	252,896
Inventories recognised as expenses in cost of sales	895,213	1,033,188	1,105,135

The cost of inventories of the Group included in expenses in cost of sales during the financial year in respect of write-off of inventories was RM17,317,469 (2024: RM14,794,817 and 2023: RM13,450,673).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER RECEIVABLES

		As at 30 June		
		2023	2024	2025
	Note	RM'000	RM'000	RM'000
Trade				
Trade receivables	**(a)**	548	4,928	1,432
Non-trade				
Other receivables	**(b)**	10,019	648	789
Amount owing by holding company	**(c)**	-	*	-
Amount owing by former subsidiaries	**(c)**	7,574	-	-
Amount owing by a director	**(c)**	2,270	-	-
Amount owing by related parties	**(c)**	105,348	100,329	212
Deposits		14,521	14,594	17,779
Prepayments		329	397	1,707
		140,061	115,968	20,487
Less: Impairment loss on on other receivables	**(b)**	(18)	(64)	(9)
		140,043	115,904	20,478
Total trade and other receivables		140,591	120,832	21,910

** Denotes < RM1,000*

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group is 30 days to 60 days (2024 and 2023: 30 days to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

The information about the credit exposure are disclosed in Note 30(b)(i).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

Other receivables that are impaired

	As at 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
At beginning of the financial year	29	18	64
Charge during the financial year	-	46	-
Reversal of impairment losses	(11)	-	(55)
At end of the financial year	18	64	9

(c) Amount owing by holding company, former subsidiaries, a director and related parties

Amount owing by holding company, former subsidiaries, a director and related parties are unsecured, non-trade in nature, and repayable on demand.

Amount owing by related parties are non-interest bearing, other than the amount owing by a related party of Nil (2024: RM16,053,732 and 2023: RM23,840,605) bears interest rate of Nil (2024 and 2023: 2.00%) per annum.

Included in the amount owing by related parties of the Group is Nil (2024: Nil and 2023: RM5,205,506) paid to two (2) related parties as advances to purchase properties.

11. CONTRACT ASSETS/(LIABILITIES)

	As at 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Contract assets relating to timing difference between recognition of revenue and issuance of invoice	2,811	513	7,724
Contract liabilities relating to timing difference between recognition of revenue and receipt of cash	(98)	(281)	(295)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

Significant changes in contract balances

	FYE 30 June					
	2023		2024		2025	
	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000
Increase due to revenue recognised, but no right to consideration	2,811	-	513	-	7,724	-
Transfer from contract assets recognised at the beginning of the year to receivables	(4,201)	-	(2,811)	-	(513)	-
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	-	-	98	-	281
Increase due to invoice billed in advance to customers, but revenue not recognised	-	(98)	-	(281)	-	(295)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND SHORT-TERM DEPOSITS

	As at 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Cash in hand	9,294	10,795	12,157
Cash at banks	29,280	38,116	102,686
Short-term deposits	-	-	8,000
	38,574	48,911	122,843

(i) For the purpose of statements of cash flows, cash and cash equivalents comprise of the following:

	As at 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Cash and bank balances	38,574	48,911	114,843
Short-term deposits	-	-	8,000
	38,574	48,911	122,843
Less: Bank overdrafts	(5,089)	-	-
	33,485	48,911	122,843

(ii) During the financial years under review, the Group made the following cash payments to purchase property, plant and equipment.

	As at 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Purchase of property, plant and equipment	30,068	33,433	30,506
Financed by way of finance lease arrangement	(150)	(36)	(36)
Cash payments for purchase of property, plant and equipment	29,918	33,397	30,470

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(iii) During the financial years under review, the Group made the following cash payments in respect of right-of-use assets.

	As at 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Addition of right-of-use assets	29,990	26,747	44,643
Lease liabilities recognised	(29,588)	(26,553)	(44,465)
Provision of restoration costs	(123)	(194)	(178)
Cash payments for addition of right-of-use assets	279	-	-

(iv) Reconciliation of changes in liabilities arising from financing activities are as follows:

			Non-cash changes		
	At 1 July 2022 RM'000	**Cash flows RM'000**	**Addition RM'000**	**Lease modification RM'000**	**At 30 June 2023 RM'000**
Term loans	57,101	(7,054)	-	-	50,047
Lease liabilities	119,094	(38,135)	29,588	6,006	116,553
Hire purchase payables	552	(145)	180	-	587
	176,747	(45,334)	29,768	6,006	167,187

			Non-cash changes		
	At 1 July 2023 RM'000	**Cash flows RM'000**	**Addition RM'000**	**Lease modification RM'000**	**At 30 June 2024 RM'000**
Term loans	50,047	(10,035)	-	-	40,012
Lease liabilities	116,553	(43,134)	26,553	21,681	121,653
Hire purchase payables	587	(224)	36	-	399
	167,187	(53,393)	26,589	21,681	162,064

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(iv) Reconciliation of changes in liabilities arising from financing activities are as follows: (continued)

			←Non-cash changes→		
	At 1 July 2024 RM'000	Cash flows RM'000	Addition RM'000	Lease modification RM'000	At 30 June 2025 RM'000
Term loans	40,012	(3,288)	-	-	36,724
Lease liabilities	121,653	(50,734)	44,465	28,784	144,168
Hire purchase payables	399	(154)	36	-	281
	162,064	(54,176)	44,501	28,784	181,173

(v) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM59,814,500 (2024: RM50,873,123 and 2023: RM45,651,434).

13. INVESTED EQUITY

		← Number of ordinary shares →		
		← As at 30 June →		
	Note	2023 Units'000	2024 Units'000	2025 Units'000
Issued and fully paid-up:				
At the beginning of the financial year		5,150	5,150	246,769
Issuance of ordinary shares of combining entity	**(a)**	-	>	-
Shares issued upon incorporation	**(b)**	-	*	-
Issuance of ordinary shares pursuant to acquisition of a subsidiary	**(c)**	-	246,619	-
Adjustment pursuant to internal restructuring		-	(5,000)	-
At the end of the financial year		5,150	246,769	246,769

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INVESTED EQUITY (CONTINUED)

		Amounts		
		As at 30 June		
		2023	2024	2025
	Note	RM'000	RM'000	RM'000
Issued and fully paid-up:				
At the beginning of the financial year		16,335	16,335	246,769
Issuance of ordinary shares of combining entity	**(a)**	-	>	-
Shares issued upon incorporation	**(b)**	-	*	-
Issuance of ordinary shares pursuant to acquisition of a subsidiary	**(c)**	-	246,619	-
Adjustment pursuant to internal restructuring		-	(16,185)	-
At the end of the financial year		16,335	246,769	246,769

> Represents 98 ordinary shares equivalent to RM98
* Represents 100 ordinary shares equivalent to RM100

For the purposes of these financial statements, the invested equity as at 30 June 2023, 30 June 2024 and 30 June 2025 is the aggregate of the share capital of the combining entities constituting the Group.

(a) Issuance of ordinary shares of combining entity

On 15 September 2023, KKSM issued 98 ordinary shares at RM1 per ordinary share to shareholder of KKSM for a total consideration of RM98.

(b) Shares issued upon incorporation

On 27 September 2023, the Company issued 100 ordinary shares at a price of RM1 per ordinary share as subscribers' shares on the date of incorporation for a total consideration of RM100.

(c) Issuance of ordinary shares pursuant to acquisition of a subsidiary

On 8 February 2024, the Company issued 246,618,782 new ordinary shares at a price of RM1 per ordinary share pursuant to the acquisition of entire equity interest (representing 5,000,000 shares) of a subsidiary for purchase consideration of RM246,618,782.

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INVESTED EQUITY (CONTINUED)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. REORGANISATION RESERVE

The reorganisation reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries upon consolidation under the merger accounting principles.

15. LOANS AND BORROWINGS

		As at 30 June		
	Note	2023 RM'000	2024 RM'000	2025 RM'000
Non-current:				
Secured				
Term loans	(a)	46,082	36,508	34,796
Hire purchase payables	(b)	414	248	171
		46,496	36,756	34,967
Current:				
Secured				
Term loans	(a)	3,965	3,504	1,928
Hire purchase payables	(b)	173	151	110
Bank overdrafts	(c)	5,089	-	-
		9,227	3,655	2,038
Total loans and borrowings:				
Term loans	(a)	50,047	40,012	36,724
Hire purchase payables	(b)	587	399	281
Bank overdrafts	(c)	5,089	-	-
		55,723	40,411	37,005

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans

Term loan 1 of the Group of Nil (2024: RM47,517 and 2023: RM136,132) bears interest at Nil (2024 and 2023: 4.89%) per annum and is repayable by monthly instalments over 12 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the freehold building of the Group;
(ii) Legal charge over the investment properties of a former subsidiary; and
(iii) Joint and several guarantees by the directors of the Group.

Term loan 2 of the Group of Nil (2024: RM11,729 and 2023: RM21,862) bears interest at Nil (2024 and 2023: 4.89%) per annum and is repayable by monthly instalments over 12 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the investment properties of a related company; and
(ii) Joint and several guarantees by the directors of the Group.

Term loan 3 of the Group of Nil (2024: RM51,842 and 2023: RM102,246) bears interest at Nil (2024 and 2023: 4.89%) per annum and is repayable by monthly instalments over 12 years commencing from the day of first drawdown and is secured and supported by the legal charge over the freehold buildings of a director.

Term loan 4 of the Group of RM1,552,861 (2024: RM1,633,582 and 2023: RM1,710,576) bears interest at 4.52% (2024 and 2023: 4.52%) per annum and is repayable by monthly instalments over 25 years commencing from the day of first drawdown and is secured and supported as follows:

(i) First legal charge over the leasehold building financed; and
(ii) Joint and several guarantees by the directors of the Group.

Term loan 5 of the Group of RM521,873 (2024: RM564,304 and 2023: RM604,751) bears interest at 4.60% (2024 and 2023: 4.60%) per annum and is repayable by monthly instalments over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) First party legal charge over the leasehold building financed of the Group; and
(ii) Joint and several guarantees by the directors of the Group.

Term loan 6 of the Group of RM1,828,702 (2024: RM1,913,607 and 2023: RM1,995,447) bears interest at 4.70% (2024 and 2023: 4.70%) per annum and is repayable by monthly instalments over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Open all monies facility agreement;
(ii) Legal charge over the freehold building of the Group; and
(iii) Joint and several guarantees by the directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (continued)

Term loan 7 of the Group of Nil (2024: RM598,787 and 2023: RM774,653) bears interest at Nil (2024: 5.28% and 2023: 5.13%) per annum and is repayable by monthly instalments over 12 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the investment building of a former subsidiary; and
(ii) Joint and several guarantees by the directors of the Group.

Term loan 8 of the Group of Nil (2024: Nil and 2023: RM3,157,350) bears interest at Nil (2024: Nil and 2023: 4.52%) per annum and is repayable by monthly instalments over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the investment building of a related company; and
(ii) Joint and several guarantees by the directors of the Group.

Term loan 9 of the Group of Nil (2024: Nil and 2023: RM1,217,553) bears interest at Nil (2024: Nil and 2023: 4.92%) per annum and is repayable by monthly instalments over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the investment building of a related company; and
(ii) Joint and several guarantees by the directors of the Group.

Term loan 10 of the Group of Nil (2024: Nil and 2023: RM2,030,012) bears interest at Nil (2024: Nil and 2023: 4.92%) per annum and is repayable by monthly instalments over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the investment building of a related company; and
(ii) Joint and several guarantees by the directors of the Group.

Term loan 11 of the Group of Nil (2024: Nil and 2023: RM167,381) bears interest at Nil (2024: Nil and 2023: 4.88%) per annum and is repayable by monthly instalments over 5 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the freehold building of the Group;
(ii) Legal charge over the investment properties of a former subsidiary; and
(iii) Joint and several guarantees by the directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (continued)

Term loan 12 of the Group of RM2,686,869 (2024: RM2,913,649 and 2023: RM3,129,654) bears interest at 5.20% (2024 and 2023: 5.20%) per annum and is repayable by monthly instalments over 15 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Open all monies facilities agreement;
(ii) Legal charge over the freehold building of the Group;
(iii) Joint and several guarantees by the directors of the Group; and
(iv) Secured over a fixed deposit.

Term loan 13 of the Group of RM1,287,106 (2024: RM1,361,308 and 2023: RM1,428,901) bears interest at 4.42% (2024 and 2023: 4.37%) per annum and is repayable by monthly instalments over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Open all monies facilities agreement; and
(ii) Legal charge over the freehold building of the Group.

Term loan 14 of the Group of Nil (2024: RM710,673 and 2023: RM2,070,727) bears interest at Nil (2024: 5.51% and 2023: 4.88%) per annum and is repayable by monthly instalments over 5 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Third party legal charge over property financed by the Group and related company; and
(ii) Joint and several guarantees by the directors of the Group.

Term loan 15 of the Group of RM18,334,347 (2024: RM19,223,367 and 2023: RM20,072,331) bears interest at 4.35% (2024 and 2023: 4.35%) per annum and is repayable by monthly instalments over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the properties of the Group; and
(ii) Joint and several guarantees by the directors of the Group.

Term loan 16 of the Group of RM1,810,869 (2024: RM1,875,715 and 2023: RM1,937,583) bears interest at 4.35% (2024 and 2023: 4.35%) per annum and is repayable by monthly instalments over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the properties of the Group; and
(ii) Joint and several guarantees by the directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (continued)

Term loan 17 of the Group of RM3,649,960 (2024: RM3,773,214 and 2023: RM3,890,785) bears interest at 4.35% (2024 and 2023: 4.35%) per annum and is repayable by monthly instalments over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the properties of the Group; and
(ii) Joint and several guarantees by the directors of the Group.

Term loan 18 of the Group of RM859,843 (2024: RM892,506 and 2023: RM922,738) bears interest at 4.42% (2024 and 2023: 4.42%) per annum and is repayable by monthly instalments over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Open all monies facilities agreement;
(ii) Legal charge over the freehold building of the Group; and
(iii) Joint and several guarantees by the directors of the Group.

Term loan 19 of the Group of RM1,707,285 (2024: RM1,810,287 and 2023: RM1,907,218) bears interest at 4.32% (2024 and 2023: 4.32%) per annum and is repayable by monthly instalments over 15 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Open all monies facilities agreement;
(ii) Legal charge over the freehold building of the Group; and
(iii) Joint and several guarantees by the directors of the Group.

Term loan 20 of the Group of RM855,669 (2024: RM907,213 and 2023: RM953,483) bears interest at 4.32% (2024 and 2023: 4.32%) per annum and is repayable by monthly instalments over 15 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Open all monies facilities agreement;
(ii) Legal charge over the freehold building of the Group; and
(iii) Joint and several guarantees by the directors of the Group.

Term loan 21 of the Group of RM1,628,643 (2024: RM1,722,348 and 2023: RM1,809,352) bears interest at 4.32% (2024 and 2023: 4.30%) per annum and is repayable by monthly installments over 15 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Open all monies facilities agreement;
(ii) Legal charge over the leasehold building of the Group; and
(iii) Joint and several guarantees by the directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

(b) Hire purchase payables

Future minimum lease payments together with the present value of the net minimum lease payments are as follows:

	As at 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Minimum lease payments:			
Not later than one year	202	168	123
Later than one year and not later than five years	450	269	182
	652	437	305
Less: Future interest charges	(65)	(38)	(24)
Present value of minimum lease payments	587	399	281
Present value of minimum lease payments:			
Not later than one year	173	151	110
Later than one year and not later than five years	414	248	171
	587	399	281
Less: Amount due within twelve months	(173)	(151)	(110)
Amount due after twelve months	414	248	171

(c) Bank overdrafts

Bank overdrafts of the Group of Nil (2024: Nil and 2023: RM5,089,174) bears interest at Nil (2024: Nil and 2023: BLR plus 0.75%) per annum and is secured and supported as follows:

(i) Legal charge over the leasehold lands and buildings of the Group as disclosed in Note 6; and
(ii) Joint and several guarantees by the directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. LEASE LIABILITIES

	As at 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Non-current:			
Lease liabilities	80,727	80,191	93,074
Current:			
Lease liabilities	35,826	41,462	51,094
Total lease liabilities:			
Lease liabilities	116,553	121,653	144,168

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	As at 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Minimum lease payments:			
Not later than one year	40,384	46,122	56,575
Later than one year and not later than five years	77,296	83,881	95,359
Later than five years	11,399	1,743	4,272
	129,079	131,746	156,206
Less: Future interest charges	(12,526)	(10,093)	(12,038)
Present value of minimum lease payments	116,553	121,653	144,168
Present value of minimum lease payments:			
Not later than one year	35,826	41,462	51,094
Later than one year and not later than five years	70,201	78,469	88,864
Later than five years	10,526	1,722	4,210
	116,553	121,653	144,168
Less: Amount due within twelve months	(35,826)	(41,462)	(51,094)
Amount due after twelve months	80,727	80,191	93,074

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED TAX LIABILITIES

Deferred tax relates to the following:

	As at 1 July 2022 RM'000	Recognised in in profit or loss RM'000 (Note 27)	As at 30 June 2023 RM'000
Deferred tax assets:			
Right-of-use assets	(2,420)	(244)	(2,664)
Impairment loss on other receivables	(7)	3	(4)
Contract liabilities	-	(24)	(24)
	(2,427)	(265)	(2,692)
Deferred tax liabilities:			
Property, plant and equipment	7,726	(261)	7,465
	5,299	(526)	4,773

	As at 1 July 2023 RM'000	Recognised in in profit or loss RM'000 (Note 27)	As at 30 June 2024 RM'000
Deferred tax assets:			
Right-of-use assets	(2,664)	(409)	(3,073)
Impairment loss on other receivables	(4)	(11)	(15)
Contract liabilities	(24)	(44)	(68)
	(2,692)	(464)	(3,156)
Deferred tax liabilities:			
Property, plant and equipment	7,465	1,682	9,147
	4,773	1,218	5,991

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax relates to the following: (continued)

	As at 1 July 2024 RM'000	Recognised in in profit or loss RM'000 (Note 27)	As at 30 June 2025 RM'000
Deferred tax assets:			
Right-of-use assets	(3,073)	(529)	(3,602)
Impairment loss on other receivables	(15)	13	(2)
Contract liabilities	(68)	(3)	(71)
	(3,156)	(519)	(3,675)
Deferred tax liabilities:			
Property, plant and equipment	9,147	356	9,503
	5,991	(163)	5,828

	As at 30 June		
	2023 RM'000	2024 RM'000	2025 RM'000
Presented after appropriate offsetting as follows:			
Deferred tax assets	(2,692)	(3,156)	(3,675)
Deferred tax liabilities	7,465	9,147	9,503
	4,773	5,991	5,828

18. PROVISION

	As at 30 June		
	2023 RM'000	2024 RM'000	2025 RM'000
At the beginning of the financial year	730	828	1,013
Provision during the year	123	194	178
Utilisation during the year	(25)	(9)	(8)
At the end of the financial year	828	1,013	1,183

Provisions mainly represent the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the use of such assets, which are capitalised and included in the right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. RCPS

	Number of preference shares		
	As at 30 June		
	2023	2024	2025
	Units'000	Units'000	Units'000
At the beginning of the financial year	-	-	-
Issued during the financial year	-	-	10,000
At the end of the financial year	-	-	10,000

	Amounts		
	As at 30 June		
	2023	2024	2025
	RM'000	RM'000	RM'000
At the beginning of the financial year	-	-	-
Issued during the financial year	-	-	10,000
Interest expense	-	-	976
At the end of the financial year	-	-	10,976

Issuance of RCPS

On 6 September 2024, the Company issued 10,000,000 RCPS at a price of RM1 per share for total consideration of RM10,000,000.

The salient features of the RCPS are as follows:

(i) the RCPS have no fixed tenure or maturity date and shall exist in perpetuity unless redeemed in any time after the occurrence of event of default is suffered or committed by and of the promoters and/or any companies in the Group or a liquidity event fails to occur by 30 June 2026 ("Redemption Event");

(ii) each RCPS carries a fixed cumulative preferential dividend at the rate of 88% per annum on the issue price for the first completion year and 60% per annum on the issue price for the second completion year onwards ("Fixed Dividend");

(iii) the RCPS will carry the right to attend but no right to vote at any general meeting of the Company except that the RCPS shall carry the right to attend and vote at any general meeting of the Company in respect of the following:

(a) upon any resolution or any alteration of the constitution of the Company which, whether directly or indirectly, affects the rights and privileges (including the enjoyment of any such right or privilege) attaching to the RCPS;
(b) when any dividend or part of any dividend on the RCPS (if any) is in arrears for more than six (6) months;
(c) upon any resolution to reduce the Company's issued and paid-up share capital;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. RCPS (CONTINUED)

The salient features of the RCPS are as follows: (continued)

(iii) the RCPS will carry no right to vote at any general meeting of the Company except with regards to the following: (continued)
   (d) upon any resolution for the disposal of the whole or substantially the whole of the Company's property, assets, business and undertaking;
   (e) upon any resolution for the winding-up of the Company; and
   (f) during the winding up of the Company.

(iv) the RCPS shall rank in priority to all other classes of the share in the Company (including the ordinary shares) in respect of the right to receive the Fixed Dividend out of profits available for distribution by the Company and in respect of the funds and assets that may be legally distributed to the Company's shareholders upon an insolvency event;

(v) a holder of a RCPS may, at any time after the occurrence of a redemption event, on giving a RCPS redemption notice, require the Company to redeem all or any of its RCPS at the redemption price;

(vi) upon redemption, each RCPS holder shall receive a cash payment equal to the issue price increased by an amount that will yield or result in an internal rate of return at a pre-determined rate, accrued daily from the date of the Shareholders' Agreement ("SHA") up to the redemption date, taking into account any dividends received prior to the redemption (if any) (excluding all or any part of the Fixed Dividend that have been paid to Datuk Seri Dr. Chai Kee Kan and Datin Seri Loh Siew Mui pursuant to the SHA, if any); and

(vii) the RCPS shall be convertible in the event of a proposed liquidity event, an initial public offering proposed to be undertaken by the Company, or a transfer notice having been issued by the holding company (K8 Resources Sdn. Bhd. *(formerly known as KK2 Resources Sdn. Bhd.)*), at the option of the holder(s) of the RCPS, into fully paid ordinary share without the payment of additional consideration based on the Company's valuation, adjusted by a discount that varies according to the year in which the liquidity event is to be completed or the year in which a transfer notice is issued by the holding company (K8 Resources Sdn. Bhd. *(formerly known as KK2 Resources Sdn. Bhd.)*) (whichever applicable).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. TRADE AND OTHER PAYABLES

		As at 30 June		
	Note	2023 RM'000	2024 RM'000	2025 RM'000
Trade				
Trade payables	(a)	131,723	159,729	193,653
Trade accruals		8,528	13,998	13,844
		140,251	173,727	207,497
Non-trade				
Other payables		8,534	9,145	8,563
Accruals		10,419	10,265	21,382
Deposits received		595	905	1,206
Amount owing to related parties	(b)	806	1,681	110
Amount owing to a director	(b)	32	980	233
		20,386	22,976	31,494
Total trade and other payables		160,637	196,703	238,991

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group is 30 to 60 days (2024 and 2023: 30 to 60 days).

(b) Amount owing to related parties and a director

Amounts owing to related parties and a director are unsecured, non-interest bearing with no fixed term of repayment.

For explanations on the Group's liquidity risk management process, refer to Note 30(b)(ii).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. REVENUE

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
At a point in time:			
Sale of goods	1,192,447	1,373,773	1,471,742
Commission	10,159	12,478	12,689
Gross revenue generated by the stores	**1,202,606**	**1,386,251**	**1,484,431**
Complementary income	52,402	68,752	82,837
Retail revenue	**1,255,008**	**1,455,003**	**1,567,268**
Less: MFRS 15 adjustment in relation to the loyalty programme	(98)	(101)	(75)
Total revenue	**1,254,910**	**1,454,902**	**1,567,193**

22. OTHER INCOME

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Gain on disposal of property, plant and equipment	123	-	-
Contribution income	1,498	46	-
Government incentive	1,272	2,187	359
Insurance compensation	256	57	21
Rental income	2,473	2,435	2,090
Reversal of impairment loss	11	-	55
Salary reimbursement income	1,820	1,617	828
Miscelleneous income	1,794	1,881	2,340
	9,247	8,223	5,693

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. FINANCE INCOME

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Interest income on:			
- Fixed deposits	-	-	1,165
- Bank balances	625	1,052	2,046
- Advance to related parties	489	403	-
	1,114	1,455	3,211

24. FINANCE COSTS

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Interest expenses on:			
- Term loans	2,133	1,923	1,678
- Lease liabilities	5,752	6,174	6,852
- Hire purchase payables	26	29	20
- RCPS	-	-	976
- Bankers' acceptances	13	-	-
RCPS dividends	-	-	7,161
	7,924	8,126	16,687

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit before tax:

		← FYE 30 June →		
		2023	**2024**	**2025**
	Note	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration:				
- Statutory audit				
- Baker Tilly Monteiro Heng PLT		185	210	210
- Other auditors		1	1	*
- Non-statutory audit				
- Baker Tilly Monteiro Heng PLT		-	-	310
Other services				
- Member firms of Baker Tilly International		-	-	85
Bad debt written off		123	*	-
Depreciation of property, plant and equipment	**5**	13,017	16,069	18,568
Depreciation of right-of-use assets	**6**	36,609	41,946	48,052
Depreciation of investment properties	**7**	114	57	-
Loss on disposal of property, plant and equipment		-	15	37
Loss on lease modification		1,639	3,876	6,113
Property, plant and equipment written off		83	*	296
Impairment losses on other receivables		-	46	-
Incorporation expenses		-	5	-
Employee benefits expense	**26**	108,907	128,326	148,976
Rental expenses on:				
- Premise/Hostel		1,611	1,438	2,020
- Equipment		153	127	129
- Motor vehicle		-	-	80

** Denotes < RM1,000*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. EMPLOYEE BENEFITS EXPENSE

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Salaries and other staff benefits	102,263	119,280	137,295
Defined contribution plans	5,493	7,502	9,711
Other emoluments	1,151	1,544	1,970
	108,907	128,326	148,976
Included in the employee benefits expenses are:			
Directors' remuneration:			
- Salaries, bonuses and allowances	300	350	448
- Defined contribution plans	37	43	49
- Other emoluments	2	2	3
	339	395	500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. INCOME TAX EXPENSE

The major components of income tax expense for the FYEs 30 June 2023, 30 June 2024 and 30 June 2025 are as follows:

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Statements of comprehensive income			
Current income tax:			
- Current income tax charge	32,823	32,903	33,268
- Adjustment in respect of prior financial years	241	(10)	1,751
- Real property gains tax	-	-	269
	33,064	32,893	35,288
Deferred tax: (Note 17)			
- Origination of temporary differences	1,502	2,170	1,831
- Adjustment in respect of prior financial years	(2,028)	(952)	(1,994)
	(526)	1,218	(163)
Income tax expense recognised in profit or loss	32,538	34,111	35,125

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. INCOME TAX EXPENSE (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expense is as follows:

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Profit before tax	131,247	135,707	132,112
Tax at Malaysian statutory income tax rate of 24%	31,499	32,570	31,707
Real property gains tax	-	-	269
Adjustments:			
Income not subject to tax	(87)	(350)	(24)
Non-deductible expenses	2,913	2,853	3,416
Adjustment in respect of current income tax of prior years	241	(10)	1,751
Adjustment in respect of deferred tax of prior years	(2,028)	(952)	(1,994)
Income tax expense	32,538	34,111	35,125

28. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per ordinary share are based on the profit for the financial years attributable to owners of the Group and the weighted average number of ordinary shares outstanding during the financial years, calculated as follows:

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Profit attributable to the owners of the Group	98,709	101,596	96,987
Weighted average number of ordinary shares for basic earnings per share ('000 units) ^	5,150	97,446	246,769
Basic earnings per ordinary share (RM)	19.17	1.04	0.39

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. EARNINGS PER SHARE (CONTINUED)

Basic earnings per ordinary share (continued)

^ For the purpose of calculating the basic earnings per share for the FYEs 30 June 2023, 30 June 2024 and 30 June 2025, the weighted average number of ordinary shares is the aggregate share capital of the combined entities constituting the Group.

Diluted earnings per share

Diluted earnings per ordinary share are based on the profit for the financial years attributable to owners of the Group (after adjusting for interest and dividends on the RCPS) and the weighted average number of ordinary shares outstanding during the financial years plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	← FYE 30 June →		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Profit attributable to the owners of the Group	98,709	101,596	96,987
Add: Interest expense on RCPS	-	-	976
Add: RCPS dividends	-	-	7,161
Profit used to determine diluted earnings per shares	98,709	101,596	105,124
Weighted average number of ordinary shares for basic earnings per share ('000 units) ^	5,150	97,446	246,769
Effect of dilution from RCPS ('000 units) [&]	-	-	12,845
Weighted average number of ordinary shares for diluted earnings per share ('000 units) ^	5,150	97,446	259,614
Diluted earnings per ordinary share (RM)	19.17	1.04	0.39 [#]

^ For the purpose of calculating the basic and diluted earnings per share for the FYEs 30 June 2023, 30 June 2024 and 30 June 2025, the weighted average number of ordinary shares is the aggregate share capital of the combined entities constituting the Group.

[&] The effect of dilution from RCPS is in relation to the conversion of RCPS as disclosed in Note 19.

[#] The diluted earnings per share for the FYE 2025 is anti-dilutive. Accordingly, the diluted earnings per share for the FYE 2025 is presented as equal to basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. DIVIDENDS

	← FYE 30 June →		
	2023	**2024**	**2025**
Recognised during the financial year:	**RM'000**	**RM'000**	**RM'000**
Dividends on ordinary shares:			
- Single-tier final dividend for the FYE 30 June 2022: RM3.80 per ordinary share, paid on 31 January 2023	19,000	-	-
- Single-tier interim dividend for the FYE 30 June 2023: RM8.00 per ordinary share, paid on 30 June 2023	40,000	-	-
- Single-tier final dividend of RM4.00 per ordinary share in respect of the FYE 30 June 2023, paid on 30 September 2023	-	20,000	-
- Single-tier interim dividend of RM4.20 per ordinary share in respect of the FYE 30 June 2024, paid on 12 October 2023	-	21,000	-
- Single-tier interim dividend of RM3.00 per ordinary share in respect of the FYE 30 June 2024, paid on 22 January 2024	-	15,000	-
- Single-tier interim dividend of RM0.15 per ordinary share, in respect of the FYE 30 June 2024, payable in specie by way of transfer of 100,000 units of ordinary shares in KK Superstore Sdn. Bhd. which was completed on 22 January 2024	-	761	-
- Single-tier interim dividend of RM3.13 per ordinary share, in respect of the FYE 30 June 2024, payable in specie by way of transfer of 250,000 units of ordinary shares in Supergold Development Sdn. Bhd. which was completed on 24 January 2024	-	15,668	-
- Single-tier interim dividend of RM1.07 per ordinary share, in respect of the FYE 30 June 2024, payable in specie by way of distribution of investment properties which was completed on 8 February 2024	-	5,361	-
- Single-tier interim dividend of RM0.06 per ordinary share in respect of the FYE 30 June 2024, paid on 25 April 2024	-	15,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. DIVIDENDS (CONTINUED)

	← FYE 30 June →		
	2023	**2024**	**2025**
Recognised during the financial year: (continued)	**RM'000**	**RM'000**	**RM'000**
Dividends on ordinary shares: (continued)			
- Single-tier final dividend of RM0.04 per ordinary share in respect of the FYE 30 June 2024, paid on 23 August 2024	-	-	9,000
- Single-tier interim dividend of RM0.07 per ordinary share in respect of the FYE 30 June 2025, paid on 11 November 2024	-	-	18,000
- Single-tier interim dividend of RM0.33 per ordinary share in respect of the FYE 30 June 2025, paid on 26 December 2024	-	-	82,000
- Single-tier interim dividend of RM0.05 per ordinary share in respect of the FYE 30 June 2025, paid on 28 May 2025	-	-	13,500
	59,000	92,790	122,500

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost
(ii) FVTPL

	Carrying amounts RM'000	**Amortised cost RM'000**	**FVTPL RM'000**
At 30 June 2023			
Financial assets			
Other investments	16,429	-	16,429
Trade and other receivables, excluding prepayments	140,262	140,262	-
Cash and short-term deposits	38,574	38,574	-
	195,265	178,836	16,429

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

(i) Amortised cost (continued)
(ii) FVTPL (continued)

	Carrying amounts RM'000	Amortised cost RM'000	FVTPL RM'000
At 30 June 2023			
Financial liabilities			
Loans and borrowings	(55,723)	(55,723)	-
Trade and other payables	(160,637)	(160,637)	-
	(216,360)	(216,360)	-
At 30 June 2024			
Financial assets			
Trade and other receivables, excluding prepayments	120,435	120,435	-
Cash and short-term deposits	48,911	48,911	-
	169,346	169,346	-
Financial liabilities			
Loans and borrowings	(40,411)	(40,411)	-
Trade and other payables	(196,703)	(196,703)	-
	(237,114)	(237,114)	-
At 30 June 2025			
Financial assets			
Trade and other receivables, excluding prepayments	20,203	20,203	-
Cash and short-term deposits	122,843	122,843	-
	143,046	143,046	-
Financial liabilities			
Loans and borrowings	(37,005)	(37,005)	-
RCPS	(10,976)	(10,976)	-
Trade and other payables	(238,991)	(238,991)	-
	(286,972)	(286,972)	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's overall financial risk management objective is to optimise value for its shareholders. The Group does not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management.

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily from trade and other receivables). The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Group considers a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group in full, without taking into account any credit enhancements held by the Group; or
- the contractual payment of the financial asset is more than credit term unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amounts of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile
The Group determines the concentration of credit risk by monitoring its trade receivables on an ongoing basis. The Group has no significant concentration of credit risk from its receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the impairment losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward-looking information. Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that related to the Group's core operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

		Trade receivables						
	Contract assets RM'000	**Current RM'000**	**1 to 30 days past due RM'000**	**31 to 60 days past due RM'000**	**61 to 90 days past due RM'000**	**91 to 120 days past due RM'000**	**> 120 days past due RM'000**	**Total RM'000**
At 30 June 2023								
Gross carrying amount at default	2,811	548	-	-	-	-	-	548
Impairment losses	-	-	-	-	-	-	-	-
Net balance	2,811	548	-	-	-	-	-	548
At 30 June 2024								
Gross carrying amount at default	513	4,928	-	-	-	-	-	4,928
Impairment losses	-	-	-	-	-	-	-	-
Net balance	513	4,928	-	-	-	-	-	4,928

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows: (continued)

		Trade receivables						
	Contract assets RM'000	**Current RM'000**	**1 to 30 days past due RM'000**	**31 to 60 days past due RM'000**	**61 to 90 days past due RM'000**	**91 to 120 days past due RM'000**	**> 120 days past due RM'000**	**Total RM'000**
At 30 June 2025								
Gross carrying amount at default	7,724	1,432	-	-	-	-	-	1,432
Impairment losses	-	-	-	-	-	-	-	-
Net balance	7,724	1,432	-	-	-	-	-	1,432

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant increases in credit risk on other financial instruments of the same counterparty;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparties in the group and changes in the operating results of the counterpary.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets (continued)

Intercompany loans between entities within the Group are repayable on demand. The Group regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorate significantly, the Group assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Group is able to determine the timing of repayment of the loans or advances, the Group will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Group determines the probability of default for these loans or advances using internally available information. The Group considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of the reporting date, the Group considers the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

Financial guarantee contracts

The Group is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain related parties. The Group monitors the results of the related parties and their repayment on an ongoing basis. The maximum exposure to credit risks amounts to Nil (2024: RM6,044,435 and 2023: RM48,635,702) representing the maximum amount the Group would be required to pay if the guarantee is called on as disclosed in Note 30(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Group for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees were provided as credit enhancement to related parties' secured borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis
The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		← Contractual cash flows →			
	Carrying amount RM'000	On demand or within one year RM'000	Between one to five years RM'000	More than five years RM'000	Total RM'000
At 30 June 2023					
Trade and other payables	160,637	160,637	-	-	160,637
Term loans	50,047	6,195	19,396	44,247	69,838
Hire purchase payables	587	202	450	-	652
Lease liabilities	116,553	40,384	77,296	11,399	129,079
Bank overdrafts	5,089	5,089	-	-	5,089
Financial guarantee	-	48,636	-	-	48,636
	332,913	261,143	97,142	55,646	413,931

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)
The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (continued)

		← Contractual cash flows →			
	Carrying amount RM'000	On demand or within one year RM'000	Between one to five years RM'000	More than five years RM'000	Total RM'000
At 30 June 2024					
Trade and other payables	196,703	196,703	-	-	196,703
Term loans	40,012	5,775	14,613	35,286	55,674
Hire purchase payables	399	168	269	-	437
Lease liabilities	121,653	46,122	83,881	1,743	131,746
Financial guarantee	-	6,044	-	-	6,044
	358,767	254,812	98,763	37,029	390,604
At 30 June 2025					
Trade and other payables	238,991	238,991	-	-	238,991
Term loans	36,724	3,528	14,114	31,795	49,437
Hire purchase payables	281	123	182	-	305
Lease liabilities	144,168	56,575	95,359	4,272	156,206
RCPS	10,976	23,018	-	-	23,018
	431,140	322,235	109,655	36,067	467,957

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings with floating interest rates.

The Group's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial years.

	Carrying amount RM'000	Change in basis point	Effect on profit for the financial year/equity RM'000
30 June 2023			
Term loans	50,047	+ 50	(190)
		- 50	190
Bank overdrafts	5,089	+ 50	(19)
		- 50	19
30 June 2024			
Term loans	40,012	+ 50	(152)
		- 50	152
30 June 2025			
Term loans	36,724	+ 50	(140)
		- 50	140

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings are reasonably approximate to their fair values due to relatively short-term nature of these financial instruments.

The carrying amounts of long-term floating rate term loans are reasonably approximate to their fair values as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year (2024 and 2023: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

		Fair value of financial instruments not carried at fair value			
	Carrying amount	← Fair value →			
		Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2023					
Financial liabilities					
Term loans	46,082	-	-	40,143	40,143
30 June 2024					
Financial liabilities					
Term loans	36,508	-	-	29,487	29,487
30 June 2025					
Financial liabilities					
Term loans	34,796	-	-	27,785	27,785
RCPS	10,976	-	-	9,400	9,400

Level 3 fair value

Fair value of financial instruments not carried at fair value
The fair value of term loans and RCPS are determined using the discounted cash flows method based on discount rates that reflect the issuer's borrowing rate as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. COMMITMENTS

The Group has made commitments for the following capital expenditures:

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
- Right-of-use assets			
- Leasehold land and building	-	-	169

32. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:
(i) Subsidiaries;
(ii) Holding company;
(iii) Personnel connected to the director;
(iv) Entity in which directors have substantial financial interests; and
(v) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewehere in the financial statements are as follows:

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Sales of goods and rendering of services			
Entities in which director has substantial financial interest	426	380	169
Purchase of goods			
Entities in which director has substantial financial interest	268	471	194

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (continued)

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Distribution charges			
Entity in which director has substantial financial interest	10,809	13,113	8,904
Transaction costs paid for in-store services such as reloads and top-up of mobile phone and bill payment [(1)]			
Entity in which director has substantial financial interest	70,378	95,090	-
Rental income			
Entities in which director has substantial financial interest	385	367	217
Rental expenses			
Former subsidiaries	85	-	-
Director	-	-	178
Entities in which director has substantial financial interest	555	729	821
Personnel connected to the director	69	69	69
Salary reimbursement income			
Entities in which director has substantial financial interest	1,820	1,582	821
Interest income			
Entities in which directors have substantial financial interest	489	403	-
Administrative expenses			
Entities in which director has substantial financial interest	4,842	6,414	3,981

(1) Customer payments for bill payment and top-up services (such as top-up/reloads for mobile service providers and utility bills payment) via payment gateway platform of the entity in which director has substantial financial interest, net of earned commission.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (continued)

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Sales of property, plant and equipment			
Entities in which director has substantial financial interest	-	33	9
Purchase of property, plant and equipment			
Entities in which director has substantial financial interest	-	-	877
Deposits received from			
Entities in which director has substantial financial interest	6	9	*
Deposits paid/refund to			
Entities in which director has substantial financial interest	24	8	7
Advances to			
Director	13,005	-	-
Entities in which director has substantial financial interest	14,692	9,332	2,254
Repayment from			
Director	30,363	2,270	-
Entities in which director has substantial financial interest	17,426	17,125	103,587
Advances from			
Director	2,965	3,160	1,581
Entities in which director has substantial financial interest	442	75	41
Repayment to			
Director	3,223	2,212	2,328
Entities in which director has substantial financial interest	87,772	115,025	16,396

** Denotes < RM1,000*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (continued)

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Acquisition of a subsidiary from			
Directors	-	246,619	-
Distribution of investment properties			
Director	-	5,361	-
Distribution of other investments			
Directors	-	16,429	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 10 and 20.

(c) Compensation of key management personnel

	FYE 30 June		
	2023	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**
Directors' remuneration:			
- Salaries, bonuses and allowances	300	350	448
- Defined contribution plans	37	43	49
- Other emoluments	2	2	3
	339	395	500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the FYEs 30 June 2023, 30 June 2024 and 30 June 2025.

The Group monitors capital using gearing ratio, which is total interest bearing debts divided by total equity of the Group. The gearing ratio as at 30 June 2023, 30 June 2024 and 30 June 2025 are as follows:

		As at 30 June		
		2023	**2024**	**2025**
	Note	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	**15**	55,723	40,411	37,005
Total debts		55,723	40,411	37,005
Equity attributable to owner of the Company				
Total equity		252,831	261,637	236,124
Gearing ratio (times)		0.220	0.154	0.157

There were no changes in the Group's approach to capital management during the financial years under review.

The Group is not subject to externally imposed capital requirements.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS

(a) Distribution of investment properties

On 8 February 2024, KKSMST had entered into a memorandum of agreement with Datuk Seri Dr. Chai Kee Kan to distribute its entire nine (9) investment properties for a total consideration of RM5,361,058 via a dividend-in-specie declared by KKSMST in respect of the FYE 30 June 2024. The sales and purchase agreements for the distribution of the nine (9) investment properties were signed on 8 November 2024 and 15 November 2024, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS (CONTINUED)

(b) Distribution of other investments

On 2 February 2024, KKSMST had distributed its entire equity interest (representing 250,000 shares) in SGD to its shareholders for a consideration of RM15,668,324 via a dividend-in-specie declared by KKSMST in respect of the FYE 30 June 2024.

On 2 February 2024, KKSMST had distributed its entire equity interest (representing 100,000 shares) in KKST to its shareholders for a consideration of RM760,879 via a dividend-in-specie declared by KKSMST in respect of the FYE 30 June 2024.

(c) Incorporation of a subsidiary

On 8 January 2024, KK Mart had incorporated a wholly-owned subsidiary, namely KKMH, with an issued share capital of RM100 comprising 100 ordinary shares at RM1 per share.

(d) Acquisition of a subsidiary

On 8 February 2024, KK Mart had acquired the entire equity interest (representing 5,000,000 shares) in KKSMST from its shareholders for a consideration of RM246,618,782 which was satisfied by way of issuance of 246,618,782 new ordinary shares in KK Mart to its shareholders at an issue price of RM1.00 per ordinary share.

(e) Issuance of RCPS

On 6 September 2024, KK Mart issued 10,000,000 redeemable convertible preference share at a price of RM1 per share for total consideration of RM10,000,000.

(f) Subscription of new ordinary shares in KKMH

On 28 May 2025, KK Mart subscribed for an additional issued and paid-up ordinary shares (representing 99,900 shares) in KKMH for a total consideration of RM99,900 which was fully satisfied by cash.

35. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Issuance of ordinary shares by KKSM

On 8 August 2025, KKSM issued 29,900 ordinary shares at RM1 per ordinary share to capitalise amount owing to directors of RM29,900.

(b) Acquisition of subsidiaries

On 2 September 2025, KK Mart had acquired the entire equity interest (comprising 150,000 shares) in KKMM from its shareholders for a consideration of RM103,270 which was fully satisfied by cash.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

(b) Acquisition of subsidiaries (continued)

On 2 September 2025, KK Mart had acquired the entire equity interest (comprising 30,000 shares) in KKSM from its shareholders for a consideration of RM206 which was fully satisfied by cash.

(c) Declaration of dividends

On 2 September 2025, the Company declared a preferential dividend of 88% per annum for the RCPS, amounting to RM8,800,000 in respect of the period from 6 September 2024 to 5 September 2025, which was paid on 4 September 2025.

On 26 March 2026, the Company declared a preferential dividend of 60% per annum for the RCPS, amounting to RM3,320,548 in respect of the period from 6 September 2025 to 27 March 2026, which was paid on 27 March 2026.

On 30 March 2026, the Company declared and paid single-tier interim dividend of approximately RM0.39 per Share, amounting to RM100,000,000 in respect of the financial year ending 30 June 2026.

(d) Conversion of RCPS

On 27 March 2026, 10,000,000 RCPS of the Company were converted into 12,844,733 ordinary shares of the Company at the conversion ratio of approximately 1.28 new ordinary shares for one RCPS held.

Following the conversion of RCPS, the total issued shares has increased from 246,618,882 shares to 259,463,615 shares and the ordinary share capital has increased from RM246,618,882 to RM256,618,882.

36. SEGMENT INFORMATION

Information about operating segment has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely retail of consumable merchandise and other household products.

Information about geographical areas has not been reported separately as the Group only operates in Malaysia.