



## ANNUAL REPORT 2018



### **REDUCING WASTE FOR A BETTER ENVIRONMENT**

Corporate Social Responsibility - Recycling Waste Since 1980



## REDUCING WASTE FOR A BETTER ENVIRONMENT

Corporate Social Responsibility -  
Recycling Waste Since 1980



# TABLE OF CONTENTS

- |      |   |  |
|------|---|--|
| 2.   | Corporate Information                           |  |
| 3.   | Group Structure                                 |  |
| 4.   | Financial Highlights                            |  |
| 5.   | Profile of Directors                            |  |
| 8.   | Profile of Key Senior Management                |  |
| 9.   | Chairman's Statement                            |  |
| 12.  | Management Discussion and Analysis              |  |
| 14.  | Statement on Sustainability Reporting           |  |
| 19.  | Corporate Governance Overview Statement         |  |
| 33.  | Additional Compliance Information               |  |
| 34.  | Statement on Risk Management & Internal Control |  |
| 37.  | Audit and Risk Management Committee Report      |  |
| 40.  | Directors' Responsibility Statement             |  |
| 41.  | Financial Statements                            |  |
| 101. | List of Properties held by the Group            |  |
| 105. | Analysis of Shareholdings                       |  |
| 107. | Notice of the Twentieth Annual General Meeting  |  |
|      | Form of Proxy                                   |  |

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Kan Yow Kheong**

*Executive Chairman*

**Lim Yoke Soo**

*Executive Director*

**Kan Mun Hoow**

*Executive Director*

**Low Chin Ann @ Han Chin Ann**

*Senior Independent Non-Executive Director*

**Lai Yew Choong**

*Independent Non-Executive Director*

**Clifton Heath Fernandez**

*Independent Non-Executive Director*

**Nur Syazwani Binti Muhamad**

*Independent Non-Executive Director*

### COMPANY SECRETARIES

**Cynthia Gloria Louis** (MAICSA 7008306)

**Chew Mei Ling** (MAICSA 7019175)

### REGISTERED OFFICE

Unit 621, 6<sup>th</sup> Floor, Block A,  
Kelana Centre Point,  
No. 3 Jalan SS7/19, Kelana Jaya,  
47301 Petaling Jaya,  
Selangor Darul Ehsan  
Tel : 03-7880 9699  
Fax : 03-7880 8699

### SHARE REGISTRAR

**Symphony Share Registrars Sdn. Bhd.**

(Company No. 378993-D)

Level 6 Symphony House  
Block D13 Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya Selangor  
Tel : 03-7841 8000  
Fax : 03-7841 8151/03-7841 8152

### AUDITORS

**Crowe Malaysia** (AF 1018)

Chartered Accountants  
Level 16, Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : 03-2788 9999  
Fax : 03-2788 9998

### PRINCIPAL BANKERS

Malayan Banking Berhad  
Hong Leong Bank Berhad  
United Overseas Bank (Malaysia) Berhad  
United Overseas Bank Limited  
DBS Bank Limited  
Overseas-Chinese Banking Corporation Limited  
Standard Chartered Bank (Singapore) Limited

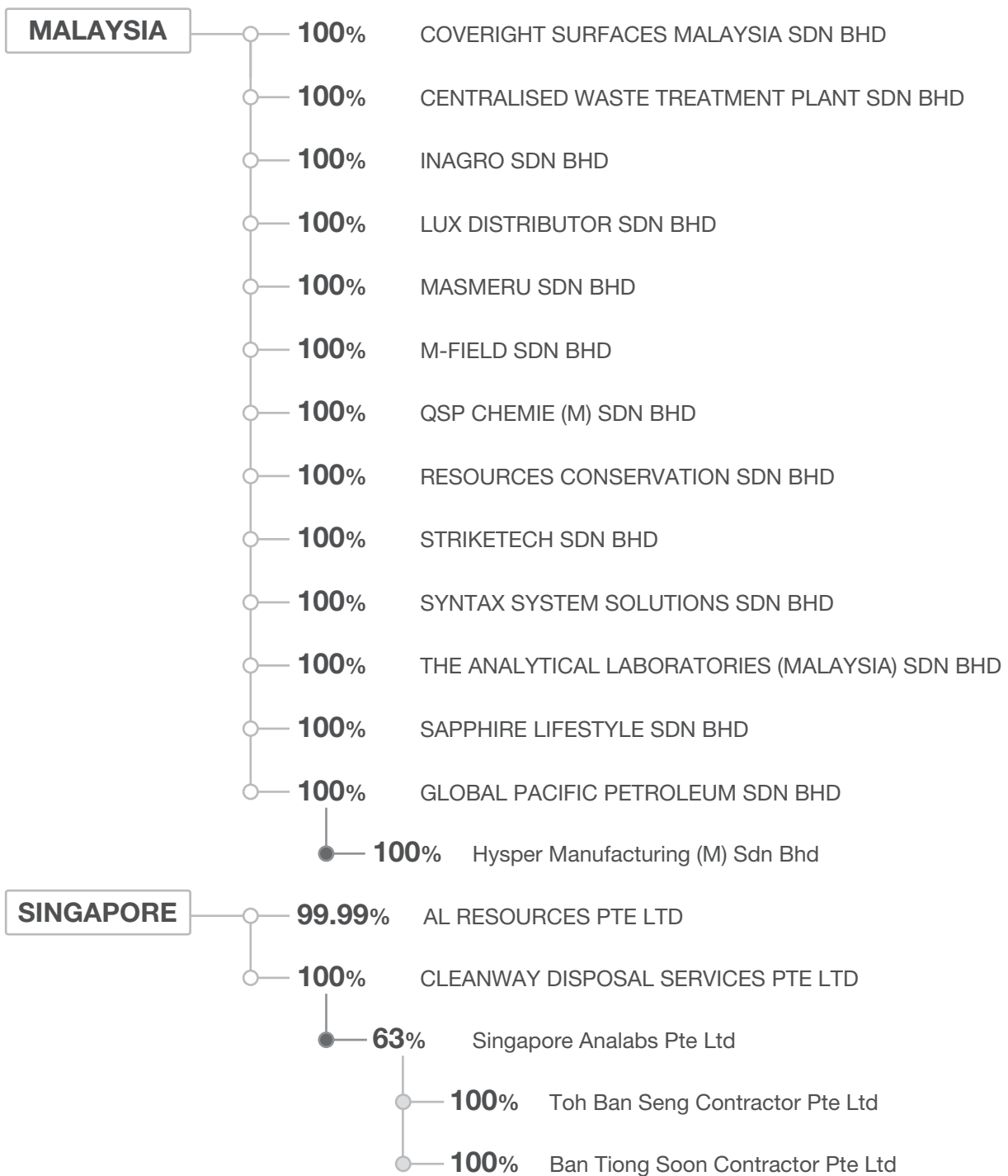
### STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad  
Stock name : ANALABS  
Stock code : 7083

### WEBSITE

[www.analabs.com.my](http://www.analabs.com.my)

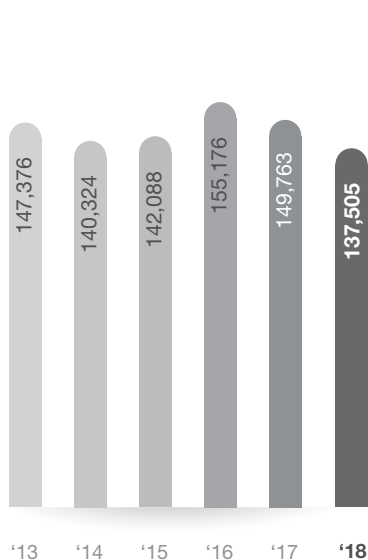
# GROUP STRUCTURE



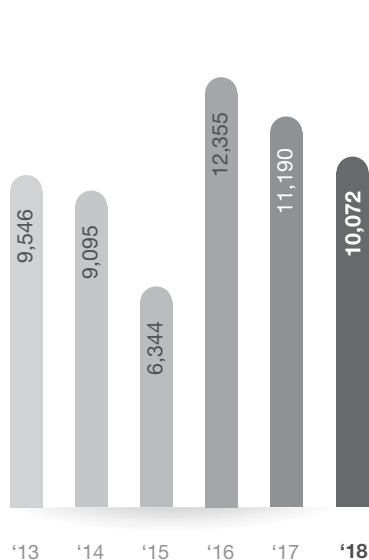
## FINANCIAL HIGHLIGHTS

YEAR ENDED 30 APRIL	2013	2014	2015	2016	2017	2018
TURNOVER (RM'000)	147,376	140,324	142,088	155,176	149,763	137,505
PROFIT AFTER TAXATION (RM'000)	9,546	9,095	6,344	12,355	11,190	10,072
PROFIT ATTRIBUTABLE TO SHAREHOLDERS (RM'000)	9,546	9,695	6,879	13,254	11,108	9,489
NET EARNINGS PER SHARE (sen)	16.46	16.88	12.11	23.57	19.79	16.91
NET ASSETS (RM'000)	163,257	207,022	209,914	221,252	235,394	249,694
NET ASSETS PER SHARE (RM)	2.83	3.64	3.75	3.98	4.23	4.48
DIVIDEND RATE PER SHARE (%)	5.50	4.13	3.00	3.00	3.25	1.00

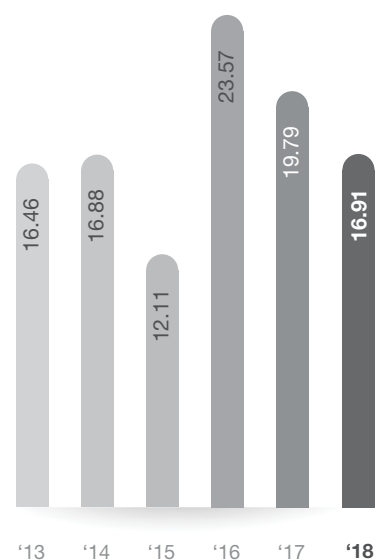
**TURNOVER**  
(RM'000)



**PROFIT AFTER TAXATION**  
(RM'000)



**NET EARNINGS PER SHARE**  
(sen)



## PROFILE OF DIRECTORS

### MR. KAN YOW KHEONG

*Executive Chairman*

**Mr. Kan Yow Kheong**, a Malaysian, Male, aged 64, was appointed to the Board of Analabs as the Executive Chairman on 19 November 1999. Mr. Kan, who is also the major shareholder, joined The Analytical Laboratories (Malaysia) Sdn Bhd (TAL) as a manager of the laboratory in 1980. Trained as a chemist, he graduated from Universiti Sains Malaysia with a degree in Chemistry (Honours).

Having successfully completed the Top Management Program from the Manila-based Asian Institute of Management in 1988, he went on to obtain his Diploma in Marketing Management from CIM (UK) and finally Honours in MBA from Oklahoma City University, (USA).

He has attended all five (5) Board Meetings held during the financial year. He is the father of Mr. Kan Mun Hoow, who is also the Executive Director and has no other family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences in the past 5 years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

### MR. LIM YOKE SOO

*Executive Director*

**Mr. Lim Yoke Soo**, a Malaysian, Male, aged 67, was appointed as the Executive Director of Analabs on 20 August 2010. Mr. Lim graduated with a Bachelor of Science (Honours) in Chemistry from Nanyang University Singapore. In 1976, he began his career as a Process Engineer with National Semiconductor (M) Sdn. Bhd. and later joined The Analytical Laboratories (M) Sdn. Bhd. in 1978 as a Laboratory Chemist. Mr. Lim graduated with a Diploma in Management from the Malaysian Institute of Management. To date, Mr. Lim has accumulated more than 30 years of experience in project management of waste water, pure water treatment plants and marketing for waste recycling jobs. He was also appointed as a Director of several private limited companies.

Mr. Lim has attended four (4) Board Meetings held during the financial year. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences in the past 5 years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

### MR. KAN MUN HOOW

*Executive Director*

**Mr. Kan Mun Hoow**, Malaysian, Male, aged 38, was appointed to the Board of Analabs as the Executive Director on 9 March 2017. He graduated with a degree in Mechanical Engineering (Hons) in year 2002 from Western Michigan University (USA). Upon completion of his studies, he joined Resources Conservation Sdn Bhd ("RCSB") as a Junior Engineer from year 2002 to 2007. During his tenure in RCSB, he continued with his education in SEGI College and graduated with a Diploma in Accounting. He is a member of the Chartered Institute of Management Accountants (CIMA), Malaysian Institute of Accountants (MIA) and Institution of Engineers of Malaysia. He joined Coveright Surfaces Malaysia Sdn Bhd ("CSM") on 1 December 2010 as Technical Services Engineer and was promoted as Factory Manager and subsequently a Director of CSM on 6 July 2011, a position he holds until to date.

He is the son of Mr. Kan Yow Kheong, the Executive Chairman and the major shareholder of Analabs. He has no other family relationship with any director and/or major shareholder of the Company.

He has attended all five (5) Board Meetings held during the financial year. He has no conflict of interest with the Company and has not been convicted for any offences in the past 5 years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

## PROFILE OF DIRECTORS

cont'd

### **MR. LOW CHIN ANN @ HAN CHIN ANN**

*Senior Independent Non-Executive Director*

**Mr. Low Chin Ann @ Han Chin Ann**, a Malaysian, Male, aged 38, was appointed to the Board of Directors of Analabs on 1 December 2012 as an Independent Non-Executive Director and was identified as the Senior Independent Non-Executive Director of Analabs on 5 January 2015. Mr. Low is a Fellow of the Chartered Certified Accountant (FCCA) since 2008 and holds a Diploma in Computer Science awarded by FTMS-ICL and Certified Accounting Technician awarded by the Association of Chartered Certified Accountants both in year 1999. Mr. Low started as a Tax Executive in RKT Tax Services in year 2001. He then left RKT Tax Services and joined KLC Higher Studies as a lecturer till end of 2002.

He was a Course Director at Kolej Kasturi in CAT-Academic from year 2003 to 2006 before he joined FTMS Global Singapore in 2007. Currently, he is an ACCA Course Advisor for Methodist College and acting as a consultant of his own firm, CA Advisory providing corporate training and seminars. He is also an adjunct technical advisor for Thenesh, Renga & Associates as well as a visiting lecturer for Citypro Educare (Johor) and various universities in China. He is also a member of the examination team of an internationally recognised professional accountancy body since 2009.

Mr. Low is the Chairman of the Nomination Committee and Remuneration Committee and a member of the Audit & Risk Management Committee. He has attended five (5) Board Meetings held during the financial year. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences in the past 5 years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

### **MR. LAI YEW CHOONG**

*Independent Non-Executive Director*

**Mr. Lai Yew Choong**, a Malaysian, Male, aged 70, was appointed to the Board of Directors of the Company on 1 December 2012 as an Independent Non-Executive Director. Mr. Lai holds a Senior Cambridge awarded by University of Cambridge in year 1965. He started his banking career at Bank of America Kuala Lumpur in 1965 in the Trade Finance Department and was promoted to Chief Dealer of Foreign Exchange in 1973. He joined Bank Bumiputra Malaysia in 1973 to set up Foreign Exchange/Money Market Division and carried the position as the Bank's Chief Dealer/Treasury Head and was responsible for setting up the Bank's International Dealing Rooms in London, Hong Kong, Tokyo, Singapore and New York. Mr. Lai assumed various positions in Bank Bumiputra Malaysia from Manager, Marketing & Public Affairs (1980-1985), Manager, Correspondent Banking (1985-1986) and Manager, Financial Institutions (1986-1987). He then joined United Asian Bank in 1987 as Deputy General Manager, Treasury & International Banking as part of Bank Negara Malaysia's team to revamp the Bank's operations and remained as Senior Vice President in 1992 after the merger with Bank of Commerce Berhad before he was appointed as Director of Bank of Commerce International Ltd, Labuan from 1995 to 1997. Mr. Lai was the Senior Vice President, Treasury & International Banking of Malaysian French Bank (now known as Alliance Bank) from 1995 to 1997. He then joined Malaysian Plantations Berhad as General Manager to set up and head its financial derivative subsidiary Matrix Core Options & Futures Sdn Bhd. He was appointed as an Executive Director of Matrix Core Options & Futures Sdn Bhd from 1999 until retirement in 2001.

Mr. Lai is a member of the Audit & Risk Management Committee, Nomination Committee and Remuneration Committee. He has attended five (5) Board Meetings during the financial year. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences in the past 5 years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.



## PROFILE OF DIRECTORS

cont'd

### MR. CLIFTON HEATH FERNANDEZ

*Independent Non-Executive Director*

**Mr. Clifton Heath Fernandez**, a Malaysian, Male, aged 46, was appointed to the Board of Directors of the Company on 16 February 2016 as an Independent Non-Executive Director.

Mr. Clifton is a fellow of the Chartered Certified Accountants (UK). He holds a Diploma Management from Malaysian Institute of Management and a Certified Lead Auditor from Germany DAKKS, UKAS. He is also a Chartered Internal Auditor, IIA, Certified Accounting Technician, CAT and a member of Chartered Quality Institute, UK.

Mr. Clifton is currently the Certification Director of Royalcert International Registrar, South East Asia Region and the Managing Director of RCERT (SEA) Sdn Bhd.

His career has encompassed a spectrum of industries, involving Standards and Improvement in projects, Compliance, Quality, Financial, Auditing, Education, Human Resources and Credit Control. He conducts Training, Certification Audits & Placement Consultancy for clients in South East Asia Region.

Mr. Clifton also acts as an independent reviewer and evaluation body to ensure that compliance issues/concerns with the organisation are being appropriately evaluated, investigated and resolved.

Mr. Clifton is the Chairman of the Audit and Risk Management Committee and a member of Nomination Committee and Remuneration Committee.

He has attended four (4) Board Meetings during the financial year. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences in the past 5 years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

### MS. NUR SYAZWANI BINTI MUHAMAD

*Independent Non-Executive Director*

**Ms. Nur Syazwani Binti Muhamad**, a Malaysian, Female, aged 25, was appointed to the Board of Directors of the Company on 22 March 2018 as an Independent Non-Executive Director.

Ms. Nur Syazwani graduated with a Degree in Applied Chemist (HONS) from University Technology MARA. She is currently a Consultant Chemist specializing in applied chemical.

As Ms. Nur Syazwani only joined the Board on 22 March 2018, she has not attended any Board Meeting during the financial year as there were no meetings held subsequent to her appointment. She has no family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and has not been convicted for any offences in the past 5 years. There were no sanctions and/or penalties imposed on her by any regulatory body during the financial year.

#### **Note:**

*The details of the Directors' shareholdings in the Company and its subsidiaries are disclosed on page 44 and page 105 of this Annual Report.*

## PROFILE OF KEY SENIOR MANAGEMENT

### **MR. KAN YOW KHEONG**

*Executive Chairman*

---

For his profile, kindly refer to the Directors' Profile on page 5 of this Annual Report.

### **MR. LIM YOKE SOO**

*Executive Director*

---

For his profile, kindly refer to the Directors' Profile on page 5 of this Annual Report.

### **MR. KAN MUN HOOW**

*Executive Director*

---

For his profile, kindly refer to the Directors' Profile on page 5 of this Annual Report.

### **MS. LAI NYUK MOI**

---

**Ms. Lai Nyuk Moi**, a Malaysian, Female, aged 49, is a Chartered Certified Accountant, a member of the Association of Chartered Certified Accountants (ACCA) and Malaysian Institute of Accountants (MIA). Ms. Lai joined Centralised Waste Treatment Plant Sdn Bhd as a trainee on 1 March 2000 after graduating from high school. Ms. Lai possesses more than 15 years of experience in various divisions in the Analabs Group including Administration & Accounting, Production, Purchasing and Marketing. Ms. Lai assumed her role as the Finance Manager of the Group on 1 January 2013.

She has no family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and has not been convicted for any offences in the past 5 years. There were no sanctions and/or penalties imposed on her by any regulatory body during the financial year.



# CHAIRMAN'S STATEMENT

***Dear Shareholders,***

*On behalf of the Board of Directors of Analabs Resources Berhad, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 30 April 2018.*

*Analabs which started in the recycling of waste business has strategically invested in financial assets and has gained a market presence in the business of trading in building materials. It has also increased its property investment portfolio. Analabs remains focused on its core competencies and a prudent management of investment has enabled Analabs to remain competitive in the market. Analabs has continued to deliver on its growth strategies by generating profit to create long term shareholders' value.*

## CHAIRMAN'S STATEMENT

cont'd

### OPERATING ENVIRONMENT

Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segments remain the Group's focus and are the key revenue contributors for the financial year ended 30 April 2018 ("FYE2018").

The significant change in Malaysia's political landscape following the nation's 14th General Elections may impact the operating landscape of the Group in the short to medium term as new economic policies are being put into place by the newly elected Government.

In spite of the uncertainties in the near future, the Group strongly believes that Malaysia's overall economic outlook remains resilient.

The Group has automated our plant to optimize production to meet our long term plan to reduce reliance on manpower.

The performance of our two Singapore subsidiaries namely, Toh Ban Seng Contractor Pte. Ltd. and Ban Tiong Soon Contractor Pte. Ltd., whose principal activities are pipe laying and rehabilitation works remained challenging due to effect of the current economic crisis. We have restructured these two subsidiaries by downsizing its workforce to reduce the operating costs and this has resulted in the two subsidiaries registering profit.

In June 2018, Toh Ban Seng Contractor Pte. Ltd. and Ban Tiong Soon Contractor Pte. Ltd had settled the biggest liability, the UOB Loan which amounted to SGD 9.347 million. Following the settlement, Management would have additional funds to explore new business opportunities that may arise in the near future.

### GROUP RESULTS

The Group recorded a revenue of RM137.5 million for FYE2018, representing a decrease of approximately 8.2% as compared to RM149.8 million recorded for financial year ended 30 April 2017 ("FYE2017").

For the FYE2018, the Group recorded a profit before tax of RM12.0 million as compared to profit before tax of RM14.9 million in the FYE2017. The lower profit before tax was mainly due to the decrease in the revenue of the Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segments.

As at 30 April 2018, the Group's statements of financial position remained healthy with net assets of RM249.7 million or RM4.48 per share. Cash and Cash equivalents increased to RM50.3 million as compared to RM40.4 million in FYE2017. This was a result of prudent management by the Group.

### DIVIDEND AND SHARE BUY BACK

The Group's track record over the years is a testament to its staying power and strength. Analabs is and will always, remain, committed to delivering long-term value to shareholders.

As part of the Group's on-going efforts to reward the shareholders, the Group paid out an interim single tier dividend of 1.0 sen per ordinary share in FY2018.

As at 30 April 2018, the Company held a total of 3,919,400 treasury shares from its issued share capital of 60,024,000 ordinary shares.

### LOOKING FORWARD

The Group foresees the current operating environment to remain challenging due to the uncertainty of oil prices and the current global economic environment contributed by the US-China trade tension.

Analabs will look into opportunities to explore suitable business prospects and continue to be more selective in its investment opportunities in order to position our business for future growth. Continuous efforts would be made to develop talent and improve business efficiencies to ensure that we remain well positioned to deal with the changing economic environment.

With the above business strategies, we will strive to maintain our market share, sustain business viability and focus on growth to enhance the revenue stream and profitability for the coming financial year amid the economic challenges faced globally.



CHAIRMAN'S STATEMENT  
cont'd**DIRECTORATE**

During the year, Ms. Tan Suat Eam had resigned from the Board. On behalf of the Board, I would like to express our gratitude for her guidance and support rendered during her tenure as a member of the Board.

Further, I would like to take this opportunity to welcome Ms. Nur Syazwani Binti Muhamad who was appointed as an Independent Director on 22 March 2018.

**ACKNOWLEDGEMENT**

I personally would like to extend my appreciation to my fellow directors, Mr. Lai, Mr. Low, Mr. Clifton, Mr. YS Lim and Mr. MH Kan for their valuable insight, guidance and dedication towards the improvement of Analabs. In the near term, our emphasis will be to source and train new talent to meet the global financial crisis.

On behalf of the Board, I wish to extend my many thanks to our Auditors, Crowe Malaysia, our Tax Agents, Deloitte Tax, our Internal Auditors, RSM, our Company Secretary, Corporate Partner and our entire management team, all our employees and the directors within the Group for their unwavering determination, hard work, and commitment to work through this difficult years. I also wish to extend my deepest appreciation to our valued customers, business partners and shareholders for their steadfast support and confidence in us.

**Y K KAN***Executive Chairman*

# MANAGEMENT DISCUSSION AND ANALYSIS

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

This Management Discussion & Analysis Report (“MD&A”) aims to review the Group’s business and operation, discussion of the financial performance, in addition to the other statements disclosed such as performance of operating segments, risk and uncertainties and future outlook of the Group. This MD&A should be read in conjunction with the Company’s audited financial statements and the accompanying notes for the financial year ended 30 April 2018 (“FYE2018”).

## BUSINESS AND OPERATIONS OVERVIEW

Analabs is an investment holding company with subsidiaries in Malaysia and Singapore, involved in 5 diversified business segments which include:-

- (i) Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials;
- (ii) Recovery and Sale of Recycled Products;
- (iii) Culture and Sale of Prawns;
- (iv) Investment Holding and Property Letting; and
- (v) Contract Work, Pipe Laying and Rehabilitation.

The two major segments that contribute the highest results to the Group are:

- (i) Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials; and
- (ii) Recovery and Sale of Recycled Products.

Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segments remain the key revenue contributors to the Group for FYE2018 and its business footprint covers the Asia Pacific region. To be competitive in this business segment and exposure to both local and foreign competition, the Group employs the best German made machinery and technology with lean manufacturing practices. The product produced is used in the furniture market and is known as low pressure melamine which in turn produces a value added surface product for timber products. The Group’s activities also covers distribution of building materials and chemicals which is in line with the manufacturing value chain with the end product used to furnish houses from flooring to furniture.

During the zero-rated GST period from June 2018 to August 2018, the Group has taken the opportunity to further automate our plant to optimize production to meet our long term plan to reduce reliance on manpower.

Looking at the outlook, China remains a main threat to the manufacturing division. Prices of raw materials like commodity continue to rise, and this is passed down directly to the value chain. With new competition coming into the industry, management remains committed to deliver good quality products coupled with technical service by building up a very strong workforce to develop new or related products.

Recovery and Sale of Recycled Products segments are the second largest contributor to the results for FYE2018. Recovery and Sale of Recycled Products services cover hazardous industrial waste to domestic waste. The activities involve the Group’s pioneering core business as a professional waste management company that has set industry benchmarks time and again with its innovative & environmentally friendly recycling practices to satisfy our customer requirements.

The focus of this segment remains upbeat as the Trade War between China and USA is benefitting the SEA and Malaysia being one of them. When productivity of certain industries increases, more waste is also produced. Capturing more market share is another part of the strategy of this segment. With more players entering the market, price and service war remains the greatest hurdle of this industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

### BUSINESS AND OPERATIONS OVERVIEW Cont'd

The biggest challenge faced by the Group is to create awareness among the end users to practise proper waste disposal and segregation. There is a need to continue reinforcing our market position by innovating more customized recycle products in line with the industry demands such as electronic waste, handphone and hybrid battery.

Human Resource plays an instrumental role in securing the future success of the Group. In doing so, the function is guided by its long-term vision of working in partnership to create an environment where employees can thrive and are able to deliver sustainable organisational performance.

### FINANCIAL REVIEW

For the FYE2018, the Group achieved a revenue of RM137.5 million which represented a decrease of 8.2% or RM12.3 million lower than the preceding financial year ended 30 April 2017 ("FYE2017").

The Group's gross profit margin dropped from 19.5% in FYE2017 to 17.3% in FYE2018. The decrease was mainly due to the decrease in the revenue of the Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segments. Correspondingly, the Group recorded a lower profit before tax of RM12.0 million as compared to profit before tax of RM14.9 million in FYE2017.

The Group's prudent cost management saw a dip in Administration and Other Operating Expenses by RM2.33 million in FYE2018.

As at 30 April 2018, the Group's statements of financial position remained healthy with net assets of RM249.7 million or RM4.48 per share. The Cash and Cash equivalents increased to RM50.3 million as compared to Cash and Cash equivalents of RM40.4 million in FYE2017.

The Group has implemented strict controls on capital management, including the following:-

- Strict review on capital expenditure spending, focusing on areas of key priority and revenue generation.
- Tight monitoring on inventory and debtor management.
- Cost containment measures, focusing on enhancing operational efficiencies.

The Group is mindful that the economic uncertainties and difficult market conditions are expected to prevail into the new financial year in our major operating markets. The Group will continue with aggressive cost containment measures and rollout more innovative approaches in its operations to drive greater cost efficiency and productivity.

### BUSINESS OUTLOOK & STRATEGY

The Group is faced with many market and economic uncertainty both domestically and internationally due to changes in the economic climate. The Management is currently cautiously optimistic on the future growth prospects of the Group for the coming financial year amid the economic challenges faced globally.

The Group is constantly undertaking continuous enhancements in production efficiencies, overheads and production cost management. In addition, strengthening the marketing team will remain a core strategy to generate better sales and profitability.

The Group shall continue to explore the human capital development plans and streamline the strategy to prepare and develop the employees for future leadership roles in line with the Company's growth. In the next few years, we aim to source for the right personnel towards achieving our succession plan.

Analabs will continue to be more selective in investment opportunities in order to position our business for future growth. With the above business strategies, we will strive to maintain our market share, sustain business viability and focus on growth to enhance the revenue stream and profitability.

# STATEMENT ON SUSTAINABILITY REPORTING

## OVERVIEW & SCOPE OF SUSTAINABILITY AT ANALABS

As part of Analabs Resources Berhad’s journey to incorporate a sustainable business practices in the long term, the Group is committed to a holistic approach to business management, taking into consideration of the Economic, Environmental and Social (“EES”) risks and opportunities alongside financial implications, as a measure to generate long term benefits and business continuity.

To further reinforce our commitment towards sustainability, we have implemented an Integrated Management System with concurrent certification to The ISO 14001:2015, ISO 9001:2015, ISO 18001:2007 and FSC (Forest Stewardship Council - Chain of Custody) for our core subsidiaries.

In all of this, our efforts have been guided by a robust standard and improvement framework that promotes integrity, ethical behaviour, accountability and transparency. Our organisation’s sustainability strategy is determined by our Board of Directors, whom provides oversight of our corporate sustainability policies and performance. Senior Management oversees the implementation of the organisation’s sustainability approach and ensures that key targets are being met. The respective division’s management head are responsible for identifying, evaluating, monitoring and managing EES risks and opportunities directly.

Unless otherwise stated, this Sustainability Statement encompasses Analabs Resources Berhad and all of its subsidiaries.

## STAKEHOLDERS REVIEW & ENGAGEMENT

Analabs Resources Berhad are in the midst of conducting a holistic review of its Stakeholders and present its key requirements with related internal and external issues for the Group and pertinent action plans required in the upcoming period.





## STATEMENT ON SUSTAINABILITY REPORTING

cont'd

### STAKEHOLDERS REVIEW & ENGAGEMENT Cont'd

Stakeholder group	Engagement method	Frequency of engagement
Customers/Clients	Customer feedback management	Daily
	Complaint Management	Daily
	Market research & Innovation	Regular
	Events and engagement sessions	Ad-hoc
Vendors/Subcontractors	Independent Evaluation	Annually
	Vendor Briefing programmes	Regular
	Vendor relationship management	Regular
	Vendor Development Programme (VDP)	Ongoing
Government and Regulators	Formal meetings/visits	Ad-hoc
	Performance reports	Regular
	Licensing, Audits & Inspections	Ad-hoc
Employees	Employee Performance Appraisal	Annually
	Dialogue and engagement	Weekly
	Intranet, department meeting, chat room	Regular
	Employee engagement programmes	Regular

### MATERIAL SUSTAINABILITY AND RELEVANT ACTION PLANS

The following is the Group's identified material sustainability matters, identified via management reviews and assessments of the context and strategy of each subsidiary with considerations to relevant stakeholders' requirements and expectations. These are critical internal and external risk and opportunities that are pertinent to our long-term growth and continual improvement.

Material Sustainability Issues	
Economic	<ul style="list-style-type: none"> <li>i) Research &amp; Development and commitment to innovation on related equipment's, technology and technical know-how</li> <li>ii) Customer Satisfaction and complaint management process for adherence and enhancement of products and service deliverables</li> <li>iii) Sustainable value chain management with vendors, subcontractors, transporters assessment, evaluation and improvements</li> </ul>
Social Responsibilities	<ul style="list-style-type: none"> <li>i) Labour Incident, accident and injury rates monitoring, reporting and reviews</li> <li>ii) Workforce diversity and human rights factor inculcation within human resources development and capital management</li> <li>iii) Occupational Safety &amp; Health Management policies and practices enforcement</li> <li>iv) Community Outreach Programs to create awareness and contribute to local operational areas</li> </ul>
Environmental Stewardship	<ul style="list-style-type: none"> <li>i) Water Usage, Energy Output monitoring and control (Emission)</li> <li>ii) Waste Output monitoring and minimizing (Waste &amp; Effluents Discharge)</li> <li>iii) Product and Services Responsibility</li> <li>iv) Compliance to local statutory and regulatory requirements</li> </ul>

The above list of Material Sustainability Issues and matters shall be managed with relevant documentation, process approach, objective settings, risk and opportunities monitoring and PDCA action plans.

## STATEMENT ON SUSTAINABILITY REPORTING

cont'd

### **MATERIAL SUSTAINABILITY AND RELEVANT ACTION PLANS** Cont'd

We periodically update the full list of sustainability matters and revise our priority annually based on our corporate strategy and external developments.

The Group is realising key benefits from integrating sustainability in business by including:

- Enhancement of process risk management via risk-based thinking group wide
- Promoting innovation and attracting new customers with improvement initiatives and marketing strategy
- Maintaining a licence to operate for best practices, fulfilling stakeholders needs and compliance to obligations
- Securing capital with periodic business context and stakeholders review of requirements and expectation on environment, social and governance matters
- Improving productivity and cost optimisation through process approach and objective settings at key stages
- Enhancing brand value and reputation of the Group with stringent quality, health & safety and environmental controls and compliance to statutory and legal obligations.

### **ANALABS RESOURCES BERHAD 2018/2019 GROUP SUSTAINABILITY INITIATIVES**

The Group has undertaken the following initiatives as an integral part of its business operations and practices by contributing to the welfare of its employees, stakeholders, the general public and the environment it operates in:-

#### ***Business Environment***

The Group recognises the impact of its day to day business on the environment. As such, the Group is committed by implementing Quality, Health, Safety and Environmentally (QHSE) friendly work processes while raising the QHSE awareness among its staff.

The core objectives for its scope have been identified for 2018 and relevant action plan and completion measurement shall be tabled in its following reporting cycle:

- To Reduce Settled claims and non-conforming products and/or services
- To Reduce Waste Materials
  - Process Wastage
  - Solidified Waste
  - Commercial Wastage
- To Reduce Scheduled Waste Generation

#### ***Environmental Awareness***

The Group is committed to prevent pollution through environmental controls, minimization of wastes and efficient use of all the energy in line with the group's motto "Reducing Waste for A Better Tomorrow".

Analabs is a pioneer in recycling of waste management. The Group has engaged competent consultants to conduct air emission/pollution monitoring and noise monitor to ensure that our operations meet the requirements set by the various authorities.

The Group has its environmental team to promote environmental awareness and in the conservation of the environment. In addition, we also communicate to our customers, suppliers, contractors, shareholders and the public on our commitment to environmental protection and conservation policy.

## STATEMENT ON SUSTAINABILITY REPORTING cont'd

### ANALABS RESOURCES BERHAD 2018/2019 GROUP SUSTAINABILITY INITIATIVES Cont'd

#### **Environmental Awareness** Cont'd

With the Sustainability Charter in mind, we are committed to preserve pollution through minimization of waste. We are obliged to ensure that our operations do not degrade the environment. The Group has over the years undertaken its fair share to conserve the environment including:-

1) Scheduled Waste Management

All scheduled waste will be packed, managed and monitored according to the requirements of Department of Environment (DOE) inventory, Waste Water Treatment Plant and Consignment Notes data and documentation are reviewed and managed periodically.

2) Non-Scheduled Waste Management

All non-scheduled waste will be disposed by licensed contractor at industrial waste dump site.

3) Chemical Health Risk Assessment

As various chemicals are used in our production process, we have engaged a registered Chemical Health Risk Assessor to carry out periodic assessment.

Our subsidiaries incorporated an Integrated Management System Culture encompassing ISO9001, ISO18001 & ISO 14001 respectively.

Our effort in undertaking the protection of our environment is part of our commitment to maintain our standard towards environmental control. A monitoring programme has been put in place to ensure compliance with the requirements of the Environment Quality Act 1974.

#### **Community Engagements**

i) Charitable Contributions

Our efforts in undertaking CSR are part of our commitment and mission in managing our business responsibility towards ensuring all the stakeholders have benefited in one way or another.

We continue to play our part as a responsible corporate citizen and discharging our social responsibilities through active participation in many CSR programs i.e Charity Homes, NGO initiatives etc.

ii) Education

The Group offers internship programmes for local colleges, universities, academies by providing positions leading to management trainees after completing their tertiary educations. Interns or Management trainees will be rotated in various departments to gain experience and exposure accordingly.

Head of Departments conducts talks, outreach programs at local institution ie. UTAR, Royalcert Academy on best practices and technical know-how of our processes.

## STATEMENT ON SUSTAINABILITY REPORTING

cont'd

### ANALABS RESOURCES BERHAD 2018/2019 GROUP SUSTAINABILITY INITIATIVES Cont'd

#### *Community Engagements* Cont'd

##### iii) Employees Welfare

In today's competitive environment, the most important contribution to the Group's growth is its employees. As part of our sustainability effort, the Group has initiated the following activities to promote the welfare of all our employees:-

##### (a) Safety & Health Team

The Group has its in-house Occupational Safety & Health Committee which meets at least once quarterly to discuss on the safety and health related issues concerning the employees, plant & equipment and also the working environment. The Committee shall continue to improve the groups's safety & health performance by proactively providing awareness and programs for our employees in relation to a safe workplace.

Our Group's occupational safety and health policy highlights our commitment to:

- prevent injury and ill health to our employees;
- ensure compliance to laws and regulations in relation to occupational safety and health;
- require vendors/contractors to meet our occupational safety and health standards across all operations;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and general public.

##### (b) Human Capital Development

Employees are highly valued as assets at Analabs. We believe that our efforts to cultivate and strengthen corporate culture will eventually attract and retain talents. We frequently organize staff gatherings, social outings and excursions throughout the year to inculcate team work and relationship building. The Group has a policy of providing training for all level of staff base on competency assessments and succession planning for relevant positions. The Group contributes to Human Resource Development Fund and is committed to the development and training of employees to enhance their respective skills and competencies. We comply to local employment act and recognise the importance of human rights and equal opportunities at Work place.

##### (c) Emergency Response Team

An Emergency Response Team (ERT) is formed to assist Management and employees during any emergencies to ensure that all the employees are aware of their own safety during fire and that the Group's properties and materials are well protected from any accident or mishap. A safety committee and enforce QHSE policy is communicated group wide. Structured and scheduled awareness programs and drills are carried out to emphasise the criticality of QHSE requirements. An Emergency Response Plan have been established to manage fire, flood and chemical spillage.

We think that our employees are behind the success of the Group and they remain our long-term valuable assets in ensuring the group's long-term sustainability.

As we progress in our sustainability journey where respective operational data collection is more advanced, it may then extend its reporting scope to cover both its Malaysia and Singapore operations.

Moving forward, we shall continually seek for new opportunities to realise our sustainability commitment and roadmap.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Analabs Resources Berhad (“the Company”) is committed to a corporate culture that is based on the principles and best practices of corporate governance and is practised by the Company and its subsidiaries (“the Group”).

The Group’s corporate governance framework is premised upon the following statutory provisions, best practices and guidelines:-

- Companies Act, 2016 (“the Act”);
- Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“BMSB”); and
- Malaysian Code on Corporate Governance (“the Code”).

The Group welcomed BMSB’s enhanced corporate governance disclosure requirements which were introduced in line with the Code.

The Group will continue its endeavour to comply with all the key Principles and Best Practices of the Code in its effort to observe high standards of transparency, accountability and integrity. The Group believes that good corporate governance will help to realise long term shareholders’ value, whilst taking into account the interest of other stakeholders.

The following paragraphs describe how the Group has applied the Principles and Best Practices of the Code.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### Practice 1.1 Roles and Responsibilities of the Board

The Board provides the overall governance as well as stewardship and oversight for the direction and management of the Company and Group.

In discharging its duties and functions effectively, the Board delegates certain responsibilities to its Board Committees. All committees have written terms of reference. These Committees are formed in order to enhance business and operating efficiency. The Chairman of the respective Committee will report to the Board the outcome of the Committees Meetings for the Board’s consideration and final decision. Minutes of the respective Meetings will be presented to the Board for its information. The Board retains full responsibility for the direction and control of the Company and the Group.

The Board establishes the vision and strategic objectives of the Group, directing policies, strategic action plans and stewardship of the Group’s resources. The Board’s roles and responsibilities amongst others include:

- a. Reviewing and approving the overall strategic plans and direction of the Group;
- b. Overseeing and evaluating the conduct and performance of the Company and Group;
- c. Identifying principal risks and ensuring implementation of a proper risk management system;
- d. Establishing a succession plan;
- e. Overseeing the development and implementation of a shareholder communication policy for the Company;
- f. Reviewing the adequacy and the integrity of the management information and internal controls system of the Group; and
- g. Be responsible for the overall corporate governance of the Group, including environmental and social impact and the Group’s strategic direction, establishing goals for Management and monitoring the achievement of these goals.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

#### I. BOARD RESPONSIBILITIES Cont'd

##### Practice 1.2 Roles of the Chairman

##### Practice 1.3 Separation of roles of Chairman and Group Managing Director and Chief Executive Officer

The Board has delegated to the Executive Chairman, the authority and power to manage the Company and its businesses within levels of authority specified by the Board from time to time. The Board is mindful that the Executive Chairman is responsible for the overall leadership and efficient functioning of the Board and day-to-day management of the Company and its subsidiaries (Group) but is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient check and balance. Given that the four experienced Independent Directors represented more than 50% of the Board, the Board collectively would be able to function independently of management. The Board is of the view that it is in the interest of the Company to maintain the above arrangement so that the Board could have the benefit of a chairman who is knowledgeable about the businesses of the Group, capable of guiding discussions at Board meetings and who is able to brief the Board in a timely manner on key issues and developments. The roles of the Executive Chairman are mentioned in the Board Charter which is made available in the Company's website [www.analabs.com.my](http://www.analabs.com.my).

The Independent Directors provide unbiased and independent views to safeguard the interests of shareholders. The Independent Directors are actively involved in the various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide a broader view, independent assessment and opinions on management proposals presented by Management.

It is a mandatory practice to have the Directors concerned to declare their interests and abstain from the decision making when a potential conflict of interest arises.

##### Practice 1.4 Company Secretary

The Company Secretaries, Ms Cynthia Gloria Louis and Ms Chew Mei Ling are Associate member of the Malaysian Institute of Chartered Secretaries & Administrators.

The Company Secretaries whose appointment and removal are subject to the Board's approval, attend all Board and Board Committee meetings. The Board has direct access to the advice and services of the Company Secretaries who are responsible to the Board for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

In performing their duties, the Company Secretaries carry out, amongst others, the following tasks:-

- Statutory duties as required under the Act, MMLR of BMSB and Capital Market and Services Act 2007;
- Facilitating and attending Board Meetings and Board Committee Meetings;
- Maintaining records for the purpose of meeting statutory obligations;
- Assisting the Board with the preparation of announcements for release to BMSB and the Securities Commission Malaysia (where required); and
- Rendering advice and support to the Board and Management.

##### Practice 1.5 Information and Support for Directors

Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors within sufficient time to enable the Directors to review, seek additional information or clarification on the matters to be deliberated at Board meetings unless in unavoidable circumstances. The Senior Management and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.

Apart from the above, the Board members are supplied with information and reports on financial, operational, corporate, regulatory, business development and audit matters by way of board reports or upon specific request to enable them to discharge their duties and responsibilities. All Directors are notified of the corporate announcements released to BMSB, any amendment to BMSB Listing Requirements and any pertinent Regulatory changes. All Directors have access to management and auditors for independent views and advice.

In furtherance of their duties, the Directors may seek independent professional advice if necessary, at the expense of the Company.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

#### I. BOARD RESPONSIBILITIES Cont'd

##### Practice 1.5 Information and Support for Directors Cont'd

##### Meetings and Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during the financial year ended 30 April 2018. In compliance with the MMLR, all the Directors do not hold directorships more than that prescribed under the MMLR. There were five (5) Board of Directors' Meetings held during the financial year ended 30 April 2018 and the details of the attendance of the Directors' and Committees meetings are as follows:-

Directors	Board of Directors	ARMC	NC	RC	AGM
Kan Yow Kheong	5/5	5/5*	1/2*	1/1*	1/1
Lim Yoke Soo	4/5	4/5*	1/2*	1/1*	1/1
Kan Mun Hoow	5/5	5/5*	1/2*	1/1*	1/1
Lai Yew Chong	5/5	5/5	2/2	1/1	1/1
Clifton Heath Fernandez	4/5	4/5	2/2	1/1	1/1
Low Chin Ann @ Han Chin Ann	5/5	5/5	2/2	1/1	1/1
Tan Suat Eam ( <i>Resigned on 10.01.2018</i> )	2/5	2/5*	1/2*	1/1*	1/1

*Note:*

- i. *Lim Chee Beng resigned from the Board on 22 June 2017. He has not attended any meeting during the financial year as there was no meeting held before his resignation.*
  - ii. *Nur Syazwani was appointed on 22 March 2018 and she has not attended any meeting during the financial year as there was no meeting held subsequent to her appointment.*
- \* *Attended by invitation.*

ARMC - *Audit & Risk Management Committee*  
 NC - *Nomination Committee*  
 RC - *Remuneration Committee*  
 AGM - *Annual General Meeting*

The main activities carried out by the Board in year 2018 are set out below:-

- Reviewed and approved the annual report, quarterly results and financial statements;
- Received updates on risk management and internal control;
- Reviewed and validated the results of the 2018 Board Effectiveness Evaluation; and
- Reviewed the terms of office and the contribution, performance and the effectiveness of the Board and individual directors, the ARMC, NC, RC and each member of the Board Committees to ensure that they have carried out their duties in accordance with their respective terms of reference.

##### Practice 2.1 Board Charter

The Company has established and adopted a Board Charter which serves as a reference point for respective Board activities. The Board Charter provides guidance for Directors and Management regarding their responsibilities, the requirements of Directors in carrying out their stewardship roles and in discharging their fiduciary duties towards the Company as well as boardroom activities. The Board Charter can be found on the Company's website at [www.analabs.com.my](http://www.analabs.com.my).

The Board will review the Board Charter as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant standards of corporate governance.

The Board Charter was reviewed on 28 June 2018.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

#### I. BOARD RESPONSIBILITIES Cont'd

##### Practice 3.1 Code of Conduct and Ethics

##### Practice 3.2 Whistleblowing Policies and Procedures

The Directors observe the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The Code of Ethics is published in the Company's website at [www.analabs.com.my](http://www.analabs.com.my).

The Board also has in place a Whistle Blowing Policy for employees to raise genuine concerns, without fear, about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse. The Whistle Blowing Policy is available for reference at the Company's website at [www.analabs.com.my](http://www.analabs.com.my).

#### II. BOARD COMPOSITION

##### Practice 4.1 Board Composition and Independence Board Composition

The Board consists of seven (7) members comprising the Executive Chairman, four (4) Independent Non-Executive Directors and two (2) Executive Directors.

The Board has complied with Paragraph 15.02 of the Listing Requirements which requires at least two directors or one-third of the Board (whichever is the higher) to be Independent Directors. The presence of the Independent Directors, forming half of the Board members, provides objectivity and independent judgment to decision making.

The Board believes that the current composition is appropriate given the collective skills and experience of the Directors and Analabs' current size and nature of business. Further, the Board is of the view that with the current Board size, there is no disproportionate imbalance of power and authority on the Board between the Non-Independent and Independent Directors. The Board will continue to monitor and review the Board size and composition as may be needed.

The Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They, particularly the Independent Non-Executive Directors, are actively involved in various Board Committees. They provide guidance, unbiased, fully balanced and independent and objective views, advice and judgment to various areas such as performance monitoring, enhancement of corporate governance and controls so as to safeguard the interest of shareholders and stakeholders and to ensure that the highest standards of conduct and integrity are maintained by the Group.

It is a mandatory practice to have the Directors concerned to declare their interests and abstain from the decision making process when a potential conflict of interest arises.

##### Changes in Board Composition

The changes in the Board Composition during the financial year are as follows:-

##### Resignations

- Lim Chee Beng resigned from the Board on 22 June 2017.
- Tan Suat Eam resigned from the Board on 10 January 2018.

##### New Appointment

Nur Syazwani Binti Muhamad was appointed as a Independent Non-Executive Director of the Board on 22 March 2018.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

#### II. BOARD COMPOSITION Cont'd

##### Practice 4.1 Board Composition and Independence Board Composition Cont'd

###### Annual Assessment of Independence

Criteria have been set to assess the independence of candidate for directors and existing directors based on the guidelines set out in the MMLR.

On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

None of the Independent Director had any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The Board was truly satisfied with the level of independence demonstrated by all Independent Directors.

###### Practices 4.2 and 4.3 Tenure of Independent Director

The Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director. In the event such Director is to be retained as an independent director, the Board must justify and seek annual shareholders' approval. In the event the Board continues to retain the independent director after the twelfth (12th) year, annual shareholders' approval must be sought through a two-tier voting process to retain the said director as an independent director.

The Board is mindful that the limitation of terms of service may result in a loss to the Company by the exit of Board members who are making valuable and critical contributions and believes that the tenure of Independent Directors on the Board does not interfere with their objectives and independent judgement or their abilities to act in the best interest of the Company.

The Company does not have any Independent Non-Executive Director who has served more than nine (9) years as at the date of this Statement.

During the financial year, the NC carried out an assessment of the Directors and recommended the re-election of directors at the forthcoming AGM to the Board.

###### Practices 4.4 and 4.5 Board Diversity

The Board acknowledges the importance of diversity as an essential virtue of good corporate governance and an attribute of a well-functioning Board. Diversed views enhance Board discussions and ensure that the discussions made by the Board have been considered from all points of view. The Board acknowledges that diversity presents itself in a number of forms, including but not limited to gender, age, cultural background, educational background, ethnicity, professional experience, skills and knowledge.

The Board takes appropriate measures to ensure that boardroom diversity is considered as part of its selection and recruitment exercise. However, the merits of the individual and the knowledge and expertise relevant to the Company will be the main criteria when considering the selection of new candidates to the Board.

Although the Company does not currently have a written policy on diversity pertaining to the selection of its Board members, the Board has always taken into account diversity as one of the selection criteria of Board appointees as it recognises that a diversified Board will provide effective and dynamic discussions at the Board level. Currently, we have one female director.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

#### II. BOARD COMPOSITION Cont'd

##### Practices 4.4 and 4.5 Board Diversity Cont'd

The Broad experience matrix, age and gender diversity of the Board during the financial year was as follows:

Directors	Industry / Background experience							Age composition			Gender			
	Applied chemistry	Banking	Accounting/Finance/Corporate Finance	Project Management	Certification Audit & Placement Consultancy	Marketing Management	Mechanical Engineering	Corporate Training/Education	Environmental & Sustainability Management	25 - 34	35 - 44	45 - 54	55 - 70	Male
Kan Yow Kheong	✓			✓				✓				✓	✓	
Lim Yoke Soo	✓			✓		✓						✓	✓	
Kan Mun Hoow			✓	✓			✓	✓	✓				✓	
Lai Yew Chong		✓	✓			✓		✓				✓	✓	
Clifton Heath Fernandez			✓	✓	✓	✓	✓	✓			✓		✓	
Low Chin Ann @ Han Chin Ann			✓	✓		✓	✓	✓	✓				✓	
Tan Suat Eam (Resigned on 10.01.2018)								✓				✓		✓
Nur Syazwani Binti Muhamad (Appointed on 22.03.2018)	✓								✓					✓

Note:-

Excludes Lim Chee Beng who resigned from the Board on 22 June 2017.

#### Practice 4.6 Sourcing of Directors

The Board does not set specific criteria for the assessment and selection of candidates for appointment as director. Consideration would be taken on the need to meet the regulatory requirements such as the Act and the MMLR, the experience, integrity, wisdom, independence of the candidate, ability to make analytical inquiries, ability to work as a team to support the Board, possession of the required skill, qualification and expertise that would add value to the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

The NC is responsible to recommend candidates to the Board to fill vacancy arising from resignation, retirement or other reasons or if there is a need to appoint additional directors with the required skill or profession to the Board in order to close the competency gap in the Board identified by the NC. The potential candidate may be proposed by existing directors, senior management, shareholders or third party referrals.

Upon receipt of the proposal, the NC is responsible to conduct an assessment and evaluation on the proposed candidate.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

#### II. BOARD COMPOSITION Cont'd

##### Practice 4.6 Sourcing of Directors Cont'd

The assessment/evaluation process may include among others, a review of the candidate's resume, curriculum vitae and qualification. The NC would also assess the candidate's integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

Upon completion of the assessment and evaluation of the proposed candidate, the NC would make its recommendation to the Board. Based on the recommendation of the NC, the Board would evaluate and decide on the appointment of the proposed candidate.

##### Practices 4.7 Nomination Committee

The NC is a committee of the Board with the function of recommending appointments to the Board, Board Committees and senior management and other strategic positions such as internal auditor, legal officer and risk officer.

##### Chairman & Membership

- (i) The NC comprises three (3) members, all of whom are Non-Executive Directors with the majority being Independent Directors.
- (ii) The term of office of each member of the NC shall be one year and is subject to re-appointment thereafter at the discretion of the Board.
- (iii) The Board shall ensure that any vacancy in the NC is filled within three (3) months of such vacancy arising.
- (iv) The appointment of a committee member automatically terminates when the member ceases to be a Director.
- (v) The Chairman of the NC is chaired by the Senior Independent Director or an Independent Director.

The composition of the NC during the financial year was as follows:-

Chairman : Low Chin Ann @ Han Chin Ann (*Senior Independent Non-Executive Director*)

Members : Lai Yew Choong (*Independent Non-Executive Director*)  
Clifton Heath Fernandez (*Independent Non-Executive Director*)

##### Practice 5.1 Evaluation of Board, Board Committees and Individual Directors

The Board evaluation comprised a Board and Board Committee's Assessment, Assessment by Individual Directors and Peer Assessments and Assessments of Independence of Independent Non-Executive Directors ("the Assessments").

For Individual Performances and Board Evaluation, the assessment criteria include among others, contribution and performance, calibre and personality, Board mix and composition, quality of information and decision making as well as participation at Board and Committee Meetings. The Board also undertook an evaluation on the ARMC and the assessment criteria include effectiveness and quality, external and internal audits and financial reporting. The criteria for assessing the independence of an Independent Director include among others, the relationship between the Independent Director and the Group and his or her involvement in any significant transaction with the Group. The results and recommendations from the evaluation were reported to the Board for further consideration and action, if required.

Directors who are subject to re-election at the next AGM shall be assessed by the NC before recommendation is made to the Board and shareholders for their re-election.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

#### II. BOARD COMPOSITION Cont'd

##### Practice 5.1 Evaluation of Board, Board Committees and Individual Directors Cont'd

##### Annual Assessment of Existing Directors & Board Committees

To ensure that the Board would be able to discharge its duties and responsibilities effectively, the NC has during the year carried out:

- i) an assessment of the Directors, which includes the self-assessment carried out by the individual Directors;
- ii) a review on the retirement of Directors by rotation eligible for re-election at the forthcoming AGM;
- iii) an assessment on the independence of the Independent Directors;
- iv) a review and assessment on the composition and diversity of the Board Committees;
- v) an evaluation on the ARMC and the assessment criteria include effectiveness and quality, external and internal audits and financial reporting. The NC and the Board were satisfied with the performance and effectiveness of the ARMC.

There were no major concerns arising from the results of the Assessments. The feedback confirmed that the Board and each of its committee continue to operate effective and that each Director continues to make an effective contribution and demonstrates a strong commitment to the role.

The results of the Assessments form the basis for the NC's recommendation to the Board for the re-election of Directors at the forthcoming AGM.

##### Re-election of Directors

In accordance with the provisions of the Company's Articles of Association, all Directors for the time being shall retire from office and shall be eligible for re-election at each AGM. Directors who are appointed to the Board during the year shall retire and seek re-election at the next AGM to be held following their appointments.

##### Directors' Training

All the Directors of the Company have attended the Mandatory Accreditation Programme. Directors are encouraged to attend relevant seminars and conferences to enhance their professionalism and knowledge and to keep abreast with the latest developments in the industry and on laws and regulations.

The Board acknowledges that continuous education is vital for its Board members to gain insight and maintain awareness of the economy, technological advances, latest regulatory developments and management strategies. The NC assesses from time to time the training needs of the Directors and ensures the fulfilment of such training deemed appropriate.

For the year under review, the training programmes and seminars attended by the Directors are as follows:

Directors	Seminar/Forum/Conference/ Training	Date
Kan Yow Kheong	ISO 10002 Managing Customer Complaint	19.12.2017
Lim Yoke Soo	ISO 10002 Managing Customer Complaint	19.12.2017
Kan Mun Hoow	ISO 10002 Managing Customer Complaint	19.12.2017
Lai Yew Chong	a. ISO 10002 Managing Customer Complaint b. Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide	19.12.2017 28.02.2018
Clifton Heath Fernandez	ISO 10002 Managing Customer Complaint	19.12.2017
Low Chin Ann @ Han Chin Ann	ISO 10002 Managing Customer Complaint	19.12.2017

Note:-

Exclude Lim Chee Beng and Tan Suat Eam who resigned from the Board on 22 June 2017 and 10 January 2018 respectively. Nur Syazwani Binti Muhamad was appointed on 22 March 2018 and has attended the Mandatory Accreditation Programme on 5 and 6 July 2018.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

#### III. REMUNERATION

##### **Practice 6.1 Remuneration Policy and Procedures for Directors and Senior Management**

The objectives of the Company's remuneration policy on Directors' remuneration is to attract, retain and motivate the Directors of the highest quality and to recognise and reward the high performing Directors for achieving the Company's business and corporate goals.

The Board shall ensure that the levels of remuneration are competitive in the market to attract and retain Directors of the quality required to manage the business of the Group. The RC is entrusted under its Terms of Reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by each of the Non-Executive Directors concerned.

The fees for Directors are determined by the Board with the approval from Shareholders at the AGM. No Director is involved in deciding his own remuneration.

##### **Practice 6.2 Remuneration Committee**

The RC is appointed by the Board and has no executive powers. The appointment of a committee member automatically terminates when the member ceases to be a Director. The composition of the RC during the financial year was as follows:-

Chairman : Low Chin Ann @ Han Chin Ann (*Senior Independent Non-Executive Director*)

Members : Lai Yew Choong (*Independent Non-Executive Director*)  
Clifton Heath Fernandez (*Independent Non-Executive Director*)

The RC comprising of three (3) Non-Executive Directors, all of whom are Independent, has the primary responsibility to provide assistance to the Board in determining, reviewing and developing a remuneration policy and reward system for the Board, Senior Management and other strategic position such as internal auditor, legal officer and risk officer. The remuneration package links rewards to corporate and individual performance. A remuneration policy is presently in place to ensure the levels of remuneration are sufficiently attractive to retain Directors and Key Senior Management.

The RC shall meet at least once a year and may invite other Board members, officers of the Company, employees and any other external parties to attend meetings or part thereof as and when necessary. The RC through its Chairman shall report to the Board at the next Board of Directors' Meeting after each meeting. The Company Secretary is the Secretary to the RC.

The RC held one (1) meeting during the financial year ended 30 April 2018. The details of the terms of reference of the RC are available for reference at the Company's website at [www.analabs.com.my](http://www.analabs.com.my).

The terms of reference of the RC was last reviewed on 28 June 2018.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

#### III. REMUNERATION Cont'd

##### Practices 7.1 and 7.2 Disclosure of Remuneration of Directors and Senior Management

The details of the remuneration of the Directors of the Company and Group for the financial year ended 30 April 2018 are as follows:

Company	Salaries & Bonuses RM	Fees RM	Other emoluments RM	Benefits-in-kind RM
Executive Directors	94,365	36,000	6,243	-
Non-Executive Directors	-	47,321	-	-
<b>Total</b>	<b>94,365</b>	<b>83,321</b>	<b>6,243</b>	<b>-</b>

Group	Salaries & Bonuses RM	Fees RM	Other emoluments RM	Benefits-in-kind RM
Executive Directors	277,365	618,500	27,403	-
Non-Executive Directors	-	47,321	-	-
<b>Total</b>	<b>277,365</b>	<b>665,821</b>	<b>27,403</b>	<b>-</b>

The number of Directors whose remuneration falls into the following bands is as follows:-

Company	Salaries & Other Emoluments		Fees	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	1	-	3	4
RM50,001 - RM100,000	1	-	-	-

Group	Salaries & Other Emoluments		Fees	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	1	-	-	4
RM50,001 - RM100,000	1	-	-	-
RM150,001 - RM200,000	-	-	1	-
RM200,001 - RM250,000	1	-	1	-
RM250,001 - RM300,000	-	-	1	-

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

#### III. REMUNERATION Cont'd

##### Practices 7.1 and 7.2 Disclosure of Remuneration of Directors and Senior Management

(i) *Directors' Fees/Meeting Allowance*

The Company will be seeking the approval of the shareholders for the Proposed Director Fees of RM108,000 for the financial year ending 30 April 2019 at the forthcoming AGM. The fees will not be paid until the approval of the shareholders at the forthcoming AGM.

(ii) *Non-Executive Directors*

The Non-Executive Directors are not entitled to any other benefits or incentive plan.

(iii) *Executive Chairman*

The Executive Chairman's remuneration package is reflected in his service contract as structured taking into account the fixed compensation which includes basic salaries, fees and allowances including retirement benefits, hospitalisation and surgical insurance and a variable performance-linked bonus.

(iv) *Senior Management*

The top 5 key senior management remuneration in the band of RM50,000 are as follows:-

Senior Management	Fees	Salary/ Bonus	Benefits in- kind	Other emoluments
RM50,001 to RM100,000	-	2	-	-
RM100,001 to RM150,000	-	3	-	-

(v) *Directors & Officers (D&O) Insurance*

There was no indemnity given to or insurance effected for the Directors and officers of the Group and of the Company.

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Practice 8.1 Audit and Risk Management Committee Composition and Chairman

#### Practice 8.4 (Step Up) Independence of the Audit and Risk Management Committee

The ARMC is made up exclusively by Independent Directors based on the Step-Up recommendation of the Code and also fulfils the requirements of the Listing Requirements of which requires the ARMC to comprise no fewer than three (3) members and that all members must be Non-Executive Directors with a majority of them being Independent Directors.

The Chairman of the ARMC is an Independent Director. The role and responsibilities of the ARMC as well as their rights are set out in the Terms of Reference contained on the corporate website.

Details of the activities carried out by the ARMC in FYE 2018 are set out on pages 37 to 39.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### **PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT** Cont'd

#### **Practices 8.2 and 8.3 Oversight and Assessment of the Suitability and Independence of External Auditors**

The Company's independent External Auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of the financial statements.

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the External Auditors in seeking professional advice and ensuring the compliance with the relevant regulations and applicable approved accounting standards in Malaysia. The External Auditors attend ARMC meetings when necessary and have direct access to the ARMC and Internal Auditors for independent discussion.

#### **Independence of Auditors**

The Board through the ARMC reviews and assess the independence of the External Auditors on a yearly basis. The ARMC works closely with the Management team in assessing the suitability of the External Auditors. The areas of assessment include among others, the External Auditors' objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement.

The External Auditors, in supporting their independence, provided the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the ARMC of the Company during the financial year.

In the event a former audit partner is appointed as a member of the ARMC, the former key audit partner is to observe a cooling-off period of at least two (2) years before being appointed.

The ARMC meets periodically to carry out its functions and duties pursuant to its Terms of Reference. During the financial year, the ARMC met the External Auditors twice without the presence of the Management.

The ARMC and the Board are satisfied with the performance, competence and independence of the External Auditors and the Board had recommended their re-appointment for shareholders' approval at the forthcoming AGM.

#### **Practice 8.5 Financial Literacy of the ARMC**

The ARMC possess the right mix of skills to discharge its duties effectively.

All members are financially literate and able to understand matters under the purview of the ARMC including the financial reporting process and to provide diverse perspectives that strengthen the quality of deliberations.

#### **Practices 9.1 and 9.2 Risk Management and Internal Control Framework**

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines.

The Group's approach to risk management and the principal risks faced by the Group are disclosed on the Statement on Risk Management and Internal Control as set out on pages 34 to 36 of the Annual Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT Cont'd

#### Practices 10.1 and 10.2 Internal Audit Function

The Group has outsourced its internal audit ("IA") function to a professional service firm which is independent of the activities and operations of the Group.

The IA function is tasked by the Board to undertake continuous review and assessment on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented in the Group.

The outsourced internal auditors report directly to the ARMC. Details on the internal audit function are set out in the ARMC Report and the Statement on Risk Management and Internal Control of this Annual Report.

The IA function has unrestricted access to the ARMC and is invited to attend meetings to facilitate the deliberation of audit reports. The minutes of the ARMC meetings are then tabled to the Board for information and serve as useful references, especially if there are pertinent issues that any Directors wish to highlight or seek clarification.

### PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Financial reporting

The Board, through the ARMC, endeavours to provide and present a balanced view and meaningful assessment of the Group's financial performance to its shareholders, primarily through the Annual Reports and quarterly announcements of the Group's results to BMSB. The Board is assisted by the ARMC in overseeing the Group's financial reporting process and the accuracy, consistency and appropriateness of the use and application of accounting policies.

On a yearly basis, the ARMC meets with the External Auditors to go through the Audit Planning Memorandum prior to commencement of audit. In addition, the ARMC also meets with the External Auditors to discuss their report to the ARMC following completion of their audit. The External Auditors share with the ARMC any significant issues on the financial statements and regulatory updates. The ARMC obtains assurance from the External Auditors on the Company's compliance with the applicable approved financial reporting standards.

The Directors acknowledge and are responsible for ensuring that proper accounting records are kept to reflect the reasonable accuracy of the financial position of the Company and the Group and to ensure the financial statements comply with all relevant rules and regulations.

The Directors have a general responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent, minimize and detect fraud and other irregularities.

#### Corporate Disclosures Policies and Procedures

##### Practice 11.1 Communication with Stakeholders

Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensuring that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following:-

- (i) The Annual Report;
- (ii) The various disclosures and announcements made to BMSB including the Quarterly Results and Annual Results;
- (iii) Briefings to the Company's key investors or other investment community in order to provide them a better understanding of the Group's operations and explanation to any concern highlighted; and
- (iv) The website at [www.analabs.com.my](http://www.analabs.com.my) which shareholders as well as members of the public are invited to access for the latest information on the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT cont'd

### **PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS** Cont'd

#### **Corporate Disclosures Policies and Procedures** Cont'd

##### **Practice 11.1 Communication with Stakeholders** Cont'd

The Board also encourages shareholders to communicate through other channels and has identified Mr. Low Chin Ann @ Han Chin Ann as the Senior Independent Non-Executive Director to whom concerns from the public may be conveyed. Mr. Low can be contacted via the following address:-

c/o Analabs Resources Berhad  
Unit 621, 6th Floor, Block A,  
Kelana Centra Point, No.3, Jalan SS7/19,  
Kelana Jaya, 47301 Petaling Jaya  
Selangor Darul Ehsan

##### **Practice 11.2 Integrated Reporting**

The Group has yet to adopt integrated reporting.

##### **Practice 12.1 Notice of Annual General Meeting**

The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Extraordinary General Meetings are held as and when required.

The Company sends out the Notice of AGM and related circular to Shareholders at least 28 days before the meeting in order to facilitate the full understanding and evaluation of the issues involved.

##### **Practice 12.2 Directors to attend General Meetings**

All the Directors would attend the General Meetings to allow the shareholders to raise questions and clarify any issues they may have relating to each resolution tabled for approval.

##### **Practice 12.3 Electronic Voting**

General Meetings are currently convened in a specified venue and resolutions put forth are voted by poll by the members present in person or by proxy at the said venue of the meeting. An independent scrutineer will be appointed to validate the votes cast at the General Meetings.

This Practice 12.3 recommendation to leverage on technology is a new concept introduced and companies would need time to study the availability of such software and hardware as well as writing the programmes to facilitate such mode of voting.

### **STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF THE CODE**

This statement is prepared in compliance with Paragraph 15.25 of the Listing Requirements and it is to be read together with the CG Report 2018 of the Company which is available in the Company's website at [www.analabs.com.my](http://www.analabs.com.my).

The Board is satisfied that the Company has complied with the Code during the financial year with regard to the recommendations supporting the Principles except as otherwise stated.

This statement was presented and approved at the Board of Directors' Meeting held on 30 July 2018.

## ADDITIONAL COMPLIANCE INFORMATION

### UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year, no proceeds were raised by the Company from any corporate proposals.

### AUDIT FEES AND NON AUDIT FEES

The audit fees payable for the Company and on the Group basis for the financial year ended 30 April 2018 were RM68,000 and RM278,503.51 respectively (both exclusive of GST).

There were no non-audit fees paid by the Company and on the Group basis to the external auditors or affiliates of auditors' firm for the financial year ended 30 April 2018.

### MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest either subsisting at the end of the financial year ended 30 April 2018 or entered into since the end of the previous financial year.

### RECURRENT RELATED PARTY TRANSACTIONS

There were no Recurrent Related Party Transactions of a revenue or trading nature which requires shareholders' mandate during the financial period under review.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance promulgates, inter-alia, the need for listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investment and Group's assets. The Board of Directors ("Board") of Analabs Resources Berhad is pleased to present the Statement on Risk Management & Internal Control (the "Statement") which is in compliance with paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and has taken into account the guidelines mentioned in the Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers).

## RESPONSIBILITIES OF THE BOARD

The Board acknowledges its responsibility for ensuring the adequacy and effectiveness of the Group's Risk Management and Internal Control System. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets.

Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in any systems of internal control and risk management where such systems being designed to manage, rather than eliminate, the risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide a reasonable, but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations.

The Group has established an ongoing process for identifying, evaluating and managing the significant risks that may affect the achievement of its business objectives. Any issue that affects the Group from achieving its business objectives are discussed in the Steering Committee meetings held during the financial year. Management is responsible for assisting the Board in implementing the processes for identifying, evaluating, monitoring and reporting risks and internal controls throughout the period.

For the financial year under review, the Board has received assurance from the Executive Director and Finance Manager that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the Group's risk management and internal control framework and systems are in place for the financial year under review and up to the date of issuance of the financial statements for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

The key elements of the Group's risk management and internal control system are described under the following headings:

## INTERNAL CONTROL ENVIRONMENT

In striving to operate a sound system of risk management and internal control that drives the Group towards achieving its goals, the Board of Directors has put in place an organisation structure with formally defined lines of responsibility and delegation of authority.

The Board is responsible towards the overall effectiveness of the Group's risk management and internal control systems through establishing, directing and supervising the operation of a risk framework that adequately manages the various risks faced by the Group whilst the Audit and Risk Management Committee ("ARMC") is overall responsible for providing assurance to the Board of Directors, as an independent party, on the effectiveness of the internal control systems and risk management in the Group.

The daily running of business is entrusted to the Executive Chairman and the management team. This close-to-operations management style enables timely identification and reporting of significant matters.

In order to inculcate a standard of ethical behaviour for directors and employees of the Group, a Code of Ethics & Conduct has been established and communicated to all directors and employees of the Group. The Group's Code of Ethics & Conduct is included in the Company's Board Charter.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

### RISK MANAGEMENT FRAMEWORK

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risk that affect the achievement of the Group's business objectives within defined risk parameters in a timely and effective manner. Management staffs are delegated with the responsibility of managing identified risks within defined parameters and standards.

The risk management process can be briefly summarised as follows:



This framework identifies the risks affecting the Group and forms the foundation in developing the audit plan for the Group. The internal audit plan is continuously reviewed by the ARMC and revised based on changes to the Group's business units/ functions.

### INFORMATION AND COMMUNICATION

Following from a clear organisational reporting structure, information are communicated and disseminated to key management within the Group. Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group via the Steering Committee meeting. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis.

The ARMC holds meetings to deliberate on the findings and recommendations for improvement by the Internal Auditor on the state of the internal control system and reports to the Board. The ARMC also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

### CONTROL AND MONITORING PROCESS

The Group's practice is guided by the Code of Ethics & Conduct. The Board is responsible for setting the Group's long-term business objectives and monitors the conduct of the Group's operations through various Board Committees. The processes adopted by the Board to monitor the effectiveness of the Group's internal control system are as follow:

- The Board and the ARMC meet to discuss matters raised by Management, Internal Auditors and External Auditors on business and operational matters.
- The Board has delegated the responsibilities to Management of the Group to implement and monitor the Board's policies on control.
- Delegation of authority is designed to ensure accountability and responsibility.
- Internal procedures and policies are documented.
- Steering Committee meetings are held during the financial year in order to assess the performance of the Group.

The monitoring, review and reporting arrangements in place give reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangement, however, do not eliminate the possibility of human error or deliberate circumvention of control procedures by employees and others.

Periodic reviews of adequacy and integrity of selected areas of internal control system are carried out by the internal audit function and results of such reviews are reported to the ARMC. The internal audit function thereby provides independent assurance on the areas reviewed by the internal audit function to the Board on the effectiveness of the Group's internal control system.

### CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. There were no material losses that have arisen from any inadequacy or failure of the Group's system of internal control which required additional disclosure in the financial statements.

The improvement of the system of internal controls is an on-going process and the Board maintains on-going commitment to strengthen the Group's control environment and processes.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Internal Control Statement. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised): Guidance for Auditors on the Review of Directors' Statement on Internal Control, issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group. RPG 5 (Revised) does not require the External Auditors to, and they did not, consider whether this statement covers all risk and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

This Statement is made in accordance with the resolution of the Board of Directors dated 30 July 2018.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## COMPOSITION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee (“the ARMC” or “the Committee”) comprises of three (3) members of the Board all of whom are Independent Non-Executive Directors:-

Chairman : Clifton Heath Fernandez (*Independent Non-Executive Director*)

Members : Low Chin Ann @ Han Chin Ann (*Senior Independent Non-Executive Director*)  
Lai Yew Choong (*Independent Non-Executive Director*)

Clifton Heath Fernandez was appointed a member of the ARMC on 22 June 2017 and re-designated as the Chairman on 28 June 2018.

Low Chin Ann @ Han Chin Ann was re-designated as member of the ARMC on 28 June 2018.

The composition of the Committee meets the requirements of paragraph 15.09 (1)(a) and (b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”).

## ATTENDANCE

The ARMC met five (5) times during the financial year and twice with the External Auditors without the presence of the Executive Directors and Management.

The record of attendance of each ARMC Member in the ARMC meetings held during the financial year ended 30 April 2018 are as follows:

Directors	Meetings Attended by the Members/ Total Number of Meetings held During the Financial Year Ended 30 April 2018	% of Attendance
Clifton Heath Fernandez	4/5	80
Low Chin Ann @ Han Chin Ann	5/5	100
Lai Yew Choong	5/5	100

The Executive Chairman and other Senior Management of the Group were invited to the meetings to provide inputs on the Group’s operations, key audit matters as well as response on internal audit findings.

## MINUTES OF MEETINGS

Minutes of meetings are circulated to all members and tabled for confirmation at the following meeting and subsequently presented to the Board for notation.

During the financial year, the ARMC Chairman presented to the Board, the Committee’s recommendation to approve the quarterly financial statements, annual audited financial statements, re-appointment of Auditors. Relevant issues highlighted by the External Auditors and Internal Auditors are escalated to the Board.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

### TERMS OF REFERENCE

On 28 June 2018, the Terms of Reference of the ARMC has been enhanced in line with the Corporate Governance Code. The Terms of Reference is accessible on the Company's website at [www.analabs.com.my](http://www.analabs.com.my).

### ASSESSMENT

On 22 March 2018, the Nomination Committee ("NC") reviewed the term of office of the ARMC members and assessed their performance through a formal evaluation process. The NC was satisfied that the ARMC members had all discharged their duties in accordance with their terms of reference. The Board having taken into consideration of the recommendation of the NC, approved the extension of the term of office of the ARMC for a further period of one year.

### SUMMARY OF WORKS DURING THE YEAR

The works carried out by the Committee during the financial year ended 30 April 2018 included the following:

#### (a) Financial Reporting

- In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited financial statements with the Company's Management and External Auditors, including a discussion on salient accounting and audit issues, strengthening internal control where there are deficiencies, matters required under the International Standard on Auditing, acceptability of accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.
- The Auditors concurred with the accounting policies adopted by Management and that they were in conformity with the relevant accounting standards in particular sufficiency of impairment of investment in quoted securities, the carrying value of investment in subsidiaries, impairment loss on trade receivables and allowances for slow moving/obsolete inventories. Goodwill on consolidation was reviewed by the External Auditors and no further impairment adjustment had been recommended for the year.
- The Committee reviewed the Group's quarterly financial statements before presenting to the Board for approval and public release.

#### (b) External Audit

- The External Audit Plan encompassing the scope and timing for the year's audit was reviewed by the Committee prior to the commencement of the audit.
- Salient areas of audit emphasis and audit approach, amongst others, were discussed and brought to the attention of the Committee.
- The Committee was also updated on the significant changes to the reporting contents of the audit report in line with the new ISA701 and revised Auditor Reporting standards (ISA700) issued by the Malaysian Institute of Accountants. In addition to the above, the Committee was updated on the requirement for disclosure of key audit matters and additional auditor responsibilities on other information under the amendments to the MMLR.
- The Committee reviewed the External Auditors' Report prepared in conjunction with the Annual Audited Financial Statements of the Company and Group and relevant disclosures.
- The Statement of Risk Management and Internal Control was reviewed by the External Auditors before inclusion in the Annual Report.
- With regard to strengthening deficiencies in internal control highlighted by the External Auditors during the previous audit covering areas of documentation and tracking activities, the Committee took note there were improvement on some of the areas highlighted and Management's plan to remediate those control deficiencies. The Committee will monitor the status on an on-going basis.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

### SUMMARY OF WORKS DURING THE YEAR Cont'd

#### (b) External Audit Cont'd

- The Committee reviewed the independence of the External Auditors to ascertain if they were in compliance with relevant ethical requirements regarding independence throughout the audit in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By Laws (On Professional Ethics, Conduct and Practice). The External Auditors had provided a written assurance that they had acted independently throughout the audit and that there were no relationships or provision of other non-audit services that had impaired or compromised their independence during the audit.
- The Committee reviewed the performance of the External Auditors and was satisfied with their performance, quality of communication, sufficiency and allocation of resources, competency as well as timeliness in completing the audit.
- During the year, the Committee met twice with the External Auditors without the presence of the Executive Directors and Management at the ARMC Meetings held on 28 June 2017 and 22 March 2018 to understand if they had encountered issues during their audit that needed to be brought to the attention of the ARMC.
- Having assessed the performance of the External Auditors, the Committee recommended their re-appointment as External Auditors for the ensuing year.

#### (c) Internal Control and Risk Management

- During the year, the Committee met two (2) times with the Internal Auditors to carry out its responsibility in reviewing the internal audit function and to assure itself on the soundness of internal control system.
- The Committee reviewed the risk-based Internal Audit Plan covering the scope of work for year 2017/2018, timing for commencement and completion of audit as well as on key areas of audit focus.
- The Committee had also reviewed the findings, recommendations and Management's response presented by the Internal Auditors covering the follow-up review on Coveright Surfaces Malaysia Sdn Bhd and internal audit review on Cleanway Disposal Services Pte Ltd in the area of sales processing cycle and claim processing.
- The Statement on Risk Management and Internal Control was reviewed by the Internal Auditors and External Auditors for inclusion in the Annual Report.

### INTERNAL AUDIT FUNCTION

The Group's internal audit function is currently outsourced to RSM Corporate Consulting (Malaysia) Sdn Bhd, a professional firm and this mitigates the risk of factors affecting the independence of Internal Auditors as it has no involvement in the operations of the Group. The outsourced Internal Auditors, who is responsible for the review and appraisal of the effectiveness of internal controls in the Group reports directly to the ARMC.

The Committee has full and direct access to the outsourced Internal Auditors, review the reports on all audit performed and monitors its performance. The Committee also reviews the adequacy of the scope, functions, competency and resources of outsourced internal audit functions.

The outsourced internal auditors carried out internal audits within the Group based on a risk-based audit plan approved by the Committee. Based on these audits, the outsourced internal auditors provided the Committee with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control.

During the financial period, the outsourced Internal Auditors had conducted the follow-up review on Coveright Surfaces Malaysia Sdn Bhd and internal audit review on Cleanway Disposal Services Pte Ltd in the area of sales processing cycle and claim processing.

The costs incurred for the outsourced internal audit function in respect of the financial year amounted to RM23,794.86 (inclusive of GST).

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors reaffirm that they are collectively responsible for ensuring that the annual financial statements of the Group and the Company are drawn up in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Listing Requirements of Bursa Securities; and that these financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group for the financial year ended 30 April 2018.

To ensure that financial statements are properly drawn up, the Directors have taken the following measures:

- adopted suitable accounting policies and applying them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.



# FINANCIAL STATEMENTS

- 42. Directors' Report
- 46. Statement by Directors
- 46. Statutory Declaration
- 47. Independent Auditors' Report
- 50. Statements of Financial Position
- 52. Statements of Profit or Loss and other Comprehensive Income
- 53. Statements of Changes in Equity
- 56. Statements of Cash Flows
- 58. Notes to the Financial Statements

## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 April 2018. All values shown in this report are rounded to the nearest thousand ("RM'000") except where otherwise indicated.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

### RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:	10,072	7,816
- Owners of the Company	9,489	7,816
- Non-controlling interests	583	-
	10,072	7,816

### DIVIDENDS

On 13 March 2018, the Company paid an interim single tier dividend of approximately 1 sen per ordinary share amounting to RM561,046 in respect of the financial year ended 30 April 2018.

The directors do not propose any further dividends for the current financial year.

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

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

### SHARES OPTIONS

The Company did not grant any share options during the financial year.

### BAD AND DOUBTFUL DEBTS

Before the financial statements were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of allowance for impairment losses on receivables inadequate to any substantial extent.

**DIRECTORS' REPORT**  
cont'd**CURRENT ASSETS**

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

**VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group or the Company misleading or inappropriate.

**CONTINGENT AND OTHER LIABILITIES**

The contingent liabilities are disclosed in Note 29 to the financial statements. At the date of this report, there does not exist:

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

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

**CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**DIRECTORS' REPORT**

cont'd

**DIRECTORS**

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

**Directors of the Company**

Kan Yow Kheong  
 Lim Yoke Soo  
 Clifton Heath Fernandez  
 Kan Mun Hoow  
 Lai Yew Choong  
 Low Chin Ann @ Han Chin Ann  
 Nur Syazwani Binti Muhamad (Appointed on 22 March 2018)  
 Lim Chee Beng (Resigned on 22 June 2017)  
 Tan Suat Eam (Resigned on 10 January 2018)

**Directors of Subsidiaries (Other than Directors of the Company)**

Kan Mun Foo  
 Lai Nyuk Moi  
 Lee Guat Khuan  
 Lee Lin Lian  
 Muhamad Hanis Bin Baharuddin  
 Wan Mei Yi  
 Woo Pek Chuan  
 Tan Cher Heng  
 Lim Hock Hwa (Resigned on 19 July 2018)

**DIRECTORS' INTERESTS**

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

Name of Director	Number Of Ordinary Shares			Balance at 30.4.2018
	Balance at 1.5.2017	Bought	Sold	
<u>Direct</u>				
Kan Yow Kheong	31,674,552	-	-	31,674,552
Lim Yoke Soo	212,277	-	-	212,277
Kan Mun Hoow	1,177,500	1,342,000	-	2,519,500
<u>Indirect</u>				
Kan Yow Kheong <sup>(a)</sup>	9,000	-	-	9,000

(a) Deemed interest by virtue of shares held by spouse (who is not a director of the Company).

By virtue of his interest in shares in the Company, Kan Yow Kheong is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

**DIRECTORS' REPORT**  
cont'd**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed in Note 19 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

**DIRECTORS' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 24 to the financial statements.

**INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS**

There was no indemnity given to or liability insurance effected for any director or officer of the Group and the Company during the financial year.

**SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

**AUDITORS**

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 19 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

Signed in accordance with a resolution of the directors dated 8 August 2018.

**Kan Yow Kheong**

**Lim Yoke Soo**

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Kan Yow Kheong and Lim Yoke Soo, being two of the directors of Analabs Resources Berhad, state that, in the opinion of the directors, the financial statements set out on pages 50 to 100 give a true and fair view of the financial position of the Group and the Company as at 30 April 2018 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed in accordance with a resolution of the directors dated 8 August 2018.

**Kan Yow Kheong**

**Lim Yoke Soo**

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Lai Nyuk Moi, being the officer primarily responsible for the financial management of Analabs Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 100 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Lai Nyuk Moi, I/C No. 681125-05-5096  
at Klang in the State of Selangor Darul Ehsan  
on this 8 August 2018

**Lai Nyuk Moi**

Before me  
Liow Siew San, PPC  
No. B464  
Commissioner For Oaths



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANALABS RESOURCES BERHAD

(Incorporated in Malaysia)  
Company No : 468971 - A

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Analabs Resources Berhad, which comprise the statements of financial position as at 30 April 2018 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 100.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 30 April 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

We are independent of the Group and 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
<p><u>Impairment of goodwill (Refer to Note 3 and Note 5 to the financial statements)</u></p> <p>The Group carries significant goodwill as disclosed in Note 5 to the financial statements. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>■ Tested the value-in-use model for goodwill including challenging management forecast and other assumptions including discount rate and long-term growth rates.</li> <li>■ Compared previous cash flow projections to actual results to assess the reasonableness of assumptions used in the cash flow projections.</li> <li>■ Performed a sensitivity analysis over revenue growth rate and discount rate used in deriving the value-in-use to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of goodwill.</li> </ul>

**INDEPENDENT AUDITORS' REPORT**  
 TO THE MEMBERS OF ANALABS RESOURCES BERHAD  
 (Incorporated in Malaysia)  
 Company No : 468971 - A  
 cont'd

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS** Cont'd

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

**Responsibilities of the Directors for the Financial Statements**

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF ANALABS RESOURCES BERHAD  
(Incorporated in Malaysia)  
Company No : 468971 - A  
cont'd

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS** Cont'd

**Auditors' Responsibilities for the Audit of the Financial Statements** Cont'd

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

**OTHER MATTERS**

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

**Crowe Malaysia**  
Firm No : AF 1018  
Chartered Accountants

**Ong Beng Chooi**  
Approval No : 03155/05/2019 J  
Chartered Accountant

Kuala Lumpur

8 August 2018

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>ASSETS</b>					
NON-CURRENT ASSETS					
Property, plant and equipment	4	144,114	147,030	-	-
Goodwill	5	9,943	10,022	-	-
Investments in subsidiaries	6	-	-	78,409	78,409
Investments in club memberships, at cost		180	180	-	-
Available-for-sale financial assets	7	50,592	43,739	4,040	1,998
		204,829	200,971	82,449	80,407
CURRENT ASSETS					
Inventories	8	17,916	18,562	-	-
Amounts due from customers for contract work		-	33	-	-
Receivables	9	32,176	31,521	10	79
Prepayments		279	255	-	-
Current tax assets		1,786	1,031	52	155
Cash and cash equivalents	10	55,771	44,717	7,327	632
		107,928	96,119	7,389	866
<b>TOTAL ASSETS</b>		<b>312,757</b>	<b>297,090</b>	<b>89,838</b>	<b>81,273</b>

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

**STATEMENTS OF FINANCIAL POSITION**  
AS AT 30 APRIL 2018  
cont'd

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>EQUITY AND LIABILITIES</b>					
EQUITY					
Share capital	11	66,272	66,272	66,272	66,272
Treasury shares	12	(5,888)	(5,888)	(5,888)	(5,888)
Reserves		190,786	177,155	28,429	20,681
Equity attributable to owners of the Company		251,170	237,539	88,813	81,065
Non-controlling interests	13	(1,476)	(2,145)	-	-
<b>TOTAL EQUITY</b>		<b>249,694</b>	<b>235,394</b>	<b>88,813</b>	<b>81,065</b>
NON-CURRENT LIABILITIES					
Loans and borrowings	14	6,976	4,967	-	-
Deferred tax liabilities	15	17,360	17,820	-	-
		24,336	22,787	-	-
CURRENT LIABILITIES					
Payables	16	22,896	26,157	1,025	208
Loans and borrowings	14	15,831	12,486	-	-
Amounts due to customers for contract work		-	266	-	-
		38,727	38,909	1,025	208
<b>TOTAL LIABILITIES</b>		<b>63,063</b>	<b>61,696</b>	<b>1,025</b>	<b>208</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>312,757</b>	<b>297,090</b>	<b>89,838</b>	<b>81,273</b>
<b>NET ASSETS PER SHARE (RM)</b>	32	<b>4.48</b>	<b>4.23</b>		

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
REVENUE	17	137,505	149,763	8,214	2,297
COST OF SALES		(113,710)	(120,503)	-	-
GROSS PROFIT		23,795	29,260	8,214	2,297
OTHER INCOME	18	5,812	5,791	111	229
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(17,025)	(19,357)	(398)	(346)
FINANCE COSTS		(554)	(753)	-	-
PROFIT BEFORE TAX	19	12,028	14,941	7,927	2,180
TAX EXPENSE	20	(1,956)	(3,751)	(111)	(104)
PROFIT AFTER TAXATION		10,072	11,190	7,816	2,076
OTHER COMPREHENSIVE INCOME/(LOSS):-					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
- Fair value changes of available-for-sale financial assets		5,974	3,580	496	379
- Reclassification adjustments on derecognition of available-for-sale financial assets		(5)	(81)	(3)	(86)
- Currency translation differences for foreign operations		(1,180)	1,418	-	-
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		4,789	4,917	493	293
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		14,861	16,107	8,309	2,369
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>					
Owners of the Company		9,489	11,108	7,816	2,076
Non-controlling interests		583	82	-	-
		10,072	11,190	7,816	2,076
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:-</b>					
Owners of the Company		14,192	16,170	8,309	2,369
Non-controlling interests		669	(63)	-	-
		14,861	16,107	8,309	2,369
<b>EARNINGS PER SHARE</b>	21				
Basic (sen)		16.91	19.79		
Diluted (sen)		16.91	19.79		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

Group	Non-Distributable				Distributable		Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Revaluation reserve	Currency translation reserve	Fair value reserve	Retained profits	RM'000		
Balance at 1 May 2016	60,024	(5,746)	6,248	47,194	3,940	(1,423)	113,097	223,334	(2,082)	221,252
Fair value changes of available-for-sale financial assets	-	-	-	-	-	3,580	-	3,580	-	3,580
Reclassification adjustments on derecognition of available-for-sale financial assets	-	-	-	-	-	(81)	-	(81)	-	(81)
Currency translation differences for foreign operations	-	-	-	-	1,563	-	-	1,563	(145)	1,418
Other comprehensive income/(loss) for the financial year	-	-	-	-	1,563	3,499	-	5,062	(145)	4,917
Profit for the financial year	-	-	-	-	-	-	11,108	11,108	82	11,190
Total comprehensive income/(loss) for the financial year	-	-	-	-	1,563	3,499	11,108	16,170	(63)	16,107
Purchase of treasury shares	-	(142)	-	-	-	-	-	(142)	-	(142)
Transfer from share premium upon abolition of par value	6,248	-	(6,248)	-	-	-	-	-	-	-
Dividends to owners of the Company (Note 22)	-	-	-	-	-	-	(1,823)	(1,823)	-	(1,823)
Total transactions with owners	6,248	(142)	(6,248)	-	-	-	(1,823)	(1,965)	-	(1,965)
Balance at 30 April 2017	66,272	(5,888)	-	47,194	5,503	2,076	122,382	237,539	(2,145)	235,394

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

Group	Non-Distributable					Distributable		Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Revaluation reserve	Currency translation reserve	Fair value reserve	Retained profits	RM'000	RM'000		
Balance at 1 May 2017	66,272	(5,888)	-	47,194	5,503	2,076	122,382	237,539	(2,145)	235,394	
Fair value changes of available-for-sale financial assets	-	-	-	-	-	5,974	-	5,974	-	5,974	
Reclassification adjustments on derecognition of available-for-sale financial assets	-	-	-	-	-	(5)	-	(5)	-	(5)	
Currency translation differences for foreign operations	-	-	-	-	(1,266)	-	-	(1,266)	86	(1,180)	
Other comprehensive income/(loss) for the financial year	-	-	-	-	(1,266)	5,969	-	4,703	86	4,789	
Profit for the financial year	-	-	-	-	-	-	9,489	9,489	583	10,072	
Total comprehensive income/(loss) for the financial year	-	-	-	-	(1,266)	5,969	9,489	14,192	669	14,861	
Dividends (representing total transactions with owners) (Note 22)	-	-	-	-	-	-	(561)	(561)	-	(561)	
Balance at 30 April 2018	66,272	(5,888)	-	47,194	4,237	8,045	131,310	251,170	(1,476)	249,694	

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



**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

Company	← Non-Distributable →				Distributable	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Fair value reserve RM'000	Retained profits RM'000	
Balance at 1 May 2016	60,024	(5,746)	6,248	165	19,970	80,661
Fair value changes of available-for-sale financial assets	-	-	-	379	-	379
Reclassification adjustments on derecognition of available-for-sale financial assets	-	-	-	(86)	-	(86)
Other comprehensive income for the financial year	-	-	-	293	-	293
Profit for the financial year	-	-	-	-	2,076	2,076
Total comprehensive income for the financial year	-	-	-	293	2,076	2,369
Purchase of treasury shares	-	(142)	-	-	-	(142)
Transfer from share premium upon abolition of par value	6,248	-	(6,248)	-	-	-
Dividends to owners of the Company (Note 22)	-	-	-	-	(1,823)	(1,823)
Total transactions with owners	6,248	(142)	(6,248)	-	(1,823)	(1,965)
Balance at 30 April 2017/ 1 May 2017	66,272	(5,888)	-	458	20,223	81,065
Fair value changes of available-for-sale financial assets	-	-	-	496	-	496
Reclassification adjustments on derecognition of available-for-sale financial assets	-	-	-	(3)	-	(3)
Other comprehensive income for the financial year	-	-	-	493	-	493
Profit for the financial year	-	-	-	-	7,816	7,816
Total comprehensive income for the financial year	-	-	-	493	7,816	8,309
Dividends (representing total transactions with owners (Note 22))	-	-	-	-	(561)	(561)
Balance at 30 April 2018	66,272	(5,888)	-	951	27,478	88,813

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Profit before tax	12,028	14,941	7,927	2,180
Adjustments for:-				
Bad debts written off	137	51	-	-
Depreciation of property, plant and equipment	7,175	7,905	-	-
Dividend income from:				
- investments in subsidiaries	-	-	(7,731)	(1,800)
- quoted investments	(2,382)	(1,672)	(3)	(17)
- investments in unit trusts	(58)	(41)	(58)	(41)
Unrealised gain on foreign currency exchange	(41)	(259)	-	-
(Gain)/Loss on disposal of plant and equipment	(83)	61	-	-
Gain on disposal of quoted investments	(671)	(171)	(5)	(186)
Impairment loss on:				
- trade receivables	66	540	-	-
- quoted investments	212	-	-	-
Interest expense	554	753	-	-
Interest income	(870)	(332)	(35)	(2)
Inventories written down	-	101	-	-
Equipment written off	3	11	-	-
Reversal of impairment loss on trade receivables	(567)	(21)	-	-
	15,503	21,867	95	134
Changes in:-				
Amounts due from/(to) customers for contract work	(229)	-	-	-
Inventories	624	3,035	-	-
Receivables and prepayments	(942)	5,230	-	1
Payables	(2,588)	(2,846)	17	(10)
Cash from operations	12,368	27,286	112	125
Tax paid	(2,995)	(3,786)	(9)	(112)
Interest paid	(554)	(753)	-	-
Net cash from operating activities and balance carried forward	8,819	22,747	103	13

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

**STATEMENTS OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Balance brought forward		8,819	22,747	103	13
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Dividends received		2,440	1,713	7,792	1,858
Interest received		870	332	35	2
Purchase of other investments		(1,558)	(41)	(1,558)	(41)
Repayment from subsidiaries		-	-	70	15
Proceeds from disposal of equipment		157	68	-	-
Proceeds from disposal of quoted investments		6,209	582	14	518
Purchase of quoted investments		(5,083)	(9,346)	-	(17)
Purchase of property, plant and equipment	23	(5,400)	(1,579)	-	-
Increase in fixed deposits under lien with licensed banks		(1,090)	(52)	(3)	(2)
Net cash (for)/from investing activities		(3,455)	(8,323)	6,350	2,333
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Dividend paid		(561)	(1,823)	(561)	(1,823)
Purchase of treasury shares		-	(142)	-	(142)
Net increase in short-term loans and borrowings	23	8,315	830	-	-
Proceeds from drawdown of term loans	23	3,810	-	-	-
Repayment of hire purchase obligations	23	(869)	(465)	-	-
Repayment of term loans	23	(5,812)	(5,700)	-	-
Advances from subsidiaries		-	-	800	-
Repayment to a director		-	(348)	-	-
Net cash from/(for) financing activities		4,883	(7,648)	239	(1,965)
Net increase in cash and cash equivalents		10,247	6,776	6,692	381
Cash and cash equivalents brought forward		40,359	33,092	550	169
Currency translation differences		(283)	491	-	-
Cash and cash equivalents carried forward	10	50,323	40,359	7,242	550

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

### 1. GENERAL INFORMATION

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

The registered office of the Company is located at Unit 621, 6th Floor, Block A, Kelana Centre Point, No. 3, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan and its principal place of business is located at Lot 750, Jalan Haji Sirat, 42100 Klang, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 8 August 2018.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation of Financial Statements

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

The following MFRSs become effective for the financial year under review:-

#### MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 - 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards are expected to have no material impact on the financial statements of the Group and the Company upon their initial application.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**2. SIGNIFICANT ACCOUNTING POLICIES** Cont'd

**2.2 Future Accounting Standards**

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not effective:-

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 2: <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4: <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: <i>Clarifications to MFRS 15 'Revenue from Contracts with Customers'</i>	1 January 2018
Amendments to MFRS 119: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 140 - <i>Transfers of Investment Property</i>	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2014 - 2016 Cycles:	
• Amendments to MFRS 1: <i>Deletion of Short-term Exemptions for First-time Adopters</i>	1 January 2018
• Amendments to MFRS 128: <i>Measuring an Associate or Joint Venture at Fair Value</i>	1 January 2018
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

Management foresees that the initial application of the above MFRSs will not result in any significant changes in accounting policies of the Group and the Company except as follows:-

**(a) MFRS 9**

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting.

Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Based on management's assessment, the adoption of new guidance will not significantly affect the existing classification and measurement of financial assets of the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.2 Future Accounting Standards Cont'd

#### (a) MFRS 9 Cont'd

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. In view of strong creditworthiness of the Group's and Company's receivables, the Group has concluded that the expected impacts of ECL on receivables will be insignificant upon the initial application of MFRS 9.

#### (b) MFRS 15 Revenue from Contracts with Customers

MFRS 15, which replaces MFRS 111 Construction Contracts, MFRS 118 Revenue and other related interpretations, establishes a single comprehensive model for revenue recognition. Under MFRS 15, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised either over time or at a point in time depending on the timing of transfer of control. Based on management's assessment, the adoption of the new revenue recognition model will not significantly affect the current practice of recognising revenue from the sale of goods based on the transfer of risks and rewards which generally coincides with the transfer of control at a point in time.

The Group and the Company will apply the new requirements of MFRS 15 from 1 January 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 118.

#### (c) MFRS 16 Leases

MFRS 16, which replaces MFRS 117 Leases and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying leased asset and a lease liability representing its obligation to make lease payments.

The analysis above are based on the assessments undertaken to date and maybe subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

### 2.3 Basis of Consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**2. SIGNIFICANT ACCOUNTING POLICIES** Cont'd

**2.3 Basis of Consolidation** Cont'd

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) The aggregate of:-
- (i) The acquisition-date fair value of the consideration transferred;
  - (ii) The amount of any non-controlling interests; and
  - (iii) In a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquirer.
- (b) The net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.6. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary is recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

**2.4 Property, plant and equipment**

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.6.

The last revaluation of land and buildings was made in financial year 2014 and has not been updated. The Group has retained the carrying amounts of the assets on the basis of their previous revaluation subject to continuity in their depreciation and impairment policies.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

Freehold land is not depreciated. Leasehold land is depreciated on a straight-line basis over the lease terms of 30 to 99 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	20 - 50 years
Plant and machinery	5 - 10 years
Renovation	5 - 10 years
Office equipment	5 years
Furniture and fittings	5 - 10 years
Laboratory equipment	5 - 10 years
Motor vehicles	4 - 5 years

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.4 Property, plant and equipment Cont'd

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

Fully depreciated plant and equipment are retained in the financial statements and no further charge for depreciation is made, until they are no longer in use.

### 2.5 Investments in Subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.6.

### 2.6 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

### 2.7 Construction Contracts

Contract revenue comprises the initial amount of revenue agreed in the contract, variations in contract work, claims and incentive payments. Contract costs consist of costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs as are specifically chargeable to the customer under the terms of the contract.

When the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised in profit or loss by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is determined by reference to the proportion that contract costs incurred to date bear to the estimated total costs.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised in profit or loss only to the extent of contract costs incurred that are probable to be recoverable whereas contract costs are recognised in profit or loss in the period in which they are incurred. Any expected loss on a contract is recognised in profit or loss immediately.

Contracts awarded to certain subsidiaries of the Group during the financial year comprise of short-term tenure contracts which are typically completed within duration of less than twelve months.

### 2.8 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the first-in, first-out cost method) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**2. SIGNIFICANT ACCOUNTING POLICIES** Cont'd

**2.9 Financial Assets**

Financial assets of the Group and the Company consist of receivables and cash and cash equivalents, investments in equity instruments.

**Recognition and Measurement**

A financial asset is recognised in the statements of financial position only when the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is initially recognised at transaction price (including transaction costs for a financial asset not subsequently measured at fair value through profit or loss) unless the arrangement constitutes a financing transaction, in which case the financial asset is initially recognised at the present value of future cash flows discounted using a market interest rate for similar instrument. The subsequent measurement of financial assets is as follows:-

**(a) Loans and receivables**

All receivables and cash and cash equivalents are classified under this category. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

**(b) Available-for-sale financial assets**

All investments in equity instruments (other than interests in subsidiaries) are classified under this category. After initial recognition, such financial assets are measured at fair value. Any gain or loss arising from a change in the fair value, except for impairment loss, is recognised in other comprehensive income and accumulated in equity as fair value reserve until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

**Impairment**

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as follows:-

**(a) Financial assets carried at amortised cost**

An impairment loss on loans and receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.9 Financial Assets Cont'd

#### Impairment Cont'd

#### (b) Available-for-sale financial assets

When there is a significant or prolonged decline in the fair value of an investment in equity instrument classified as available-for-sale, the cumulative loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. Such cumulative loss reclassified from equity to profit or loss represents an impairment loss and is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. The impairment loss is not reversed through profit or loss in any subsequent period.

### 2.10 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and financial guarantee contracts.

#### Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less directly attributable transaction costs. After initial recognition, all financial liabilities, except for financial guarantee contracts, are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process. After initial recognition at fair value, if any, financial guarantee contracts are measured at the higher of the amount initially recognised less appropriate amortisation and the estimate of any probable obligation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

### 2.11 Leases

#### Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

#### Operating Lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.12 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the required presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

### 2.13 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of distributable reserves.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

### 2.14 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following:-

- (a) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (b) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (c) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.14 Fair Value Measurement Cont'd

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (c) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

#### Financial Assets and Financial Liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair value of marketable securities is directly measured using its unadjusted closing price in an active market (i.e. Level 1).

### 2.15 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Income from the rendering of services is recognised when the services are performed.

Contract revenue is recognised in accordance with Note 2.7.

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

Interest income is recognised using the effective interest method.

Rental income is recognised on an accrual basis.

### 2.16 Employee Benefits

#### Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss, where appropriate, in the period in which the associated services are rendered by the employee.

#### Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss or included in property development costs, where appropriate, in the period in which the associated services are rendered by the employee.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**2. SIGNIFICANT ACCOUNTING POLICIES** Cont'd

**2.17 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.18 Income Taxes**

Income taxes for the financial year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

**2.19 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

**2.20 Provision**

Provision are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

**2.21 Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

cont'd

### 3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

#### Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

#### Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

##### Impairment of goodwill

Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amount of goodwill is disclosed in Note 5.

##### Impairment of available-for-sale financial assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The carrying amount of available-for-sale equity investments as at the reporting date is disclosed in Note 7 to the financial statements.

##### Impairment of trade receivables

The Group make allowance for impairment based on an assessment of the recoverability of receivables. Allowance is applied to receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customers' creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of receivables as disclosed in Note 9.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**4. PROPERTY, PLANT AND EQUIPMENT**

Group	At 1.5.2017 RM'000	Additions RM'000	Write-off RM'000	Disposal RM'000	Depreciation RM'000	Currency translation differences RM'000	At 30.4.2018 RM'000
<b>2018</b>							
<u>Carrying amount</u>							
Freehold land	50,315	-	-	-	-	-	50,315
Leasehold land	30,716	3,450	-	-	(525)	-	33,641
Buildings	49,369	1,213	-	-	(2,335)	(1,071)	47,176
Plant and machinery	10,701	78	-	-	(2,817)	(130)	7,832
Renovation	49	-	-	-	(14)	-	35
Office equipment	299	26	-	-	(115)	(9)	201
Furniture and fittings	66	-	-	-	(28)	(2)	36
Laboratory equipment	375	1	(3)	-	(120)	(14)	239
Motor vehicles	5,140	999	-	(74)	(1,221)	(205)	4,639
	147,030	5,767	(3)	(74)	(7,175)	(1,431)	144,114

Group	At 1.5.2016 RM'000	Additions RM'000	Write-offs RM'000	Disposals RM'000	Depreciation RM'000	Currency translation differences RM'000	At 30.4.2017 RM'000
<b>2017</b>							
<u>Carrying amount</u>							
Freehold land	50,315	-	-	-	-	-	50,315
Leasehold land	31,241	-	-	-	(525)	-	30,716
Buildings	50,145	-	-	-	(2,351)	1,575	49,369
Plant and machinery	13,686	173	-	(43)	(3,443)	328	10,701
Renovation	55	-	-	-	(6)	-	49
Office equipment	459	10	-	-	(193)	23	299
Furniture and fittings	91	-	-	-	(29)	4	66
Laboratory equipment	315	168	(8)	-	(123)	23	375
Motor vehicles	3,808	2,424	(3)	(86)	(1,235)	232	5,140
	150,115	2,775	(11)	(129)	(7,905)	2,185	147,030

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**4. PROPERTY, PLANT AND EQUIPMENT** Cont'd

	At cost RM'000	At valuation RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
<b>Group</b>				
<b>2018</b>				
Freehold land	-	50,315	-	50,315
Leasehold land	3,450	32,743	(2,552)	33,641
Buildings	1,213	54,293	(8,330)	47,176
Plant and machinery	121,601	-	(113,769)	7,832
Renovation	1,321	-	(1,286)	35
Office equipment	6,038	-	(5,837)	201
Furniture and fittings	1,085	-	(1,049)	36
Laboratory equipment	3,213	-	(2,974)	239
Motor vehicles	20,858	-	(16,219)	4,639
	158,779	137,351	(152,016)	144,114
<b>2017</b>				
Freehold land	-	50,315	-	50,315
Leasehold land	-	32,743	(2,027)	30,716
Buildings	-	54,293	(4,924)	49,369
Plant and machinery	122,854	-	(112,153)	10,701
Renovation	1,321	-	(1,272)	49
Office equipment	6,248	-	(5,949)	299
Furniture and fittings	1,094	-	(1,028)	66
Laboratory equipment	3,450	-	(3,075)	375
Motor vehicles	22,121	-	(16,981)	5,140
	157,088	137,351	(147,409)	147,030



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**4. PROPERTY, PLANT AND EQUIPMENT** Cont'd

Land and buildings stated at valuation were revalued during the financial year ended 30 April 2014 by independent professional valuers. The details of the Group's lands and buildings carried at fair values are analysed as follows:

<b>Group</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2018</b>				
Freehold land	-	50,315	-	50,315
Leasehold land	-	30,191	-	30,191
Buildings	-	25,816	20,147	45,963
	-	106,322	20,147	126,469
<b>2017</b>				
Freehold land	-	50,315	-	50,315
Leasehold land	-	30,716	-	30,716
Buildings	-	28,425	20,944	49,369
	-	109,456	20,944	130,400

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The level 3 fair value of buildings has been determined using the depreciated replacement cost approach performed by independent valuers.

There were no transfers between level 1 and level 2 during the financial year.

Had the land and buildings been carried at historical cost less accumulated depreciation, the total carrying amounts of the entire class of assets that would have been recognised in the financial statements would be as follows:-

	<b>Group</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Freehold land	16,773	16,773
Leasehold land	24,617	21,368
Buildings	21,447	20,960
	62,837	59,101

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**4. PROPERTY, PLANT AND EQUIPMENT** Cont'd

The carrying amount of property pledged as security for credit facilities granted to the Group are as follows:-

	Group	
	2018	2017
	RM'000	RM'000
Leasehold land and buildings	34,052	31,751

The carrying amount of equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	Group	
	2018	2017
	RM'000	RM'000
Motor vehicles	2,026	2,041

**5. GOODWILL**

	Group	
	2018	2017
	RM'000	RM'000
At 1 May 2017/2016	10,022	9,915
Currency translation differences	(79)	107
At 30 April	9,943	10,022

(a) Goodwill has been allocated to Cash Generating Units ("CGUs") identified as follows:

	Group	
	2018	2017
	RM'000	RM'000
Manufacturing, formulation and sale of resin, chemicals and building materials	7,704	7,704
Others	2,239	2,318
	9,943	10,022

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**5. GOODWILL** Cont'd

- (b) The recoverable amount of the CGU was determined based on its value in use calculated using cash flow projections. The cash flow projections were based on the most recent financial budgets/forecasts approved by management which covered a period of 5 years. The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year, increased for expected efficiency improvements. The growth rate is determined based on the expected projection of the relevant segments. The discount rates used are pre-tax and reflect specific risks relating to the segments. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross margin		Growth rate		Discount rate	
	2018	2017	2018	2017	2018	2017
	%	%	%	%	%	%
Manufacturing, formulation and sale of resin, chemicals and building materials	22	22	4 - 12	2 - 11	9	10

- (c) Barring any unforeseen circumstances, management believes that no reasonably possible change in the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

**6. INVESTMENTS IN SUBSIDIARIES**

	Company	
	2018	2017
	RM'000	RM'000
Unquoted shares, at cost	86,371	86,371
Accumulated impairment losses	(7,962)	(7,962)
Carrying amount	78,409	78,409

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**6. INVESTMENTS IN SUBSIDIARIES** Cont'd

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
AL Resources Pte. Ltd. <sup>(a)</sup>	Singapore	99.99	99.99	Manufacture and trading in paint and its related products.
Cleanway Disposal Services Pte. Ltd. ("CDS") <sup>(a)</sup>	Singapore	100	100	Providing containerised waste disposal services.
<u>Subsidiary of CDS</u>				
- Singapore Analabs Pte. Ltd. ("SAPL") <sup>(a)</sup>	Singapore	63	63	Investment holding company.
<u>Subsidiaries of SAPL</u>				
- Toh Ban Seng Contractor Pte. Ltd. ("TBS") <sup>(a)</sup>	Singapore	63	63	Contract work, pipe laying and rehabilitation.
- Ban Tiong Soon Contractor Pte.Ltd. ("BTS") <sup>(a)</sup>	Singapore	63	63	Contract work, pipe laying and rehabilitation.
Centralised Waste Treatment Plant Sdn. Bhd.	Malaysia	100	100	Collection, treatment, recovery and recycling of industrial waste and sale of recycled products.
Coveright Surfaces Malaysia Sdn. Bhd.	Malaysia	100	100	Manufacturing and selling resin impregnated papers.
Global Pacific Petroleum Sdn. Bhd. ("GPP")	Malaysia	100	100	Manufacturing and trading in lubricant products.
<u>Subsidiary of GPP</u>				
- Hysper Manufacturing (M) Sdn. Bhd.	Malaysia	100	100	Dormant.
Inagro Sdn. Bhd.	Malaysia	100	100	Formulation and repackaging of agricultural chemical products and the provision of storage handling services for these products.
Lux Distributor Sdn. Bhd.	Malaysia	100	100	Trading, importing and distribution of ceramic tiles and building materials.
Masmeru Sdn. Bhd.	Malaysia	100	100	Investment holding.
M-Field Sdn. Bhd.	Malaysia	100	100	Property letting and investment holding.
QSP Chemie (M) Sdn. Bhd.	Malaysia	100	100	Trading in industrial chemical and its related products.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**6. INVESTMENTS IN SUBSIDIARIES** Cont'd

The details of the subsidiaries are as follows (Cont'd):-

Name of subsidiary	Principal place of business/ country of incorporation	Effective equity interest		Principal activities
		2018 %	2017 %	
Resources Conservation Sdn. Bhd.	Malaysia	100	100	Collection, treatment, recovery and recycling of industrial waste and sale of recycled products.
Sapphire Lifestyle Sdn. Bhd. ("SLSB")	Malaysia	100	100	Dormant.
Striketech Sdn. Bhd.	Malaysia	100	100	Culture and sale of prawn, and collection, treatment, recovery and recycling of organic waste.
Syntax System Solutions Sdn. Bhd.	Malaysia	100	100	Collection, treatment, recovery of industrial waste and sale of recycled products.
The Analytical Laboratories (Malaysia) Sdn. Bhd.	Malaysia	100	100	Industrial consultancy and analytical chemists.

(a) *Not audited by Crowe Malaysia.*

The summarised financial information for SAPL, TBS and BTS is not presented as the non-controlling interests are not significant to the Group as disclosed in Note 13 to the financial statements.

**7. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At fair value:-				
Shares quoted in Malaysia	44,748	40,846	946	476
Shares quoted outside Malaysia	2,750	1,383	-	12
Investments in unit trusts	3,094	1,510	3,094	1,510
	50,592	43,739	4,040	1,998

The fair values of quoted investments are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**7. AVAILABLE-FOR-SALE FINANCIAL ASSETS** Cont'd

The currency profile of available-for-sale financial assets is as follows:-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	47,842	42,356	4,040	1,986
Singapore Dollar	1,450	257	-	12
Others	1,300	1,126	-	-
	50,592	43,739	4,040	1,998

**8. INVENTORIES**

	Group	
	2018 RM'000	2017 RM'000
At cost:-		
Livestock of prawns	124	120
Raw materials	178	935
Packing materials	24	16
Finished goods	4,144	5,119
Goods-in-transit	1,322	948
	5,792	7,138
At net realisable value:-		
Raw materials	12,045	11,223
Finished goods	79	201
	12,124	11,424
	17,916	18,562
Recognised in profit or loss:-		
Inventories recognised as cost of sales	86,637	90,643
Amount written down to net realisable value	-	101

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**9. RECEIVABLES**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables:				
- Unrelated parties	30,404	30,608	-	-
- Allowance for impairment	(173)	(738)	-	-
	30,231	29,870	-	-
Other receivables:				
- Subsidiaries	-	-	8	78
- Unrelated parties	1,945	1,651	2	1
	1,945	1,651	10	79
	32,176	31,521	10	79

The currency profile of receivables is as follows:-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Euro	1,899	3,384	-	-
Ringgit Malaysia	15,599	11,454	10	36
Singapore Dollar	11,392	12,486	-	43
United States Dollar	3,286	4,197	-	-
	32,176	31,521	10	79

**Trade Receivables**

Trade receivables are unsecured, and non-interest bearing with 30 to 90 days terms.

The movements in allowance for impairment are as follows:-

	Group	
	2018 RM'000	2017 RM'000
At 1 May 2017/2016	(738)	(347)
Increase during the financial year	(66)	(540)
Reversal during the financial year	567	21
Bad debts written off	51	149
Currency translation differences	13	(21)
At 30 April	(173)	(738)

All the above impairment losses were individually determined after considering the adverse financial conditions of the trade receivables who have defaulted/delayed in payments.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**9. RECEIVABLES** Cont'd

**Trade Receivables** Cont'd

The ageing analysis of trade receivables not impaired is as follows:-

	Group	
	2018 RM'000	2017 RM'000
Not past due	21,954	21,725
Past due less than 3 months	6,245	6,000
Past due 3 to 6 months	1,892	2,110
Past due more than 6 months	140	35
	30,231	29,870

Trade receivables that are neither past due nor impaired are mainly creditworthy customers who have regular transactions and good payment records with the Group.

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 April 2018, the Group did not have any major credit risk concentration relating to any individual customer or counterparty. The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2018 RM'000	2017 RM'000
Asia	15,512	17,216
Australia	671	162
Malaysia	12,658	11,454
Others	1,390	1,038
	30,231	29,870

**Other Receivables**

Other receivables are unsecured and non-interest bearing. The amounts owing by subsidiaries are receivables on demand and are to be settled in cash. The amounts owing by unrelated parties consist mainly of refundable deposits which have no fixed repayment terms.

**10. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Highly liquid investments	26,188	5,200	7,012	-
Term deposits with licensed banks (fixed rate)	5,585	4,491	85	82
Cash and bank balances	23,998	35,026	230	550
	55,771	44,717	7,327	632



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**10. CASH AND CASH EQUIVALENTS** Cont'd

Certain term deposits of the Group and the Company totalling RM5,447,727 and RM85,384 (2017 - RM4,357,680 and RM81,979) respectively have been pledged as security for credit facilities granted to the Group. Accordingly, these term deposits are not freely available for use.

The effective interest rates of term deposits of the Group and the Company as at 30 April 2018 ranged from 0.05% to 3.50% and 3.10% (2017 - 0.05% to 3.30% and 3.10%) per annum respectively.

The currency profile of cash and cash equivalents is as follows:-

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Euro	4,276	3,791	-	-
Ringgit Malaysia	38,138	26,795	7,327	632
Singapore Dollar	2,843	6,188	-	-
United States Dollar	10,514	7,943	-	-
	55,771	44,717	7,327	632

For the purpose of statements of cash flows, cash and cash equivalents are presented net of pledged deposits as follows:-

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	55,771	44,717	7,327	632
Term deposits pledged as security	(5,448)	(4,358)	(85)	(82)
	50,323	40,359	7,242	550

**11. SHARE CAPITAL**

	Group/Company			
	2018	2017	2018	2017
	Number of shares		RM'000	RM'000
	'000	'000		
Issued and fully paid:-				
Ordinary shares				
At 1 May 2017/2016	60,024	60,024	66,272	60,024
Transfer from share premium account	-	-	-	6,248
At 30 April	60,024	60,024	66,272	66,272

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**12. TREASURY SHARES**

	Group/Company	
	No. of Shares	Total Consideration RM'000
Balance at 1 May 2016	3,859,400	5,746
Purchased during the financial year	60,000	142
Balance at 30 April 2017	3,919,400	5,888
Balance at 30 April 2018	3,919,400	5,888

The share buy-back scheme was financed by internally generated funds. The ordinary shares repurchased were held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 in Malaysia and are presented as a deduction from shareholders' equity.

As at 30 April 2018, the Company held 3,919,400 repurchased shares as treasury shares out of its total issued and paid up share capital of 60,024,000 ordinary shares. None of the treasury shares were resold or cancelled during the financial year.

**13. NON-CONTROLLING INTERESTS ("NCI")**

	Group					
	Accumulated NCI		Profit allocated to NCI		Other comprehensive income/(loss) allocated to NCI	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Singapore Analabs Pte. Ltd. ("SAPL")	(1,476)	(2,145)	583	82	86	(145)

The details of the subsidiary that has NCI to the Group are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective equity interest held by NCI		Principal activity
		2018 %	2017 %	
Singapore Analabs Pte. Ltd. ("SAPL") <sup>(a)</sup>	Singapore	37	37	Investment holding company.

(a) Not audited by Crowe Malaysia

The summarised financial information regarding the assets, liabilities, profit or loss and cash flows of the above subsidiary has not been disclosed as the NCI is not material to the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**14. LOANS AND BORROWINGS**

	Group	
	2018 RM'000	2017 RM'000
Secured:-		
Hire purchase payables (fixed rate)	1,123	1,689
Term loans (floating rate)	7,623	9,928
Banker acceptances (fixed rate)	2,303	3,459
Foreign currency trust receipts (fixed rate)	7,105	-
Offshore foreign currency loan (fixed rate)	4,653	2,377
	22,807	17,453
Disclosed as:		
- Current liabilities	15,831	12,486
- Non-current liabilities	6,976	4,967
	22,807	17,453

Hire purchase payables are secured against the equipment acquired thereunder (Note 4). Other secured term loans are secured against certain property belonging to certain subsidiaries of the Company (Note 4).

The effective interest rates of loans and borrowings as at 30 April 2018 ranged from 2.94% - 7.16% (2017 - 2.80% to 5.85%) per annum.

Except for hire purchase payables and term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows. These loans and borrowings are secured against certain properties belonging to certain subsidiaries of the Company, corporate guarantee issued by the Company and pledged over certain of the Group's fixed deposits (Note 10).

**Hire Purchase Payables**

The repayment analysis is as follows:-

	Group	
	2018 RM'000	2017 RM'000
Minimum hire purchase payments:		
- Within 1 year	680	780
- Later than 1 year and not later than 5 years	476	975
Total contractual undiscounted cash flows	1,156	1,755
Future finance charges	(33)	(66)
	1,123	1,689
Analysed by:-		
- Current liabilities	546	745
- Non-current liabilities	577	944
	1,123	1,689

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**14. LOANS AND BORROWINGS** Cont'd

**Hire Purchase Payables** Cont'd

The fair value of hire purchase payables are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair value measured is considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of hire purchase payables.

**Term Loans**

The repayment analysis is as follows:-

	Group	
	2018	2017
	RM'000	RM'000
Current liabilities	1,224	5,905
Non-current liabilities	6,399	4,023
	7,623	9,928

The fair value of term loans are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair value measured is considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of term loans.

**15. DEFERRED TAX LIABILITIES**

	Group	
	2018	2017
	RM'000	RM'000
At 1 May 2017/2016	17,820	17,501
Deferred tax expense recognised in profit or loss (Note 20)	(190)	(463)
Deferred tax liabilities (over)/underprovided in prior years	(122)	546
Currency translation differences	(148)	236
At 30 April	17,360	17,820
In respect of:-		
(Taxable)/Deductible temporary differences of:		
- Inventories	(477)	(732)
- Property, plant and equipment	4,853	4,982
- Provisions	(544)	(476)
- Revaluation of land and buildings	13,536	14,035
- Unrealised (loss)/gain of foreign currency	(8)	11
	17,360	17,820

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**16. PAYABLES**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables				
- Unrelated parties	11,429	12,885	-	-
Other payables:				
- Related party <sup>(a)</sup>	4,527	4,756	-	-
- Subsidiaries	-	-	830	30
- Unrelated parties	4,675	5,240	173	156
	9,202	9,996	1,003	186
Dividend payables	22	22	22	22
Provisions	2,243	3,254	-	-
	11,467	13,272	1,025	208
	22,896	26,157	1,025	208

(a) Being a director of certain subsidiaries

The currency profile of payables is as follows:-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Euro	226	294	-	-
Ringgit Malaysia	7,054	9,696	1,025	208
Singapore Dollar	13,476	14,003	-	-
United States Dollar	2,107	2,164	-	-
Others	33	-	-	-
	22,896	26,157	1,025	208

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

**Trade Payables**

Trade payables are unsecured, non-interest bearing with 30 to 120 days terms.

**Other Payables**

Other payables are unsecured and non-interest bearing. The amounts owing to a related party and subsidiaries are repayable on demand and to be settled in cash. The amounts owing to unrelated parties mainly consist of sundry payables and accruals for operating expenses.

Included in the other payables and accruals of the Group was provision for claims and damages amounting to RM2,242,566 (2017 - RM3,254,241) in respect of complaints made by customers of a subsidiary on defective products sold. The claims are still under negotiation between the subsidiary and the said customers.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**17. REVENUE**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Manufacturing, formulation and sale of resin, chemicals and building materials	84,279	91,582	-	-
Recovery and sale of recycled products	20,651	24,706	-	-
Short-term contract work, pipe laying and work rehabilitation	31,678	32,501	-	-
Culture and sale of prawns	381	592	-	-
Dividend income from quoted investment	366	349	3	17
Dividend income from subsidiaries	-	-	7,731	1,800
Rental income	150	33	-	-
Management fee from subsidiaries	-	-	480	480
	137,505	149,763	8,214	2,297

**18. OTHER INCOME**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Bad debt recovered	-	3	-	-
Dividend income from:				
- investment in unit trust	58	41	58	41
- quoted investment	2,016	1,323	-	-
Gain on disposal of plant and equipment	83	-	-	-
Gain on disposal of quoted investment	671	186	5	186
Government grant income	137	387	-	-
Interest income on financial assets not at fair value through profit and loss	870	332	35	2
Realised gain on foreign currency exchange	449	2,933	-	-
Rental income	146	160	-	-
Reversal of provision for claims and damages	1,066	-	-	-
Unrealised gain on foreign currency exchange	74	45	-	-
Others	242	381	13	-
	5,812	5,791	111	229

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**19. PROFIT BEFORE TAX**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- current financial year:				
- Crowe Malaysia	208	211	68	70
- other firm	70	66	-	-
- (over)/underprovision in the previous financial year:				
- Crowe Malaysia	(5)	12	(4)	(1)
Bad debts written off	137	51	-	-
Depreciation of property, plant and equipment	7,175	7,905	-	-
Directors' remuneration (Note 24)	971	937	184	172
Impairment loss on:				
- trade receivables	66	540	-	-
- quoted investments	212	-	-	-
Interest expenses on financial liabilities not at fair value through profit or loss:				
- bank overdrafts	32	81	-	-
- bankers' acceptances	126	201	-	-
- foreign currency trust receipts	43	-	-	-
- hire purchase	59	50	-	-
- offshore foreign currency loan	90	86	-	-
- term loans	204	335	-	-
Inventories written down	-	101	-	-
Equipment written off	3	11	-	-
Rental expense on:				
- equipment	-	321	-	-
- premises	703	544	-	-
Staff costs (including other key management personnel)				
- short-term employees benefits	12,606	14,485	-	-
- defined contribution plan	713	888	-	-
Foreign currency exchange, loss/(gain), net:				
- realised	547	(1,886)	-	-
- unrealised	(41)	(259)	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**19. PROFIT BEFORE TAX** Cont'd

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax is arrived at after charging/ (crediting) (Cont'd):-				
Dividend income from:				
- investments in subsidiaries	-	-	(7,731)	(1,800)
- quoted investments in Malaysia	(2,314)	(1,578)	(3)	-
- quoted investments outside Malaysia	(68)	(94)	-	(17)
- investments in unit trusts	(58)	(41)	(58)	(41)
(Gain)/Loss on disposal of plant and equipment	(83)	61	-	-
Gain on disposal of quoted investments	(671)	(171)	(5)	(186)
Government grant income	(137)	(387)	-	-
Interest income on financial assets not at fair value through profit or loss	(870)	(332)	(35)	(2)
Realised gain on derivative liability	-	(86)	-	-
Rental income	(296)	(193)	-	-
Reversal of impairment loss on trade receivables	(567)	(21)	-	-
Reversal of provision for claims and damages	(1,066)	-	-	-

**20. TAX EXPENSE**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Tax based on results for the year:				
- Malaysian income tax	1,614	2,672	112	104
- Foreign income tax	637	304	-	-
- Deferred tax	(190)	(463)	-	-
	2,061	2,513	112	104
Tax under/(over) provided in prior years:				
- Malaysian income tax	17	692	(1)	-
- Deferred tax	(122)	546	-	-
	(105)	1,238	(1)	-
Tax expense	1,956	3,751	111	104



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**20. TAX EXPENSE** Cont'd

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on the results for the year is as follows:-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	12,028	14,941	7,927	2,180
Tax at the statutory tax rate of 24%	2,887	3,586	1,902	523
Non-deductible expenses	556	888	92	71
Tax-exempt income	(594)	(403)	(1,870)	(436)
Non-taxable income	(34)	(643)	(12)	(54)
Deferred tax assets not recognised during the financial year	-	1	-	-
Crystallisation of deferred tax liabilities on amortisation of revalued properties	(352)	(336)	-	-
Effects of differential in tax rates of subsidiaries due to foreign jurisdiction	(150)	(85)	-	-
Tax rebate	(218)	(290)	-	-
Tax under/(over)provided in prior years:				
- Malaysian income tax	17	692	(1)	-
- Deferred tax	(122)	546	-	-
Utilisation of deferred tax assets previously not recognised	(34)	(135)	-	-
Others	-	(70)	-	-
<b>Tax expense</b>	<b>1,956</b>	<b>3,751</b>	<b>111</b>	<b>104</b>

**21. EARNINGS PER SHARE**

The basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year after taking into account the effects of treasury shares as follows:-

	Group	
	2018	2017
Profit after taxation attributable to owners of the Company (RM'000)	9,489	11,108
Number of shares in issue at 1 May 2017/2016 ('000)	56,105	56,165
Effect of shares purchased ('000)	-	(35)
Weighted average number of shares in issue ('000)	56,105	56,130
Basic earnings ordinary per share (sen)	16.91	19.79

The diluted earnings per share equals the basic earnings per share as the Company did not have any potential dilutive ordinary shares during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**22. DIVIDENDS**

	Group/Company	
	2018	2017
	RM'000	RM'000
Interim single tier dividend of approximately 1 sen per ordinary share in respect of the financial year ended 30 April 2018	561	-
Interim single tier dividend of 3.25 sen per ordinary share in respect of the financial year ended 30 April 2017	-	1,823

**23. CASH FLOW INFORMATION**

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

Purchase of property, plant and equipment

	Group	
	2018	2017
	RM'000	RM'000
Cost of property, plant and equipment purchased	5,767	2,775
Amount financed through hire purchase	(367)	(1,196)
Net cash disbursed	5,400	1,579

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

	Group	
	2018	2017
	RM'000	RM'000
<b>Short-term loans and borrowings</b>		
Balance at 1 May 2017/2016	5,836	5,085
Net cash flow changes	8,315	830
Currency translation differences	(90)	(79)
Balance at 30 April	14,061	5,836
Represented by:		
- Banker acceptances (Note 14)	2,303	3,459
- Foreign currency trust receipts (Note 14)	7,105	-
- Offshore foreign currency loan (Note 14)	4,653	2,377
	14,061	5,836

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**23. CASH FLOW INFORMATION** Cont'd

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

	Group	
	2018 RM'000	2017 RM'000
<b>Hire purchase payables</b>		
Balance at 1 May 2017/2016	1,689	893
Drawdowns	367	1,196
Repayments	(869)	(465)
Currency translation differences	(64)	65
Balance at 30 April (Note 14)	1,123	1,689
<b>Term loans</b>		
Balance at 1 May 2017/2016	9,928	14,676
Drawdowns	3,810	-
Repayments	(5,812)	(5,700)
Currency translation differences	(303)	952
Balance at 30 April (Note 14)	7,623	9,928

**24. KEY MANAGEMENT PERSONNEL COMPENSATION**

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

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Directors</b>				
<u>Directors of the Company</u>				
Executive Directors:				
Short-term employee benefits:				
- fee	619	606	36	24
- salaries, bonuses and other benefits	279	265	95	102
	898	871	131	126
Defined contribution benefits	26	26	6	6
	924	897	137	132
Non-Executive Directors:				
Short-term employee benefits:				
- fee				
- current year	36	-	36	40
- underprovided in previous financial year	11	40	11	-
Total directors' remuneration (Note 19)	971	937	184	172

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**24. KEY MANAGEMENT PERSONNEL COMPENSATION** Cont'd

The key management personnel compensation during the financial year are as follows (Cont'd):-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Directors</b> Cont'd				
<u>Directors of the Subsidiaries</u>				
Executive Directors:				
Short-term employee benefits:				
- fee	175	175	-	-
- salaries, bonuses and other benefits	644	643	-	-
	819	818	-	-
Defined contribution benefits	100	101	-	-
Total directors' remuneration	919	919	-	-
<b>Other Key Management Personnel</b>				
Short-term employee benefits	460	355	-	-
Defined contribution benefits	51	43	-	-
Total compensation for other key management personnel	511	398	-	-

**25. RELATED PARTY DISCLOSURES**

Significant transactions with related parties during the financial year other than those disclosed elsewhere in the financial statements are as follows:-

	Company	
	2018 RM'000	2017 RM'000
Advances to subsidiaries	-	5
Advances from subsidiaries	800	-
Dividend from subsidiaries	(7,731)	(1,800)
Management fee charged to subsidiaries	480	480
Payment on behalf for subsidiaries	3	2
Repayment from subsidiaries	(73)	(22)

The outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**26. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 5 main reportable segments as follows:-

Reportable segments	Descriptions
Manufacturing, formulation and sale of resin, chemicals and building materials	Involved in manufacturing, formulation and sale of resin, chemicals and trading in tiles.
Recovery and sale of recycled products	Involved in collecting, treating, recovering and recycling of industrial waste and sale of recycled products.
Culture and sale of prawns	Involved in breeding and selling of prawns.
Investment holding and property letting	Involved in investment holding, management services and property letting.
Contract work, pipe laying and rehabilitation	General contracting.

- (a) The Group Executive Committee assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reporting segments.

- (b) Each reporting segment assets is measured based on all assets (including goodwill) of the segment other than tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**26. OPERATING SEGMENTS** Cont'd

**26.1 BUSINESS SEGMENTS**

2018	Manufacturing, formulation and sale of resin, chemicals and building materials RM'000	Recovery and sale of recycled products RM'000	Culture and sale of prawns RM'000	Investment holding and property letting RM'000	Short-term contract work, pipe laying and rehabilitation RM'000	Group RM'000
<b>Revenue</b>						
External revenue	84,279	20,651	381	516	31,678	137,505
Inter-segment revenue	943	391	261	8,247	11,402	21,244
	85,222	21,042	642	8,763	43,080	158,749
Consolidation adjustments						(21,244)
Consolidated revenue						<u>137,505</u>
<b>Results</b>						
Segment profit/(loss) before interest and tax	6,900	6,768	(32)	4,603	2,074	20,313
Finance costs						(554)
Tax expense						(1,956)
Consolidation adjustments						(7,731)
Consolidated profit after tax						<u>10,072</u>
Segment profit/(loss) before interest and tax includes the following:-						
Bad debts written off	-	(137)	-	-	-	(137)
Depreciation of property, plant and equipment	(2,332)	(2,245)	(258)	(469)	(1,871)	(7,175)
Dividend income from quoted investments	2,014	2	-	366	-	2,382
Dividend income from investments in unit trusts	-	-	-	58	-	58
Equipment written off	-	(3)	-	-	-	(3)
Gain on disposal of plant and equipment	-	60	-	-	23	83
Gain on disposal of quoted investments	-	6	-	665	-	671
Government grant income	-	46	-	-	91	137
Impairment loss on trade receivables	(10)	-	-	-	(56)	(66)
Impairment loss on quoted investments	-	-	-	(212)	-	(212)
Interest expense	(270)	(27)	-	(119)	(138)	(554)
Interest income	762	68	3	37	-	870
Realised loss on foreign currency exchange, net	(541)	-	-	-	(6)	(547)
Rental expense	-	-	-	-	(703)	(703)
Rental income	28	-	-	150	118	296
Reversal of impairment loss on trade receivable	15	-	-	-	552	567
Staff costs	(2,428)	(2,960)	(43)	-	(7,888)	(13,319)
Unrealised gain on foreign currency exchange, net	41	-	-	-	-	41

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**26. OPERATING SEGMENTS** Cont'd

**26.1 BUSINESS SEGMENTS** Cont'd

2018	Manufacturing, formulation and sale of resin, chemicals and building materials RM'000	Recovery and sale of recycled products RM'000	Culture and sale of prawns RM'000	Investment holding and property letting RM'000	Short-term contract work, pipe laying and rehabilitation RM'000	Group RM'000
<b>Assets</b>						
Segment assets	181,978	59,743	20,269	106,850	22,025	390,865
Unallocated assets:						
- current tax assets						1,786
Consolidation adjustments						(79,894)
Consolidated total assets						<u>312,757</u>
Additions to non-current assets other than financial instruments are:						
- property, plant and equipment	476	4,839	-	-	452	5,767
<b>Liabilities</b>						
Segment liabilities	21,594	7,045	33	30,095	15,251	74,018
Unallocated liabilities:						
- deferred tax liabilities						17,360
Consolidation adjustments						(28,315)
Consolidated total liabilities						<u>63,063</u>
2017	Manufacturing, formulation and sale of resin, chemicals and building materials RM'000	Recovery and sale of recycled products RM'000	Culture and sale of prawns RM'000	Investment holding and property letting RM'000	Contract work, pipe laying and rehabilitation RM'000	Group RM'000
<b>Revenue</b>						
External revenue	91,582	24,706	592	382	32,501	149,763
Inter-segment revenue	926	411	303	2,371	7,742	11,753
	92,508	25,117	895	2,753	40,243	161,516
Consolidation adjustments						(11,753)
Consolidated revenue						<u>149,763</u>
<b>Results</b>						
Segment profit before interest and tax	10,080	4,651	137	2,064	562	17,494
Finance costs						(753)
Tax expense						(3,751)
Consolidation adjustments						(1,800)
Consolidated profit after tax						<u>11,190</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**26. OPERATING SEGMENTS** Cont'd

**26.1 BUSINESS SEGMENTS** Cont'd

2017	Manufacturing, formulation and sale of resin, chemicals and building materials RM'000	Recovery and sale of recycled products RM'000	Culture and sale of prawns RM'000	Investment holding and property letting RM'000	Contract work, pipe laying and rehabilitation RM'000	Group RM'000
Segment profit before interest and tax includes the following:-						
Bad debts written off	(1)	(50)	-	-	-	(51)
Depreciation of property, plant and equipment	(2,446)	(2,123)	(262)	(464)	(2,610)	(7,905)
Dividend income from quoted investments	1,312	11	-	349	-	1,672
Dividend income from investments in unit trusts	-	-	-	41	-	41
Equipment written off	(3)	(8)	-	-	-	(11)
Loss on disposal of plant and equipment	(36)	-	-	-	(25)	(61)
(Loss)/Gain on disposal of quoted investments	-	(15)	-	186	-	171
Government grant income	-	56	-	-	331	387
Impairment loss on trade receivables	(38)	-	-	-	(502)	(540)
Interest expense	(337)	(13)	-	(261)	(142)	(753)
Interest income	318	8	3	3	-	332
Inventories written down	(101)	-	-	-	-	(101)
Realised gain/(loss) on foreign currency exchange, net	1,952	(33)	-	-	(33)	1,886
Rental expense	-	-	-	-	(865)	(865)
Rental income	2	90	-	33	68	193
Reversal of impairment loss on trade receivable	21	-	-	-	-	21
Staff costs	(2,576)	(3,346)	(119)	-	(9,332)	(15,373)
Unrealised gain on foreign currency Exchange, net	259	-	-	-	-	259
<b>Assets</b>						
Segment assets	167,603	60,234	20,410	101,146	25,610	375,003
Unallocated assets:						
- current tax assets						1,031
Consolidation adjustments						(78,944)
Consolidated total assets						<u>297,090</u>
Additions to non-current assets other than financial instruments are:						
- property, plant and equipment	148	2,450	-	-	177	2,775
<b>Liabilities</b>						
Segment liabilities	17,093	4,146	49	31,370	14,525	67,183
Unallocated liabilities:						
- deferred tax liabilities						17,820
Consolidation adjustments						(23,307)
Consolidated total liabilities						<u>61,696</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**26. OPERATING SEGMENTS** Cont'd**26.2 GEOGRAPHICAL INFORMATION**

Revenue is based on the country in which the business segments are located.

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

Group	Revenue		Non-current Assets	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Singapore	43,958	48,858	28,574	33,377
Malaysia	93,547	100,905	125,483	123,675
	137,505	149,763	154,057	157,052

**26.3 MAJOR CUSTOMERS**

There is no single customer that contributed 10% or more to the Group's total revenue.

**27. OPERATING LEASE COMMITMENTS**

The Group leases industrial properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	Group	
	2018 RM'000	2017 RM'000
Not more than 1 year	350	363
Later than 1 year and not later than 5 years	1,398	1,451
Later than 5 years	3,030	3,506
	4,778	5,320

These leases will expire in December 2031.

**28. FINANCIAL GUARANTEE CONTRACTS**

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of RM56,936,089 (2017 - RM53,037,386). The total utilisation of these credit facilities as at 30 April 2018 amounted to approximately RM21,708,371 (2017 - RM15,764,164).

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.10. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

cont'd

#### 29. CONTINGENT LIABILITIES

##### Litigation

On 28 November 2013, Analabs Resources Bhd. (1st Plaintiff) and Lux Distributor Sdn. Bhd. (2nd Plaintiff) filed a civil suit against Khor Siew Foo ("Mr. Khor") for an order that Mr. Khor specifically fulfil the Management Cum Profit Guarantee Agreement ("MPGA") dated 8 March 2012 by attending to his duties as CEO of Lux Distributor Sdn. Bhd. until 31 December 2013. Mr. Khor was requested to pay the 2nd Plaintiff the shortfall in the Net Profit After Taxation for the sum of RM1,500,000 pursuant to the MPGA.

On 26 December 2013, Mr. Khor filed his defence and counterclaim against the Plaintiffs. The judgement was delivered on 19 March 2015 in favour of Mr. Khor.

Analabs Resources Berhad and Lux Distributor Sdn. Bhd. have filed an appeal against the decision of the High Court. On 19th and 20th January 2016, the Court of Appeal has decided as follows:

- (i) the Plaintiffs/Appellant's appeal was allowed in part;
- (ii) the High Court's declaration in favour of Mr. Khor that the Share Sale Agreement and the Management Cum Profit Guarantee Agreement as rescinded is set aside;
- (iii) the High Court's decision with regards to the dividend of RM1,000,000 was upheld and should still be paid to Mr. Khor by the Plaintiffs;
- (iv) that an independent auditor is to be appointed to perform an audit of Lux Distributor Sdn. Bhd. for the years 2012 and 2013 to ascertain the net profit of the Company over that 2 financial years;
- (v) that the RM750,000 escrow sum is to be applied in accordance with the findings of the independent audit;
- (vi) the parties are at liberty to apply to the High Court for directions;
- (vii) the High Court costs of RM40,000 was set aside; and
- (viii) parties bear their respective portion of costs.

On 15 July 2016, Mr. Khor filed an application (Enclosure 29) in the High Court, that the independent audit be based not on the accounting policy of Analabs Resources Berhad but on the pre-2012 accounting policy of Lux Distributor Sdn. Bhd.. On 26 July 2016, the Plaintiffs filed the following two applications in the High Court as follows:-

- (i) Enclosure 31 - application for appointment of independent auditor and other related relief; and
- (ii) Enclosure 33 - to strike out Mr. Khor's Enclosure 29.

22 November 2016, a hearing of Enclosure 33 was heard. The High Court struck out Mr. Khor's Enclosure 29 with costs of RM5,000.

On 5 December 2016, Mr. Khor filed an appeal to the Court of Appeal against the High Court's decision on 22 November 2016 which struck out his enclosure 29. The Court of Appeal has not fixed a hearing date for the Mr. Khor's appeal as the High Court Judge has not delivered his written grounds of judgement. Enclosure 31 which filed by Plaintiffs on 26 July 2016 is pending the High Court until the Court of Appeal disposes the Defendant's appeal.

On 27 November 2017, the High Court had ordered the Defendant to return the escrow sum of RM815,180.13 to be held pending the Court's determination of the dispute between the parties with regard to the profit guarantee.

On 14 December 2017, the High Court appointed Messrs. UHY to conduct an independent audit to ascertain the Net Profit After Tax of Lux Distributors Sdn. Bhd. for the financial years of 2012 and 2013 based on the pre-acquisition accounting policy of LDSB and the post-acquisition accounting policy of ARB.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**29. CONTINGENT LIABILITIES** Cont'd

**Litigation** Cont'd

Messrs. UHY had submitted their report to Court on 25 May 2018.

The Court had requested parties to file written submission by 23 July 2018.

Meanwhile the Defendant has disposed a property to raise the escrow sum. The Court and the parties have agreed to wait for the proceeds of the sale to enable the Defendant to return the escrow sum before proceeding further with the matter.

**30. FINANCIAL RISK MANAGEMENT**

The activities of the Group are exposed to certain financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and other price risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

**Credit Risk**

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statements of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 28.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an on-going basis, setting and monitoring counterparties' limits and credit terms.

**Liquidity Risk**

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

**Currency Risk**

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM") and Singapore Dollar ("SGD") whereas the major foreign currencies transacted are Euro ("EUR"), Singapore Dollar ("SGD") and United States Dollar ("USD").

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**30. FINANCIAL RISK MANAGEMENT** Cont'd

**Currency Risk** Cont'd

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ (Decrease) in profit	Increase/ (Decrease) in profit
	2018 RM'000	2017 RM'000
Appreciation of EUR against RM by 10%	452	523
Depreciation of EUR against RM by 10%	(452)	(523)
Appreciation of SGD against RM by 10%	(289)	(540)
Depreciation of SGD against RM by 10%	289	540
Appreciation of USD against RM by 10%	78	577
Depreciation of USD against RM by 10%	(78)	(577)

**Interest Rate Risk**

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

The Group observes the movements in interest rates and strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**30. FINANCIAL RISK MANAGEMENT** Cont'd

**Interest Rate Risk** Cont'd

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	(Decrease)/ Increase in profit 2018 RM'000	(Decrease)/ Increase in profit 2017 RM'000
Increase in interest rates by 100 basis points	(58)	(75)
Decrease in interest rates by 100 basis points	58	75

**Other Price Risk**

The Group's exposure to other price risk arises mainly from investments in equity instruments classified as available-for-sale financial assets. The Group manages its exposure to other price risk by maintaining a portfolio of debt securities and equities with different risk profiles. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis.

The following table demonstrates the sensitivity analysis to reasonably possible price movements in these equity instruments, with all other variables held constant:-

	Group	
	Increase/ (Decrease) in other comprehensive income 2018 RM'000	Increase/ (Decrease) in other comprehensive income 2017 RM'000
Increase in price by 5%	2,530	2,187
Decrease in price by 5%	(2,530)	(2,187)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018  
cont'd

**31. CAPITAL RISK MANAGEMENT**

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to shareholders and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity (including non-controlling interests) and total loans and borrowings to be the key components of its capital structure and do, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity as follows:-

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Total loans and borrowings	22,807	17,453
Total equity	249,694	235,394
Total capital	272,501	252,847
Debt-to-equity ratio	9.13%	7.41%

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

**32. NET ASSETS PER SHARE**

The net assets per share is calculated based on the net assets value at the end of the reporting period of approximately RM251,170,000 (2017 - RM237,539,000) divided by the number of ordinary shares in issue at the end of the reporting period excluding treasury shares held by the Company of 56,104,600 (2017 - 56,104,600).

## LIST OF PROPERTIES HELD BY THE GROUP

No.	Beneficial Proprietor	Location	Tenure	Description and Age of Building	Land Area (sq.m.)	Existing Use	Built-up Area (sq.m.)	Carrying Amount 30/04/2018 (RM)
1	M-Field Sdn Bhd	PN 5288 Lot No 55, Section 92A, Town of Kuala Lumpur, Wilayah Persekutuan.	Leasehold for 66 years expiring 21st March 2043	Leasehold Land & Building 35 years old	156	Owner Occupied 4 Storey Terrace Factory	624	597,322
2	M-Field Sdn Bhd	PN 5287 Lot No 54, Section 92A, Town of Kuala Lumpur, Wilayah Persekutuan.	Leasehold for 66 years expiring 21st March 2043	Leasehold Land & Building 35 years old	156	Owner Occupied 4 Storey Terrace Factory	616	613,112
3	M-Field Sdn Bhd	HS (D) 23877, 25233, Lot No 33, 34, Seksyen 48, Nos 302 & 304, 2 1/2 Mile, Jalan Ipoh, 51200 Kuala Lumpur.	Freehold	Freehold Land & Buildings 37 years old	336	Owner Occupied 2 units of four-storey shop/offices (Intermediate unit)	1,323	6,093,788
4	M-Field Sdn Bhd	HS (D) 4791 PT No 388, Lot 5782, Mukim 12, Daerah Barat Daya, Pulau Pinang.	Leasehold for 60 years expiring 4th June 2046	Leasehold Land & Buildings 28 years old	5,800	Owner Occupied 2 Storey Office Block, Factory & Warehouse	2,290	5,192,795
5	Inagro Sdn Bhd	HS (D) 35467 PT No 19569, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Freehold	Freehold Land & Residential Building 20 years old	121	Owner Occupied Single Storey Terrace House	74	113,000
6	Inagro Sdn Bhd	HS (D) 36256 Lot No 15825, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Freehold	Vacant Freehold Industrial Land	8,144	Vacant Industrial Land & open-sided Warehouse	n/a	2,285,000

## LIST OF PROPERTIES HELD BY THE GROUP

cont'd

No.	Beneficial Proprietor	Location	Tenure	Description and Age of Building	Land Area (sq.m.)	Existing Use	Built-up Area (sq.m.)	Carrying Amount 30/04/2018 (RM)
7	Inagro Sdn Bhd	CT 26641 Lot No 6493, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Freehold	Freehold Land & Buildings 21 years old	17,626	Owner Occupied 2 Storey Office Block, Factory & Warehouse	5,982	14,786,590
8	Centralised Waste Treatment Plant Sdn Bhd	HS (M) 976, 980, 987, 988 and PT Nos 743, 747, 754, 755, Mukim of Setul, District of Seremban, Negeri Sembilan Darul Khursus.	Leasehold for 99 years expiring 2nd October 2085	Leasehold Land & Building 25 years old	6,596	Owner Occupied 2 Storey Office Block, Factory & Storey Office Warehouse	3,162	3,908,051
9	Resources Conservation Sdn Bhd	HS(D) 80016, PT No. 14329, Mukim Damansara, District of Petaling Selangor Darul Ehsan.	Freehold	Leasehold Land & Building 19 years old	4,047	Owner Occupied 2 Storey Office Block, Factory & Storey Office Warehouse	1,682	6,288,895
10	Resources Conservation Sdn Bhd	HS (D) 51801, PT No. 43449, Mukim and District of Klang, Selangor Darul Ehsan.	Freehold	Freehold Land & Buildings 20 years old	5,415	Owner Occupied 2 Storey Office Block, Factory & Storey Office Warehouse	3,450	8,496,507
11	Resources Conservation Sdn Bhd	GM 146, Lot 87, Mukim Damansara, District of Petaling, Selangor Darul Ehsan.	Freehold	Freehold Industrial Land 18 years old	2,300	Owner Occupied Industrial Land	n/a	2,600,000
12	Resources Conservation Sdn Bhd	HS (D) 264610, PT 317 Seksyen 23, Bandar Shah Alam, Daerah Petaling, Negeri Selangor.	Leasehold for 99 years expiring 28th July 2109	Leasehold Land & Building 8 years old	1,205	Tenant	700.02	4,663,416



## LIST OF PROPERTIES HELD BY THE GROUP

cont'd

No.	Beneficial Proprietor	Location	Tenure	Description and Age of Building	Land Area (sq.m.)	Existing Use	Built-up Area (sq.m.)	Carrying Amount 30/04/2018 (RM)
13	Striketech Sdn Bhd	HS (D) 26575 Lot No. 439, Mukim of Jugra, District of Kuala Langat, Selangor Darul Ehsan.	Leasehold for 99 years expiring 24th September 2094	Leasehold Land & Building 17 years old	1,035,187	Owner Occupied Buildings for Research & Development & Operations	1,975	19,419,234
14	Cleanway Disposal Services Pte Ltd	Lot 7889L, Mukim 5 Bearing Postal Address 40 Penjuru Road Singapore.	Leasehold for 30 years expiring 31st December 2031	Leasehold Building 15 years old	4,005	Owned Occupied A Part Single/ Part 3-Storey Single Factory	3,241,180	13,737,474 (exchange rate 2.9597)
15	Global Pacific Petroleum Sdn Bhd	PN 652, Lot 3851, Mukim Port Dickson, Port Dickson, Negeri Sembilan.	Leasehold for 99 years expiring 1st April 2075	Leasehold Land & Building 30 years old	62,221	Owner Occupied Plant Tank Farm, Compressor Room, Drum Filling Station, Double Storey Warehouse cum administrative office, Single Storey Detached Factory & Laboratory	17,727	9,184,450
16	Coveright Surfaces Malaysia Sdn Bhd	Lot 750, 3 1/2 Mile, Kapar Road, Mukim Kapar, Selangor.	Freehold	Freehold Industrial Land & Buildings 21 years old	19,450	Owner Occupied 3 Storey Office Block, Factory & Warehouse	9,140	18,137,195
17	Coveright Surfaces Malaysia Sdn Bhd	HS (M) 9632, PT 11445 Lot 25742, Batu 4, Mukim Kapar, Klang, Selangor.	Leasehold for 99 years expiring 16th May 2089	Leasehold Land & Residential Building 28 years old	111	Owner Occupied Single Storey Terrace House	111	92,672
18	Lux Distributor Sdn Bhd	Lot 16435, Block 5, Jalan 4, Kawasan Perindustrian Selayang, 68100 Batu Caves, Selangor.	Freehold	Freehold Industrial Land & Buildings 21 years old	3,006	Owner Occupied 3 Storey Office & Warehouse	2,706	6,442,106

## LIST OF PROPERTIES HELD BY THE GROUP

cont'd

No.	Beneficial Proprietor	Location	Tenure	Description and Age of Building	Land Area (sq.m.)	Existing Use	Built-up Area (sq.m.)	Carrying Amount 30/04/2018 (RM)
19	Lux Distributor Sdn Bhd	Lot 182924, Mukim of Plentong, District of Johor Bahru (A 1 1/2-storey Semi-Detached Factory Bearing Address No. 27, Jalan Sri Plentong 3, Taman Perindustrian Sri Plentong 81750 Masai).	Freehold	1 1/2-storey Semi-Detached Factory 27 years old	1,951	Owner Occupied 1 1/2 Storey Office & Warehouse	1,094	2,259,744
20	Lux Distributor Sdn Bhd	7-18-5, Menara Riverview, Jalan Jelutong, 11600 Penang.	Freehold	Apartment 24 years old	842	Vacant	842	183,060
21	Toh Ban Seng Contractor Pte Ltd	287 Kaki Bukit Avenue 1, Shun Li Industrial Park, Singapore 416078.	Leasehold for 60 years expiring 30th Oct 2056	A 3-Storey Strata Terrace Factory 27 years old	643	Owner Occupied Dormitory, Office & Warehouse	643	6,948,935 (exchange rate 2.9597)

## Notes:

All the properties have been revaluated on 2 April 2014 except for property No. 3 which was revaluated on 9 August 2011. The property No. 12 was purchased on 23 April 2018.

# ANALYSIS OF SHAREHOLDINGS

AS AT 17 AUGUST 2018

Class of shares	Ordinary Shares
Voting Rights	One vote per share
Issued Capital	54,477,000 Ordinary Shares (excludes 5,547,000 ordinary shares bought back and retained as treasury shares as at 17 August 2018)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	38	3.07	746	0.00
100 – 1,000	214	17.30	157,290	0.29
1,001 – 10,000	833	67.34	2,896,790	5.32
10,001 – 100,000	128	10.35	3,492,522	6.41
100,001 to less than 5% of issued shares	22	1.78	15,282,200	28.05
5% and above of issued shares	2	0.16	32,647,452	59.93
<b>Total</b>	<b>1,237</b>	<b>100.00</b>	<b>54,477,000</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares		No. of Shares	
		Direct Interest	%	Indirect Interest	%
1	Kan Yow Kheong	32,647,452	59.93	9,000*	0.02
2	Lim Yoke Soo	212,277	0.39	-	0.00
3	Low Chin Ann @ Han Chin Ann	-	0.00	-	0.00
4	Lai Yew Choong	-	0.00	-	0.00
5	Kan Mun Hoow	2,519,500	4.62	-	0.00
6	Clifton Heath Fernandez	-	0.00	-	0.00
7	Nur Syazwani Binti Muhamad	-	0.00	-	0.00

## SUBSTANTIAL SHAREHOLDERS

No.	Name of Directors	No. of Shares		No. of Shares	
		Direct Interest	%	Indirect Interest	%
1	Kan Yow Kheong	32,647,452	59.93	9,000*	0.02

\* Deemed interested by virtue of the shares held by his spouse pursuant to Section 221(9)(a) of the Companies Act 2016.

### In the subsidiaries

By virtue of his substantial shareholding in the shares capital of the Company, Mr Kan Yow Kheong is also deemed interested in the shares of all the subsidiaries.

## ANALYSIS OF SHAREHOLDINGS

AS AT 17 AUGUST 2018

cont'd

## 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	KAN YOW KHEONG	21,347,552	39.19
2	KAN YOW KHEONG	11,299,900	20.74
3	KAN MUN HOOW	2,519,500	4.62
4	CHUA SIM NEO @ DIANA CHUA	2,419,800	4.44
5	PUI CHENG WUI	2,277,600	4.18
6	TEO KWEE HOCK	2,000,000	3.67
7	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI</i>	2,000,000	3.67
8	PUI BOON KENG	439,700	0.81
9	PUI BOON HEAN	361,000	0.66
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN (E-KLC)</i>	339,900	0.62
11	LIM KHUAN ENG	300,000	0.55
12	TOHTONKU SDN. BERHAD	295,000	0.54
13	GOH THONG BENG	293,800	0.54
14	LAI CHIN LOY	286,100	0.53
15	LEE YEN ENG	242,700	0.45
16	PUI CHENG WUI	240,000	0.44
17	CIMB GROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR DBS BANK LTD (SFS)</i>	228,000	0.42
18	SOW TIAP	204,000	0.37
19	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIM YOKE SOO (M09)</i>	200,000	0.37
20	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN</i>	184,600	0.34
21	FOLLOW ME INDUSTRIES SDN. BHD.	123,000	0.23
22	LEYU CHONG HUA @ LEO CHONG HUA	113,500	0.21
23	LIM BAN JOO	112,000	0.21
24	CHUAH SAW LEE	102,000	0.19
25	KENANGA NOMINEES (ASING) SDN BHD <i>RHB SECURITIES SINGAPORE PTE. LTD. FOR ANALYTICAL LABORATORIES (S) PTE LTD (63-13172)</i>	100,000	0.18
26	TAN AH LEK @ TAN BAN CHUAN	100,000	0.18
27	YAP CHOO JOO @ YAP TSE LOO	100,000	0.18
28	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>SAW WAH THENG (PCS)</i>	95,000	0.17
29	ETAH SDN BHD	88,700	0.16
30	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>DBS VICKERS SECS (S) PTE LTD FOR CHUA BOON CHUN</i>	65,000	0.12
<b>TOTAL</b>		<b>48,478,352</b>	<b>88.97</b>

# NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twentieth Annual General Meeting (“20th AGM”) of the Company will be held at the Putra Room of the Kelab Golf Sultan Abdul Aziz Shah, No. 1 Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 4 October 2018 at 11.00 a.m. to transact the following businesses:-

## ORDINARY BUSINESS

1. To lay the audited financial statements together with the reports of the Directors and Auditors for the financial year ended 30 April 2018. (Please refer to Explanatory Note)
2. 2.1 To re-elect the following Directors who retire by rotation in accordance with Article 83 of the Company’s Articles of Association and who being eligible offer themselves for re-election:-
  - (i) Kan Yow Kheong (Resolution 1)
  - (ii) Lim Yoke Soo (Resolution 2)
  - (iii) Kan Mun Hoow (Resolution 3)
  - (iv) Lai Yew Choong (Resolution 4)
  - (v) Low Chin Ann @ Han Chin Ann (Resolution 5)
  - (vi) Clifton Heath Fernandez (Resolution 6)
- 2.2 To re-elect Nur Syazwani Binti Muhamad who retires by rotation in accordance with Article 85 of the Company’s Articles of Association and who being eligible offers herself for re-election. (Resolution 7)
3. To approve the payment of Directors’ Fees of RM108,000 in respect of the financial year ending 30 April 2019. (Resolution 8)
4. To re-appoint Messrs. Crowe Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)

## 5. SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:-

- 5.1 **Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”)** (Resolution 10)

“THAT pursuant to Sections 75 and 76 of the Act and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit and in the interest of the Company, provided that the aggregate number of the shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad (“Bursa Securities”) and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

## NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

cont'd

**5.2 Proposed Renewal of Authority for the Purchase by the Company of its own Ordinary Shares**

(Resolution 11)

“THAT subject to the rules, regulations and orders made pursuant to the Act, provisions of the Company’s Articles of Association and the Listing Requirements of Bursa Securities and any other relevant authorities, the Board be and is hereby authorised to purchase the Company’s shares through Bursa Securities (“Proposed Share Buy-Back”) subject to the following:-

- a. the maximum number of the Company’s shares which may be purchased and/or held as treasury shares by the Company at any point in time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total issued share capital of the Company;
- b. the maximum fund to be allocated by the Company for the purpose of purchasing the Company’s shares shall not exceed the aggregate of the retained profits of the Company;
- c. the authority conferred by this resolution will be effective immediately upon the passing of this Resolution and will expire at the conclusion of the next Annual General Meeting of the Company, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company at a general meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities; and
- d. upon completion of the purchase(s) of the Company’s shares by the Company, the Board be and is hereby authorised to retain the Company’s shares so purchased as treasury shares, of which may be distributed as dividends to shareholders and/or re-sold on Bursa Securities and/or subsequently cancelled and in other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND that the Board be and is hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Company’s shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

6. To transact any other business for which due notice shall have been given in accordance with the Company’s Articles of Association and the Companies Act, 2016.

BY ORDER OF THE BOARD

CYNTHIA GLORIA LOUIS (MAICSA 7008306)  
CHEW MEI LING (MAICSA 7019175)  
Secretaries

Petaling Jaya  
Selangor Darul Ehsan  
30 August 2018

## NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

cont'd

### Notes:

- (1) *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 28 September 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 20th AGM.*
- (2) *A member entitled to attend and to vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of Companies. A proxy shall be entitled to vote on a show of hands on any question at general meeting and shall have the same rights as the member to speak at the meeting. There shall be no restriction as to the qualification of the proxy.*
- (3) *A member who is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, is allowed to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (4) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- (5) *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.*
- (6) *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney duly authorized in writing or, in case of corporation, shall be given either under its common seal or under the hand of an officer or attorney duly authorized.*
- (7) *The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. of Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or any adjournment thereof.*

### Explanatory Notes:-

#### 1. **Directors' Report, Audited Financial Statement and the Auditors' Report for the financial year ended 30 April 2018**

*The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 provides that the audited financial statements are to be laid in the general meeting and does not require a formal approval of the shareholders. Hence, this item 1 of the Agenda is not put forward for voting.*

#### 2. **Special Business Ordinary Resolution 10 – Mandate to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

*The Directors did not issue any new shares pursuant to the existing mandate which will lapse at the conclusion of the 20th AGM.*

*The proposed resolution if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming 20th AGM, to allot and issue ordinary shares up to an aggregate amount of not exceeding 10% of the issued share capital of the Company for the time being from the unissued capital of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016. The authority will provide flexibility to the Company for any possible fund-raising activities, including but not limited to placement of shares, funding for future investment project(s) and/or business expansion and/or working capital and/or acquisitions.*

#### 3. **Special Business Ordinary Resolution 11 – Proposed Renewal of Authority for the Purchase by the Company of Its Own Ordinary Shares**

*The Ordinary Resolution, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the issued share capital of the Company. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting. For further information on the Proposed Share Buy-Back, please refer to the Share Buy-Back Statement dated 30 August 2018 accompanying the 2018 Annual Report.*

## NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

cont'd

### PERSONAL DATA PRIVACY

By lodging of a completed Form of Proxy to the Share Registrar of the Company for appointing a proxy(ies) and/or representative(s) to attend and vote in person at the 20th Annual General Meeting and any adjournment thereof, a member of the Company is hereby:

- 1) consented to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 20th Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 20th Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "**Purposes**");
- 2) warranted that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes ("**Warranty**"); and
- 3) agreed that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the Warranty.





CDS ACCOUNT NO.	
NO. OF SHARES	

**FORM OF PROXY**

I/We \_\_\_\_\_ Tel: \_\_\_\_\_

NRIC No. (New) \_\_\_\_\_ (Old) \_\_\_\_\_ /Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of **ANALABS RESOURCES BERHAD (468971-A)** hereby appoint the following person(s):-

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
*And/or failing him/her (delete as appropriate)			

or failing him/her/them, THE CHAIRMAN OF THE MEETING, as my/our proxy/proxies, to vote for me/us on my/our behalf at the Twentieth Annual General Meeting (“20th AGM”) of the Company will be held at the Putra Room of the Kelab Golf Sultan Abdul Aziz Shah, No. 1 Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 4 October 2018 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below in respect of the following Resolutions:-

RESOLUTIONS		FOR	AGAINST
Resolution 1	Re-election of Kan Yow Kheong as a Director.		
Resolution 2	Re-election of Lim Yoke Soo as a Director.		
Resolution 3	Re-election of Kan Mun Hoow as a Director.		
Resolution 4	Re-election of Lai Yew Choong as a Director.		
Resolution 5	Re-election of Low Chin Ann @ Han Chin Ann as a Director.		
Resolution 6	Re-election of Clifton Heath Fernandez as a Director.		
Resolution 7	Re-election of Nur Syazwani Binti Muhamad as a Director.		
Resolution 8	Approval of Directors’ fees for the financial year ending 30 April 2019.		
Resolution 9	Re-appointment of Messrs. Crowe Malaysia as Auditors.		
Resolution 10	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Resolution 11	Proposed Renewal of Share Buy-Back.		

Please indicate with an “X” in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote or abstain from voting at his/her/their discretion.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder(s)

**Notes:**

- (1) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 28 September 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 20th AGM.
- (2) A member entitled to attend and to vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of Companies. A proxy shall be entitled to vote on a show of hands on any question at general meeting and shall have the same rights as the member to speak at the meeting. There shall be no restriction as to the qualification of the proxy.
- (3) A member who is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, is allowed to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (4) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (5) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.
- (6) The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney duly authorized in writing or, in case of corporation, shall be given either under its common seal or under the hand of an officer or attorney duly authorized.
- (7) The instrument appointing a proxy must be deposited at the office of the Company’s Share Registrar, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time set for holding the meeting or any adjournment thereof.

Fold This Flap For Sealing

Then Fold Here

AFFIX  
STAMP

**ANALABS RESOURCES BERHAD** (468971-A)

**The Share Registrar**

Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

1st Fold Here

[www.analabs.com.my](http://www.analabs.com.my)

**ANALABS RESOURCES BERHAD** (468971-A)

Unit 621, 6th Floor, Block A  
Kelana Centre Point, No. 3, Jalan SS7/19  
Kelana Jaya, 47301 Petaling Jaya  
Selangor Darul Ehsan

**T** +603 7880 9699

**F** +603 7880 8699

**E** [enquiry@analabs.com.my](mailto:enquiry@analabs.com.my)

---