

# Reducing Waste for a **Better Environment**

*Corporate Social Responsibility - Recycling Waste Since 1980*

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19


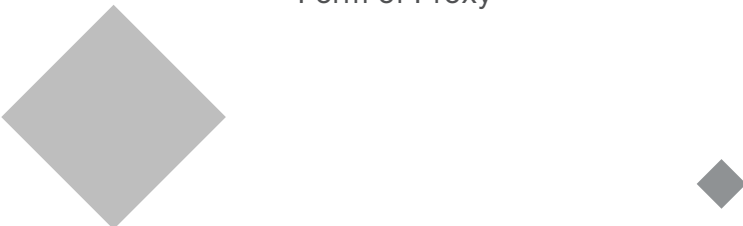
ANNUAL REPORT





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Reducing Waste  
For A Better  
Environment

Corporate Social  
Responsibility -  
Recycling Waste  
Since 1980

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Kan Yow Kheong  
Lim Yoke Soo  
Kan Mun Hoow  
Low Chin Ann @ Han Chin Ann  
Lai Yew Choong  
Clifton Heath Fernandez  
Lye Meei Ruu

Executive Chairman  
Executive Director  
Executive Director  
Senior Independent Non-Executive Director  
Independent Non-Executive Director  
Independent Non-Executive Director  
Independent Non-Executive Director

### COMPANY SECRETARIES

Cynthia Gloria Louis (MAICSA 7008306)  
Chew Mei Ling (MAICSA 7019175)  
Tan Ai Peng (MAICSA 7018419)

### REGISTERED OFFICE

Unit 621, 6th 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

Boardroom Share Registrars Sdn. Bhd.  
*(Formerly known as 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 PLT  
(LLP0018817-LCA & 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

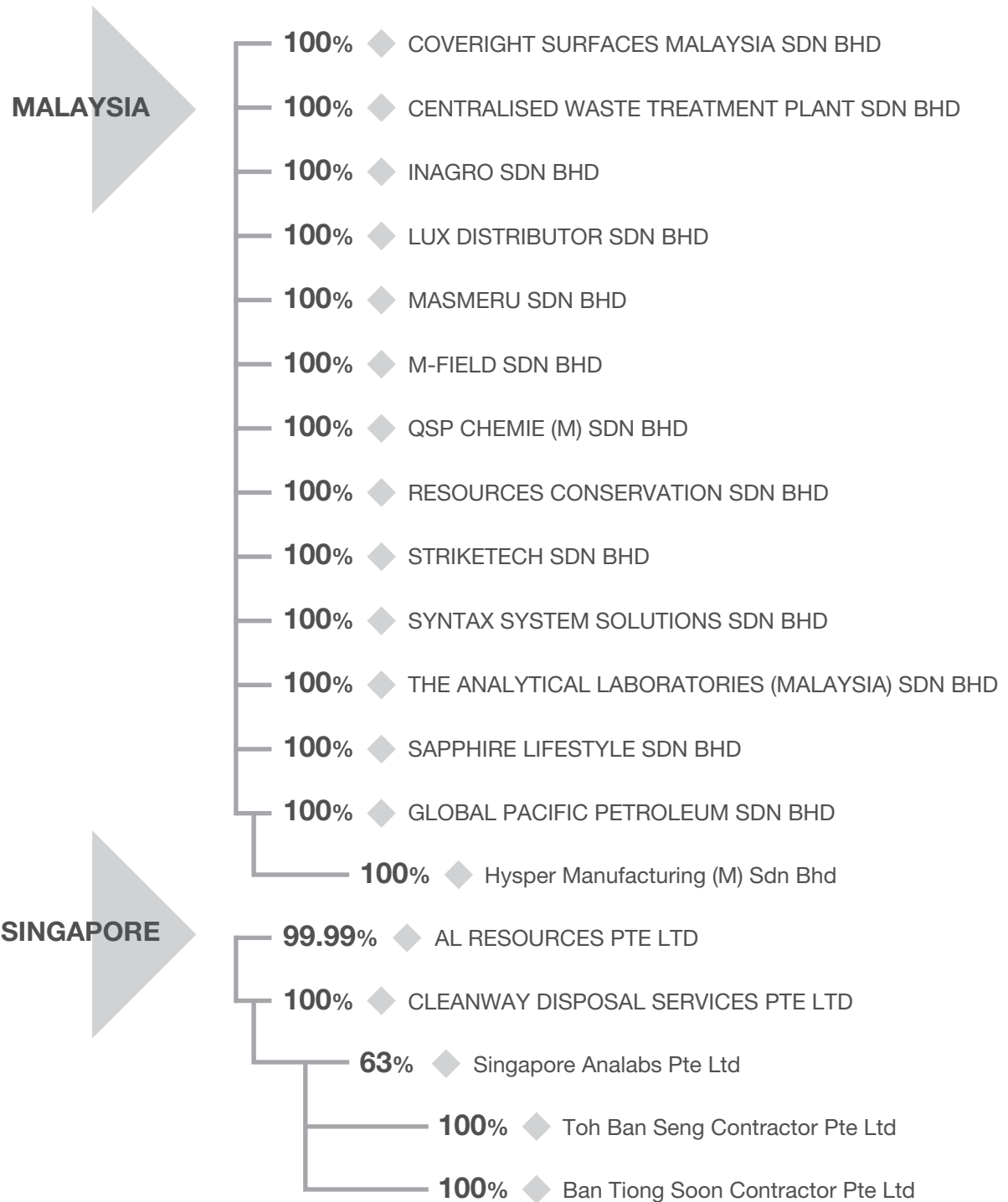
### STOCK EXCHANGE

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

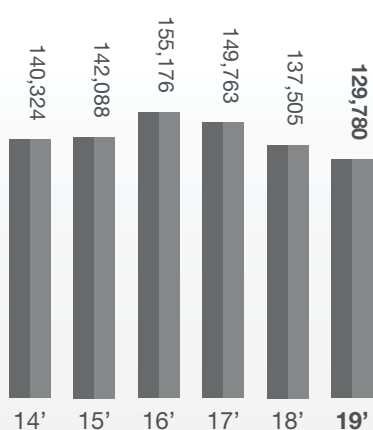


## FINANCIAL HIGHLIGHTS

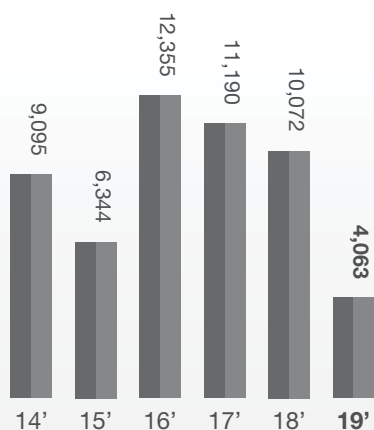
YEAR ENDED 30 APRIL	2014	2015	2016	2017	2018	2019
TURNOVER (RM'000)	140,324	142,088	155,176	149,763	137,505	<b>129,780</b>
PROFIT AFTER TAXATION (RM'000)	9,095	6,344	12,355	11,190	10,072	<b>4,063</b>
PROFIT ATTRIBUTABLE TO SHAREHOLDERS (RM'000)	9,695	6,879	13,254	11,108	9,489	<b>3,918</b>
NET EARNINGS PER SHARE (sen) <sup>(a)</sup>	8.44	6.06	11.79	9.90	8.46	<b>3.57</b>
NET ASSETS (RM'000)	207,022	209,914	221,252	235,394	249,694	<b>269,992</b>
NET ASSETS PER SHARE (RM) <sup>(a)</sup>	1.82	1.88	1.99	2.12	2.24	<b>2.49</b>
DIVIDEND RATE PER SHARE (%)	4.13	3.00	3.00	3.25	1.00	<b>2.00</b>

<sup>(a)</sup> Restated for FYE 2014 to FYE 2018 to reflect the retrospective adjustments arising from the bonus issue completed in FYE 2019.

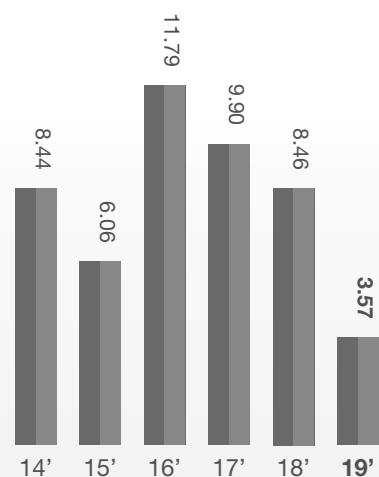
**TURNOVER**  
(RM'000)



**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 65, was appointed to the Board of Directors 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. 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 68, 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 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. KAN MUN HOOW**

*Executive Director*

**Mr. Kan Mun Hoow**, Malaysian, Male, aged 39, was appointed to the Board of Directors 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 Coverright 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 39, 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 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 and 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 71, 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 an Executive Director of Matrix Core Options & Futures Sdn. Bhd. from 1999 until retirement in 2001.

Mr. Lai is a member of the Audit and 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 47, 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 Training and Certification 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 and 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.

He is an Independent Non-Executive Chairman of Securemetrix Berhad.

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

### **MS. LYE MEEI RUU**

*Independent Non-Executive Director*

**Ms. Lye Meei Ruu**, a Malaysian, Female, aged 33, was appointed to the Board of Directors of the Company on 5 August 2019 as an Independent Non-Executive Director.

Ms. Lye graduated with a law degree, LL.B. (Hons) from the University of London in 2010 and holds a Certificate in Legal Practice in 2011. She completed her pupillage in 2011 with Messrs Tay & Helen Wong and was admitted as an Advocate and Solicitor of the High Court of Malaya in the same year. She is a member of the Malaysian Bar Council and the Selangor Bar Council.

She was a legal associate at Messrs Tay & Helen Wong and Messrs K.Y. Lim & Partners from 2011 to early 2017. She founded her legal firm Messrs Alison Lye & Suzanne with her partner in 2017.

She has 8 years of experience in advising and representing clients in real properties transactions, financing and loan documentations, lease and tenancies, debt recovery and settlements, drafting and preparing of business contracts and commercial agreements.

Ms. Lye did not attend any Board Meeting during the financial year as she was appointed on 5 August 2019, i.e. after the financial year ended 30 April 2019. 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 116 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 50, 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 2019.

Analabs which started its humble business in the recycling of waste sector has over the years strategically invested in financial assets and has gained a strong market presence in the business of trading in building materials. It has also increased its property investment portfolio which has been seeing substantial returns over the years. Analabs remains focused on its core competencies and prudent management of its investments has enabled Analabs to remain competitive in the market.

# CHAIRMAN'S STATEMENT

cont'd

## OPERATING ENVIRONMENT

Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segment remains the Group's focus and is the key revenue contributor for the financial year ended 30 April 2019.

It has been a very challenging year for Analabs. However, prudent management has enabled us to ride the tough times.

This year, the Group faced headwind challenges from the Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segment. Gross margin contribution from this segment dropped by 52.5% to RM4.7 million in 2019 from RM9.9 million in 2018. This was mainly due to the unexpected rise in the prices of raw materials in the 2<sup>nd</sup> half of 2018 in the region of 15% to 20% before its plateaued in early 2019. This segment is also subject to exchange rate fluctuation.

The Group continues to face challenges with the increased number of players in the market coupled with the oversupply in the domestic market and Singapore.

The Group is strategizing to consolidate the various businesses, balancing the volume and the contribution margin of the respective segmental business unit.

The Group foresees market consolidation in the coming months as the industry consolidates to a few large players during the current challenging times.

Investment division remains an opportunity given the current weak market.

## DIVIDENDS AND SHARE BUYBACK

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 2.0 sen per ordinary share on 15 March 2019 and with the bonus issue on the basis of one bonus share for every one existing Analabs Share held.

As at 30 April 2019, the Company held a total of 11,094,000 treasury shares from its issued share capital of 120,048,000 ordinary shares.

## LOOKING FORWARD

The Group foresees the current operating environment to remain challenging due to the heightened US-China trade tensions after failed trade talks with retaliation from both sides.

Analabs will look into opportunities to explore suitable business prospects and continue to be more selective in its investment opportunities in order to position its business for future growth. Continuous efforts would be made to develop talent and improve business efficiencies to ensure that the Group remains 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 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. Nur Syazwani Binti Muhamad 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. Lye Meei Ruu who was appointed as an Independent Director on 5 August 2019.

## 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 challenges ahead.

On behalf of the Board, I wish to extend my deepest appreciation to our valued customers, business partners and shareholders for their steadfast support and confidence in us. I also wish to extend my many thanks to our Company Secretary, our Auditors, Crowe Malaysia PLT, our Tax Agents, Deloitte Tax, our Internal Auditors, RSM, 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.

**Y K KAN**  
*Executive Chairman*

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

This Management Discussion & Analysis Statement (“MD&A”) aims to review the business and operation, discussion of the financial performance and 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 2019 (“FYE 2019”).

## BUSINESS AND OPERATIONS OVERVIEW

Analabs is an investment holding company with subsidiaries in Malaysia and Singapore. The Company is 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) Contract Work, Pipe Laying and Rehabilitation;
- (iv) Culture and Sale of Prawns; and
- (v) Investment Holding and Property Letting.

FYE 2019, the main segments that contributed the highest results for 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

Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segment remains the key revenue contributor of the Group for FYE 2019. The Group’s result was greatly impacted by the drop in the contribution from this segment. Gross margin contribution from this segment dropped by 52.5% to RM4.7 million in FYE 2019 from RM9.9 million in FYE 2018. This was mainly due to the unexpected rise in the prices of raw materials in the 2<sup>nd</sup> half of 2018 in the region of 15% to 20% before its plateau in early 2019. This segment is also subject to exchange rate risk as the performance of the Malaysian Ringgit has been unstable.

Upon the implementation of the Sales and Service Tax (“SST”) in place of the Goods and Services Tax, this segment witnessed changes in certain policies. This segment of the Group which is a net importer faces uphill challenges in providing solutions to export oriented customers.

The ongoing US China Trade War has resulted in many of the South East Asia (“SEA”) countries trying to leverage on this situation. Although the Trade War benefits the SEA market, it also brings uncertainty due to volatile circumstances. The Board remains cautious prior to venture into this segment.

### Recovery and Sale of Recycled Products

Recovery and Sale of Recycled Products segment is the second largest contributor to the results of FYE 2019 and covers hazardous industrial waste as well as 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 and environmentally friendly recycling practices to satisfy customer requirements.

This segment remains challenging. It recorded a drop of 4.5% in the profit after tax for FYE 2019 vs financial year ended 30 April 2018 (“FYE 2018”). This segment is expected to experience slower growth moving forward given the slowdown in manufacturing activities in the country in general resulting in less waste treatment required.

The Group is constantly exploring niche markets through new application of recycled products, and continue to build goodwill with customers to understand the market needs by offering more complementary services such as turnaround services for project and providing recycling collection instead of just domestic waste recycling.



# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

cont'd

## Contract Work, Pipe Laying and Rehabilitation

Contract, Pipe Laying and Rehabilitation segment is carried out by our subsidiaries in Singapore. This segment faced challenges with a significant drop in sales in FYE 2019 by 30.9% due to stiff competition. Further, the overcrowded local industry market is also not sustainable whilst Singapore is facing contraction of the GDP as widely reported in the international media coverage.

The drop in the revenue continues to weigh down on the Group but the Group will not sacrifice margins. Hence, Management has undertaken to build up the order book with small and short term contracts to minimise the risk and long term commitment with cost control becoming a priority in every project.

## Culture and Sale of Prawns

This segment continues to face challenges due to shortfall of skilled labour. Investment is being planned out for technology transfer from a successful technology implemented by a foreign investor in Kota Tinggi with high yield and low mortality rates.

## Investment Holding and Property Letting

With the current challenging economic backdrop, Management is cautiously optimistic on the future prospects of the investment holding segment. Generally, properties are currently valued at a discounted price. However, Management remains open to explore opportunities that may arise. Property letting or market rental remains stable even during subdued market conditions following the slowdown of the property development market.

## FINANCIAL REVIEW

For the FYE 2019, the Group achieved a revenue of RM129.8 million which represented a decrease of 5.6% or RM7.7 million lower than the preceding financial year.

The Group's gross profit margin dropped from 17.3% in FYE 2018 to 11.2% in FYE 2019 mainly due to the increase in the direct cost from the Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segment. Correspondingly, the Group recorded a lower profit before tax of RM5.0 million as compared to profit before tax of RM12.0 million in FYE 2018.

As at 30 April 2019, the Group's statements of financial position remained healthy with net assets of RM270.0 million.

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 of 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 its 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 uncertainties both domestically and internationally due to changes in the economic climate. Management is currently cautiously optimistic on the 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 employee development plans and streamline the strategy to prepare and develop 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 sustainability 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.

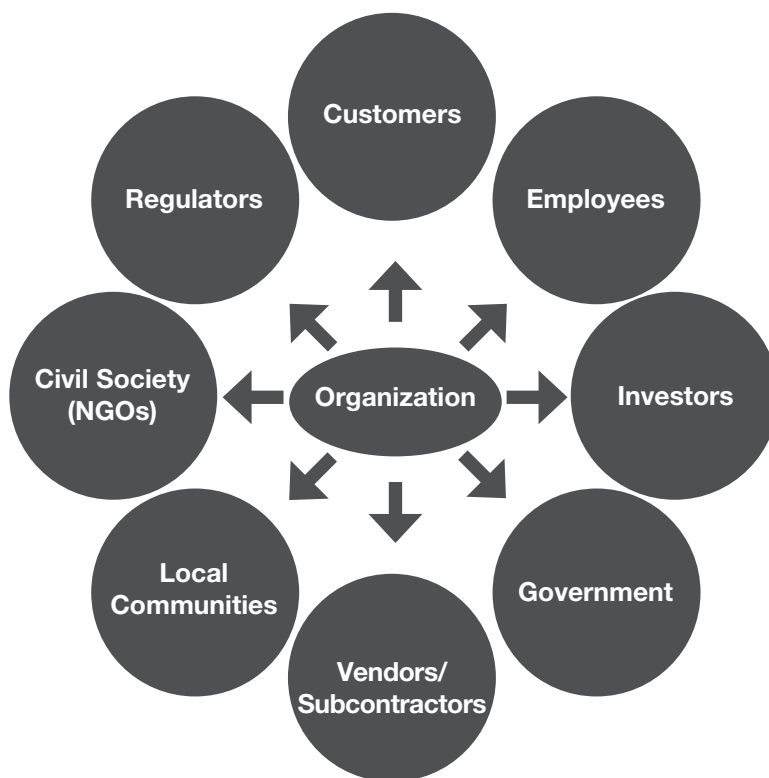
To further reinforce our commitment towards sustainability, we have implemented an Integrated Management System with concurrent certification to the ISO 14001:2015, ISO 9001:2015, ISO 18001:2007 and FSC (Forest Stewardship Council - Chain of Custody) for our core subsidiaries.

In all of this, our efforts have been guided by a robust standard and an improved framework that promotes integrity, ethical behaviour, accountability and transparency. Our organisation’s sustainability strategy is determined by our Board of Directors, who provide an 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 heads 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 is 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	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 prioritisation 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 2019/2020 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 objective for its scope have been identified 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”.

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 environment 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

## MATERIAL SUSTAINABILITY AND RELEVANT ACTION PLANS Cont'd

### ANALABS RESOURCES BERHAD 2019/2020 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:-

i) 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.

ii) Non-Scheduled Waste Management

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

iii) 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 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 of Aquaponics in El Shaddai Learning Centre.



# STATEMENT ON SUSTAINABILITY REPORTING

cont'd

## MATERIAL SUSTAINABILITY AND RELEVANT ACTION PLANS Cont'd

### ANALABS RESOURCES BERHAD 2019/2020 GROUP SUSTAINABILITY INITIATIVES Cont'd

#### Community Engagements Cont'd

##### ii) Education

Analabs 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 as shown from the Aquaponics project in El Shaddai Learning Centre.

##### 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 meet 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 based 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 for our workforce.

###### (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 an occurrence of a disastrous event and that the Group's properties and materials are well protected from any accident or mishap. A safety committee and enforced 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 has 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 Malaysian 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 the 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 Committees 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. Overseeing and evaluating the conduct and performance of the Company and the Group;
- b. Ensuring that the statutory accounts of the Group are true and fairly stated and conform with the relevant regulations including acceptable accounting policies and approved financial reporting standards;
- 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;
- 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; and
- h. Reviewing and approving the overall strategic plans and direction of the Group.

# 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

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 the Group but is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient check and balance. 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, Ms. Chew Mei Ling and Ms. Tan Ai Peng are Associate members 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 Meetings 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 at least five business days in advance of 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 2019. 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 2019 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*	-	-	1/1
Lim Yoke Soo	5/5	5/5*	-	-	1/1
Kan Mun Hoow	5/5	5/5*	-	-	1/1
Low Chin Ann @ Han Chin Ann	5/5	5/5	1/1	1/1	1/1
Lai Yew Choong	5/5	5/5	1/1	1/1	1/1
Clifton Heath Fernandez	5/5	5/5	1/1	1/1	1/1
Nur Syazwani Binti Muhamad ( <i>Resigned on 27.06.2019</i> )	4/5	3/5*	-	-	1/1
Lye Meei Ruu ( <i>Appointed on 05.08.2019</i> )	-	-	-	-	-

*Note:*

i. Lye Meei Ruu did not attend any meeting during the financial year as she was appointed on 5 August 2019, i.e. after the financial year ended 30 April 2019.

\* 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 during the financial year ended 30 April 2019 and up to the date of this report 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 2019 Board Effectiveness Evaluation;
- 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; and
- Reviewed the business plan.

#### 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 last 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 of 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 more than half of the Board members, provides objectivity and independent judgment to decision making. In the event of any vacancy in the Board resulting in non-compliance with Paragraph 15.02(3) of the MMLR, the Company must fill the vacancy within 3 months.

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:-

##### *Resignation*

- Nur Syazwani Binti Muhamad resigned as an Independent Non-Executive Director on 27 June 2019.

##### *New Appointment*

- Lye Meei Ruu was appointed as an Independent Non-Executive Director on 5 August 2019.



# 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 of Board Composition Cont'd

##### Annual Assessment of Independence

Criteria have been set to assess the independence of candidates 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 Directors had any relationships and/or transactions that could materially interfere with their independent judgments 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 to 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 judgment 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 all the 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	Legal/Regulatory	Marketing Management	Mechanical Engineering	Corporate Training/Education	Environmental & Sustainability Management	25 – 34	35 – 44	45 – 54	55 – 74	Male	Female
Kan Yow Kheong	✓			✓			✓		✓					✓	✓	
Lim Yoke Soo	✓			✓			✓		✓					✓	✓	
Kan Mun Hoow			✓	✓				✓	✓		✓				✓	
Low Chin Ann @ Han Chin Ann			✓	✓			✓		✓		✓				✓	
Lai Yew Choong		✓	✓				✓							✓	✓	
Clifton Heath Fernandez			✓	✓	✓		✓		✓			✓			✓	
Nur Syazwani Binti Muhamad (Resigned on 27.06.2019)	✓										✓					✓
Lye Meei Ruu (Appointed on 05.08.2019)						✓					✓					✓

#### 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 Board practises non-discrimination on gender, race or religion and it is committed to ensure that its composition not only reflect the diversity as recommended by the Code, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Group's goals.

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.

#### Practice 4.7 Nomination Committee

The NC is a committee of the Board with the function of recommending appointments to the Board and Board Committees.

#### Chairman & Membership

- (i) The NC comprises a minimum of two (2) 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 NC comprises exclusively of Independent Non-Executive Directors:-

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 terms of reference of the NC can be found on the Company's website at [www.analabs.com.my](http://www.analabs.com.my). The terms of reference was last reviewed by the Board in June 2018.

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

The Board evaluation comprises 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").

# 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

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 NC also undertook an evaluation on the ARMC and the assessment criteria include effectiveness and quality of 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 the re-election.

#### 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 financial year and up to the date of this report 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 of external and internal audits and financial reporting. The NC and the Board was satisfied with the performance and effectiveness of the ARMC;
- vi) an assessment on the appointment of Lye Meei Ruu as the Independent Non-Executive Director.

There were no major concerns arising from the results of the Assessments. The feedback confirmed that the Board and each of its Committees continue to operate effectively 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 Constitution, 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 skills and knowledge and to keep abreast with the latest developments 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.

# 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

##### Directors' Training Cont'd

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	Performance Management & Balanced Scorecard	20.12.2018
Lim Yoke Soo	Performance Management & Balanced Scorecard	20.12.2018
Kan Mun Hoow	Performance Management & Balanced Scorecard	20.12.2018
Low Chin Ann @ Han Chin Ann	i. CCA Malaysia Annual Conference 2018	03.07.2018
	ii. Performance Management & Balanced Scorecard	20.12.2018
Lai Yew Choong	Performance Management & Balanced Scorecard	20.12.2018
Clifton Heath Fernandez	i. Whistleblowing – Changing the Culture	29.11.2018
	ii. The Business Professional of the Future	30.11.2018
	iii. Business Model of the Future	30.11.2018
	iv. Performance Management & Balanced Scorecard	20.12.2018

Excludes Nur Syazwani Binti Muhamad who resigned on 27 June 2019 and Lye Meei Ruu who was appointed on 5 August 2019.

### III. REMUNERATION

#### Practice 6.1 Remuneration Policy and Procedures for Directors

The remuneration package of Directors has been structured to attract, retain and motivate the Directors of the right caliber and to recognise and reward the high performing Directors for achieving the Company's business and corporate goals.

The RC 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, 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 RC comprised exclusively of Independent Non-Executive Directors:-

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)

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### III. REMUNERATION Cont'd

#### Practice 6.2 Remuneration Committee Cont'd

The RC has the primary responsibility to provide assistance to the Board in determining, reviewing and developing a remuneration policy and reward system for the Board. 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.

The RC has during the financial year and up to the date of this report carried out a review and recommendation on the payment of Directors' fee for the financial year ending 30 April 2020 and recommended the same to the Board.

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 2019. 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 in June 2018.

#### 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 the Group for the financial year ended 30 April 2019 are as follows:-

	Company		Group	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Salaries, Bonuses & Socso (RM)	84,940	-	511,803	-
Fee (RM)	36,000	48,000	36,000	48,000
Defined Contribution Plans (RM)	4,820	-	24,904	-
Benefits-in-kind (RM)	-	-	-	-

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

	Salaries, Bonuses and Other Emoluments		Fee	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
<b>Company</b>				
Below RM50,000	1	-	3	4
RM50,001 - RM100,000	1	-	-	-
<b>Group</b>				
Below RM50,000	-	-	3	4
RM50,001 - RM100,000	1	-	-	-
RM150,001 - RM200,000	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 Cont'd

(i) Directors' Fee/Meeting Allowance

The Company will be seeking the approval of the shareholders for the Proposed Director Fee of RM108,000.00 for the financial year ending 30 April 2020 at the forthcoming AGM. The fee will not be paid until the approval of the shareholders is obtained 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, fee and allowances including retirement benefits, hospitalisation and surgical insurance and a variable performance-linked bonus.

(vi) The remuneration of the top 5 key senior management, inclusive of Executive Directors by bands of RM50,000, for the financial year ended 30 April 2019 are as follows:-

Senior Management	Fee	Salary/ Bonus	Benefits in-kind	Other emoluments
Below RM50,000	-	-	-	5
RM50,001 to RM100,000	-	3	-	-
RM100,001 to RM150,000	-	1	-	-
RM200,001 to RM250,000	-	1	-	-

Details of the remuneration received by the top 5 key senior management are not disclosed in this report as the Board is of the view that the above remuneration disclosure by bands satisfies the accountability and transparency aspects of the Codes.

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

There was no indemnity given to or insurance effected for the Directors and officers of the Group and 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 Requirement 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 2019 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 its 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 Auditor. The areas of assessment include among others, the External Auditors' objectivity and independence, audit fee, 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 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 possesses 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.

### **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.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### **Practices 10.1 and 10.2 Internal Audit Function** Cont'd

The IA 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. The internal audit function and activities carried out during the financial year and up to the date of this report are as disclosed in the ARMC Report of this Annual Report.

The IA has unrestricted access to the ARMC and is invited to attend meetings to facilitate the deliberation of internal 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 SHAREHOLDERS**

### **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 SHAREHOLDERS**

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. Meetings of Members 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 Meetings of Members**

All the Directors would attend the Meetings of Members 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 meeting.

It is currently not economically justifiable to enable voting in absentia or remote members' participation. However, the Company will monitor the development of technology and market practice to facilitate members' participation and the Board may consider implementing the same in the future.

At the 20th AGM of the Company, all resolutions were put to the vote and Independent Scrutineer was appointed to verify the votes and the results of the voting were announced instantaneously at the meeting.

## **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 2 August 2019.

## ADDITIONAL COMPLIANCE INFORMATION

### UTILISATION OF PROCEEDS

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

### AUDIT FEE AND NON-AUDIT FEE

The audit fee payable for the Company and on the Group basis for the financial year ended 30 April 2019 were RM45,000.00 and RM240,348.00 respectively (both exclusive of Service Tax).

There were no non-audit fee 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 2019.

### 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 2019 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 continuously review 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 Auditors 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 internal 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 the adequacy and integrity of selected areas of internal control system are carried out by the outsourced 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 2 August 2019.

# 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*)

The composition of the Committee meets the requirements of paragraph 15.09 (1)(a) and (b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and 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 2019 are as follows:

Directors	Meetings Attended by the Members/ Total Number of Meetings Held During the Financial Year Ended 30 April 2019	% of Attendance
Mr. Clifton Heath Fernandez	5/5	100
Mr. Low Chin Ann @ Han Chin Ann	5/5	100
Mr. 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 and re-appointment of Auditors. Relevant issues highlighted by the External Auditors and Internal Auditors are escalated to the Board.

## TERMS OF REFERENCE

The terms of reference of the ARMC has been enhanced in line with the Malaysian Code on Corporate Governance in June 2018. The terms of reference is accessible on the Company’s website at [www.analabs.com.my](http://www.analabs.com.my).

## ASSESSMENT

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.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

## SUMMARY OF WORKS DURING THE YEAR

The works carried out by the Committee during the financial year ended 30 April 2019 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 External Auditors concurred with the accounting policies adopted by Management and that they were in conformity with the relevant accounting standards in particular 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 ISA700 approved 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 ARMC Report and Statement of Risk Management and Internal Control were reviewed by the External Auditors before recommendation to the Board for 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 was 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.
- 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 Ethics Standards Board for 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.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

## SUMMARY OF WORKS DURING THE YEAR Cont'd

### (b) External Audit Cont'd

- The Committee met twice with the External Auditors without the presence of the Executive Directors and Management at the ARMC Meetings held on 21 March 2019 and 2 August 2019 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 once 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 2019/2020, 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 to assess the implementation status on Coveright Surfaces Malaysia Sdn. Bhd. ("CSM") and internal audit review on CSM's purchase to payables management.

## 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 the implementation status on CSM and internal audit review on CSM's purchase to payables management.

The costs incurred for the outsourced internal audit function in respect of the financial year amounted to RM20,155.00 (inclusive of Service Tax).

## 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 2019.

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 judgments 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

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## 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 2019. 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 and other details 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:		
- Owners of the Company	3,918	5,698
- Non-controlling interests	145	-
	4,063	5,698

### DIVIDENDS

On 15 March 2019, the Company paid an interim single-tier dividend of 2 sen per ordinary share amounting to RM2,179,080 in respect of the financial year ended 30 April 2019.

The directors do not propose any further dividends in respect of 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 OR DEBENTURES

During the financial year, the Company issued 60,024,000 bonus share on the basis of 1 new ordinary share for every 1 existing ordinary share in issue without capitalising the Company's reserves.

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

### TREASURY SHARES

During the financial year, the Company purchased 1,627,600 of its issued ordinary shares from the open market at a price ranged from RM2.09 to RM2.80 per share. The total consideration paid for the purchase was RM4,268,312 including transaction costs of RM16,640. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 30 April 2019, the Company held as treasury shares a total of 11,094,000 of its 120,048,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM10,139,719. The details of the treasury shares are disclosed in Note 13 to the financial statements.

# DIRECTORS' REPORT

cont'd

## SHARE 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 which would render the amount written off for bad debts or the amount of allowance for impairment losses on receivables inadequate to any substantial extent.

## 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 value of current assets 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

At the date of this report, other than the contingent liabilities as disclosed in Note 31 to the financial statements, 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.

# DIRECTORS' REPORT

cont'd

## 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

The names of 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  
 Kan Mun Hoow  
 Low Chin Ann @ Han Chin Ann  
 Lai Yew Choong  
 Clifton Heath Fernandez  
 Lye Meei Ruu (Appointed on 5.8.2019)  
 Nur Syazwani Binti Muhamad (Resigned on 27.6.2019)

### 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  
 Tan Cher Heng  
 Wan Mei Yi  
 Woo Pek Chuan  
 Lim Hock Hwa (Resigned on 19.7.2018)

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors holding office at the end of the financial year in the shares of the Company during the financial year are as follows:-

Name of Director	Number of Ordinary Shares			Balance at 30.4.2019
	Balance at 1.5.2018	Bonus Issue/ Bought	(Sold)	
<u>Direct</u>				
Kan Yow Kheong	31,674,552	34,144,352	-	65,818,904
Lim Yoke Soo	212,277	212,277	-	424,554
Kan Mun Hoow	2,519,500	2,519,500	-	5,039,000
<u>Indirect</u>				
Kan Yow Kheong <sup>(a)</sup>	9,000	9,000	-	18,000

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

# DIRECTORS' REPORT

cont'd

## **DIRECTORS' INTERESTS** Cont'd

By virtue of his interest in shares of the Company, Kan Yow Kheong is 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 of the Company or its related corporations during the financial year.

## **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 as disclosed in Note 22 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 22 to the financial statements.

## **INDEMNITY AND INSURANCE COST**

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

## **SUBSIDIARIES**

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

## **AUDITORS**

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 21 to the financial statements.

**Signed In Accordance With A Resolution Of The Directors  
Dated 8 August 2019**

**Kan Mun Hoow**

**Lim Yoke Soo**

## STATEMENT BY DIRECTORS

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

We, Kan Mun Hoow 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 111 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 April 2019 and of their financial performance and cash flows for the financial year ended on that date.

**Signed In Accordance With A Resolution Of The Directors  
Dated 8 August 2019**

**Kan Mun Hoow**

**Lim Yoke Soo**

## STATUTORY DECLARATION

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

I, Lai Nyuk Moi, MIA Membership No.: 38941, 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 111 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, NRIC No.: 681125-05-5096  
at Klang in the State of Selangor Darul Ehsan  
on this 8 August 2019

**Lai Nyuk Moi**

Before me  
Nadzrul Azali Bin Abdul Aziz  
No. B548  
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 2019 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 111.

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 2019, 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.

### 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>■ Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances.</li> <li>■ Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method.</li> <li>■ Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.</li> <li>■ Performing stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of the recoverable amount.</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

- 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 the Company, including the disclosures, and whether the financial statements of the Group and 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 PLT**  
LLP0018817-LCA & AF 1018  
Chartered Accountants

Kuala Lumpur

8 August 2019

**Ong Beng Chooi**  
03155/05/2021 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	4	180,609	144,114	-	-
Goodwill on consolidation	5	9,985	9,943	-	-
Investments in subsidiaries	6	-	-	78,409	78,409
Receivable	7	58	-	-	-
Other investments	8	85,857	50,772	3,532	4,040
		276,509	204,829	81,941	82,449
<b>CURRENT ASSETS</b>					
Inventories	9	16,812	17,916	-	-
Receivables	7	25,288	32,176	5,958	10
Contract assets	10	1,043	-	-	-
Other investments	8	7,862	-	-	-
Prepayments		299	279	-	-
Current tax assets		2,133	1,786	32	52
Cash and cash equivalents	11	15,626	55,771	195	7,327
		69,063	107,928	6,185	7,389
<b>TOTAL ASSETS</b>		<b>345,572</b>	<b>312,757</b>	<b>88,126</b>	<b>89,838</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	12	66,272	66,272	66,272	66,272
Treasury shares	13	(10,140)	(5,888)	(10,140)	(5,888)
Reserves		215,355	190,786	31,295	28,429
Equity attributable to owners of the Company		271,487	251,170	87,427	88,813
Non-controlling interests	14	(1,495)	(1,476)	-	-
<b>TOTAL EQUITY</b>		<b>269,992</b>	<b>249,694</b>	<b>87,427</b>	<b>88,813</b>
<b>NON-CURRENT LIABILITIES</b>					
Loans and borrowings	15	10,512	6,976	-	-
Deferred tax liabilities	16	23,628	17,360	-	-
		34,140	24,336	-	-
<b>CURRENT LIABILITIES</b>					
Payables	17	17,878	20,653	699	1,025
Loans and borrowings	15	22,743	15,831	-	-
Provision	18	819	2,243	-	-
		41,440	38,727	699	1,025
<b>TOTAL LIABILITIES</b>		<b>75,580</b>	<b>63,063</b>	<b>699</b>	<b>1,025</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>345,572</b>	<b>312,757</b>	<b>88,126</b>	<b>89,838</b>
<b>NET ASSETS PER SHARE (RM)</b>	34	<b>2.49</b>	<b>2.24</b>		

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

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	19	129,780	137,505	6,054	8,214
Cost of sales		(115,300)	(113,710)	-	-
Gross profit		14,480	23,795	6,054	8,214
Other income	20	8,470	5,812	154	111
Administrative and other operating expenses		(16,793)	(17,025)	(422)	(398)
Finance costs		(1,123)	(554)	-	-
Profit before tax	21	5,034	12,028	5,786	7,927
Tax expense	23	(971)	(1,956)	(88)	(111)
Profit for the financial year		4,063	10,072	5,698	7,816
Other comprehensive income/(loss):-					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
- Gross revaluation increase of properties		38,535	-	-	-
- Deferred tax effect thereof		(6,507)	-	-	-
- Fair value changes of equity investments		(9,819)	-	(561)	-
<i>Items that will be reclassified subsequently to profit or loss:</i>					
- Fair value changes of available-for-sale financial assets		-	5,974	-	496
- Reclassification adjustments on derecognition of available-for-sale financial assets		-	(5)	-	(3)
- Currency translation differences for foreign operations		551	(1,180)	-	-
		22,760	4,789	(561)	493
		26,823	14,861	5,137	8,309

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

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit attributable to:					
- Owners of the Company		3,918	9,489	5,698	7,816
- Non-controlling interests		145	583	-	-
		4,063	10,072	5,698	7,816
Total comprehensive income/(loss) attributable to:					
- Owners of the Company		26,842	14,192	5,137	8,309
- Non-controlling interests		(19)	669	-	-
		26,823	14,861	5,137	8,309
Earnings per share for profit attributable to owners of the Company					
- Basic (sen)	24	3.57	8.46		
- Diluted (sen)		3.57	8.46		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

Group	← Non-Distributable →			→ Distributable ←			Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Share capital	Treasury shares	Revaluation surplus	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	
Dividends to owners of the Company (representing total transactions with owners) (Note 25)	-	-	-	-	-	(561)	(561)	-	(561)	
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)	
Total other comprehensive (loss)/income 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 (loss)/income for the financial year	-	-	-	(1,266)	5,969	9,489	14,192	669	14,861	
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 2019

cont'd

Group	Non-Distributable			Distributable			Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Share capital	Treasury shares	Revaluation surplus	Currency translation reserve	Fair value reserve	Retained profits	Company	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 May 2018	66,272	(5,888)	47,194	4,237	8,045	131,310	251,170	(1,476)	249,694	
- Brought forward from preceding year	-	-	-	-	-	(2)	(2)	-	(2)	
- Changes in accounting policies	66,272	(5,888)	47,194	4,237	8,045	131,308	251,168	(1,476)	249,692	
- Adjusted	-	-	-	-	-	(75)	(75)	-	(75)	
Bonus share issue	-	-	-	-	-	(17)	(4,269)	-	(4,269)	
transaction costs	-	(4,252)	-	-	-	(2,179)	(2,179)	-	(2,179)	
Purchase of own shares	-	-	-	-	-	(2,271)	(6,523)	-	(6,523)	
Dividends to owners of the Company (Note 25)	-	(4,252)	-	-	-	-	-	-	-	
Total transactions with owners	-	-	-	-	-	-	-	-	-	
Gross revaluation increase of properties	-	-	38,684	-	-	-	38,684	(149)	38,535	
Deferred tax effect thereof	-	-	(6,532)	-	-	-	(6,532)	25	(6,507)	
Fair value changes of equity investments	-	-	-	-	(9,819)	-	(9,819)	-	(9,819)	
Currency translation differences for foreign operations	-	-	-	591	-	-	591	(40)	551	
Total other comprehensive income/(loss) for the financial year	-	-	32,152	591	(9,819)	-	22,924	(164)	22,760	
Profit for the financial year	-	-	-	-	-	3,918	3,918	145	4,063	
Total comprehensive income/(loss) for the financial year	-	-	32,152	591	(9,819)	3,918	26,842	(19)	26,823	
Balance at 30 April 2019	66,272	(10,140)	79,346	4,828	(1,774)	132,955	271,487	(1,495)	269,992	

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



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

Company	Share capital RM'000	Treasury shares RM'000	Non- Distributable Fair value reserve RM'000	Distributable Retained profits RM'000	Total equity RM'000
Balance at 1 May 2017	66,272	(5,888)	458	20,223	81,065
Dividends to owners of the Company (representing total transactions with owners) (Note 25)	-	-	-	(561)	(561)
Fair value changes of available-for- sale financial assets	-	-	496	-	496
Reclassification adjustments on derecognition of available-for-sale financial assets	-	-	(3)	-	(3)
Total 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
Balance at 30 April 2018/1 May 2018	66,272	(5,888)	951	27,478	88,813
Bonus share issue transaction costs	-	-	-	(75)	(75)
Purchase of own shares	-	(4,252)	-	(17)	(4,269)
Dividends to owners of the Company (Note 25)	-	-	-	(2,179)	(2,179)
Total transactions with owners	-	(4,252)	-	(2,271)	(6,523)
Fair value changes of equity investments (representing other comprehensive loss for the financial year)	-	-	(561)	-	(561)
Profit for the financial year	-	-	-	5,698	5,698
Total comprehensive (loss)/income for the financial year	-	-	(561)	5,698	5,137
Balance at 30 April 2019	66,272	(10,140)	390	30,905	87,427

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Profit before tax	5,034	12,028	5,786	7,927
Adjustments for:-				
Bad debts written off	161	137	-	-
Depreciation of property, plant, and equipment	7,126	7,175	-	-
Dividend income from:				
- Investments in subsidiaries	-	-	(5,670)	(7,731)
- Investments in unit trusts	(57)	(58)	(53)	(58)
- Quoted investments	(4,204)	(2,382)	-	(3)
Equipment written off	-	3	-	-
Fair value loss on financial instruments mandatorily measured at fair value through profit or loss	18	-	-	-
Gain on disposal of plant and equipment	(66)	(83)	-	-
Gain on disposal of quoted investments	-	(671)	-	(5)
Impairment loss on:				
- Quoted investments	-	212	-	-
- Trade receivables	138	66	-	-
Interest expense	1,123	554	-	-
Interest income	(548)	(870)	(101)	(35)
Provision for claims and damages	226	523	-	-
Revaluation decrease of property	1,757	-	-	-
Reversal of impairment loss on trade receivables	(46)	(567)	-	-
Reversal of provision for claims and damages	(1,598)	(1,066)	-	-
Unrealised gain on foreign exchange, net	(17)	(41)	-	-
	9,047	14,960	(38)	95
Changes in:-				
Contract assets	(1,034)	(229)	-	-
Inventories	1,110	624	-	-
Receivables and prepayments	6,839	(942)	(1)	-
Payables	(3,112)	(1,577)	4	17
Provision	(52)	(468)	-	-
Cash from/(for) operations	12,798	12,368	(35)	112
Interest paid	(1,116)	(554)	-	-
Tax paid	(1,645)	(2,995)	(68)	(9)
Net cash from/(for) operating activities and balance carried forward	10,037	8,819	(103)	103

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance brought forward		10,037	8,819	(103)	103
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
(Advances to)/Repayment from subsidiaries		-	-	(5,947)	70
Decrease/(Increase) in fixed deposits under lien with licensed banks		4,740	(1,090)	85	(3)
Dividends received		4,261	2,440	5,723	7,792
Interest received		548	870	101	35
Purchase of units trusts		(4,718)	(1,558)	(53)	(1,558)
Proceeds from disposal of plant and equipment		84	157	-	-
Proceeds from disposal of quoted investments		15	6,209	-	14
Purchase of quoted investments		(48,070)	(5,083)	-	-
Purchase of property, plant and equipment	26	(5,871)	(5,400)	-	-
Net cash (for)/from investing activities		(49,011)	(3,455)	(91)	6,350
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Dividend paid		(2,179)	(561)	(2,179)	(561)
Drawdown of term loans	26	4,409	3,810	-	-
Bonus share issue transaction costs paid		(75)	-	(75)	-
Net increase in short-term loans and borrowings	26	7,557	8,315	-	-
Purchase of own shares		(4,269)	-	(4,269)	-
Repayment of hire purchase obligations	26	(719)	(869)	-	-
Repayment of term loans	26	(1,315)	(5,812)	-	-
(Repayment to)/Advances from subsidiaries		-	-	(330)	800
Net cash from/(for) financing activities		3,409	4,883	(6,853)	239
Net (decrease)/increase in cash and cash equivalents		(35,565)	10,247	(7,047)	6,692
Cash and cash equivalents brought forward		50,323	40,359	7,242	550
Currency translation differences		160	(283)	-	-
Cash and cash equivalents carried forward	11	14,918	50,323	195	7,242

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

## 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 and other details 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 where 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 2019.

## 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, modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

<b>MFRS</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 9 <i>Financial Instruments</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
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 15 <i>Effective Date of MFRS 15</i>	1 January 2018
Amendments to MFRS 15 <i>Clarifications to MFRS 15 Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycles	1 January 2018
<ul style="list-style-type: none"> <li>• Amendments to MFRS 1 <i>Deletion of Short-term Exemptions for First-time Adopters</i></li> <li>• Amendments to MFRS 128 <i>Measuring an Associate or Joint Venture at Fair Value</i></li> </ul>	

The Group has applied MFRS 9 and MFRS 15 using the modified retrospective application. The initial application of the above MFRSs did not have any significant impacts on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.1 Basis of Preparation of Financial Statements Cont'd

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 yet effective:-

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
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 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
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 References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019
<ul style="list-style-type: none"> <li>● Amendments to MFRS 3 <i>Previously Held Interest in a Joint Operation</i></li> <li>● Amendments to MFRS 11 <i>Previously Held Interest in a Joint Operation</i></li> <li>● Amendments to MFRS 112 <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity</i></li> <li>● Amendments to MFRS 123 <i>Borrowing Costs Eligible for Capitalisation</i></li> </ul>	

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements except as follows:-

#### 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 a 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 asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group and the Company will apply the new requirements of MFRS 16 from 1 May 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.2 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.

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 acquiree.
- (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 2.5. 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.

### 2.3 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 2.5.

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.3 Property, Plant and Equipment Cont'd

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

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.

### 2.4 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 2.5.

### 2.5 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 and contract assets, 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 or, in respect of a revalued asset, treated as a revaluation decrease.

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 or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.6 Contract Assets and Contract Liabilities

A contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.9. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

### 2.7 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the first-in, first-out cost basis) 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.

### 2.8 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 *Revenue from Contracts with Customers* at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

#### Debt Instruments

##### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.8 Financial Instruments Cont'd

#### (a) Financial Assets Cont'd

##### Debt Instruments Cont'd

##### (i) Amortised Cost Cont'd

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

##### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

##### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

##### Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.8 Financial Instruments Cont'd

#### (b) Financial Liabilities

##### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

##### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

#### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

##### (i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their costs are transferred to retained profits.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.8 Financial Instruments Cont'd

#### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (e) Financial Guarantee Contracts

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

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

#### Accounting Policies Applied Until 30 April 2018

The Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 May 2018 and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.9 Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### Accounting Policies Applied Until 30 April 2018

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or a group of financial assets was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

### 2.10 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 2019  
cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.11 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.

### 2.12 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.12 Fair Value Measurement Cont'd

#### Non-financial Assets

The fair values of land and buildings are measured either using the market comparison approach (i.e. Level 2) or cost approach (i.e. Level 3).

#### 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 values of marketable securities are directly measured using their unadjusted closing price in active markets (i.e. Level 1).

### 2.13 Revenue from Contracts with Customers

The Group and the Company recognise revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (a) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (b) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (c) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (d) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (e) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

#### Sale of Goods

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

#### Rendering of Services

The Group and the Company determine that the transfer of control of promised services generally coincides with the Group's and the Company's performance as the customer simultaneously receives and consumes the benefits of the performance as the Group and the Company perform. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group and the Company measure the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed or milestones reached.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.13 Revenue from Contracts with Customers Cont'd

#### Construction Contracts

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Accordingly, revenue from construction contracts is recognised over time during the construction period. The Group measures the progress towards complete satisfaction of the performance obligation using an input method, i.e. costs incurred relative to the total expected costs. The effects of any costs incurred that do not depict the Group's performance are excluded from the calculation.

### 2.14 Revenue from Other Sources and Other Income

#### (a) Dividend Income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

#### (b) Interest Income

Interest income is recognised in profit or loss using the effective interest method.

#### (c) Rental Income

Rental income is recognised in profit or loss on a straight-line basis over the lease term.

#### (d) Government Grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

### 2.15 Employee Benefits

#### Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses, social security contributions and employment insurance scheme 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, where appropriate, in the period in which the associated services are rendered by the employee.

### 2.16 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

### 2.17 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.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

### 2.18 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, if any.

### 2.19 Provisions

Provisions 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.

### 2.20 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 2019  
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:-

#### Valuation of Inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories as disclosed in Note 9.

#### 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 Trade Receivables

The Group recognises loss allowance for expected credit losses on trade receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of trade receivables as disclosed in Note 7.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	At 1.5.2018 RM'000	Additions RM'000	Revaluation increase, net RM'000	Disposals RM'000	Depreciation RM'000	Currency translation differences RM'000	At 30.4.2019 RM'000
<b>2019</b>							
<u>Carrying amount</u>							
Freehold land	50,315	-	20,185	-	-	-	70,500
Leasehold land	33,641	1,840	14,645	-	(574)	-	49,552
Buildings	47,176	3,680	1,948	-	(2,453)	542	50,893
Plant and machinery	7,832	71	-	-	(2,522)	48	5,429
Renovation	35	-	-	-	(17)	-	18
Office equipment	201	9	-	-	(99)	3	114
Furniture and fittings	36	-	-	-	(21)	1	16
Laboratory equipment	239	-	-	(13)	(102)	6	130
Motor vehicles	4,639	563	-	(5)	(1,338)	98	3,957
	144,114	6,163	36,778	(18)	(7,126)	698	180,609

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

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

Group	At cost RM'000	At valuation RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
<b>2019</b>				
Freehold land	-	70,500	-	70,500
Leasehold land	-	49,552	-	49,552
Buildings	-	50,893	-	50,893
Plant and machinery	122,130	-	(116,701)	5,429
Renovation	1,321	-	(1,303)	18
Office equipment	6,080	-	(5,966)	114
Furniture and fittings	1,090	-	(1,074)	16
Laboratory equipment	3,120	-	(2,990)	130
Motor vehicles	20,353	-	(16,396)	3,957
	154,094	170,945	(144,430)	180,609

Group	At cost RM'000	At valuation RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
<b>2018</b>				
Freehold land	-	50,315	-	50,315
Leasehold land	-	36,193	(2,552)	33,641
Buildings	-	55,506	(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
	154,116	142,014	(152,016)	144,114

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

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

The lands and buildings of the Group were revalued to fair values at end of the reporting period based on appraisals performed by independent professional valuers using the market comparison approach and cost approach. The details of the Group's land and buildings carried at fair values are analysed as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2019</b>				
Freehold land	-	70,500	-	70,500
Leasehold land	-	49,552	-	49,552
Buildings	-	26,924	23,969	50,893
	-	146,976	23,969	170,945
<b>2018</b>				
Freehold land	-	50,315	-	50,315
Leasehold land	-	33,641	-	33,641
Buildings	-	25,816	21,360	47,176
	-	109,772	21,360	131,132

The level 2 fair value has 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 applied 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:-

	Group	
	2019 RM'000	2018 RM'000
Freehold land	16,773	16,773
Leasehold land	26,044	24,617
Buildings	24,303	21,447
	67,120	62,837

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

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

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

	Group	
	2019	2018
	RM'000	RM'000
Freehold land, leasehold land and buildings	37,197	34,052

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

	Group	
	2019	2018
	RM'000	RM'000
Motor vehicles	1,583	2,026

## 5. GOODWILL ON CONSOLIDATION

	Group	
	2019	2018
	RM'000	RM'000
At 1 May 2018/2017	9,943	10,022
Currency translation differences	42	(79)
At 30 April	9,985	9,943

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

	Group	
	2019	2018
	RM'000	RM'000
Manufacturing, formulation and sale of resin, chemicals and building materials	7,704	7,704
Others	2,281	2,239
	9,985	9,943

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

### 5. GOODWILL ON CONSOLIDATION 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 years immediately before the budgeted years. 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	
	2019	2018	2019	2018	2019	2018
	%	%	%	%	%	%
Manufacturing, formulation and sale of resin, chemicals and building materials	4 - 16	6 - 16	2	4 - 14	12	9

- (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	
	2019	2018
	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 2019  
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
		2019 %	2018 %	
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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

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
		2019 %	2018 %	
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.
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	Investment holding.
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 PLT.

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 14 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 7. RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<u>Non-current asset</u>				
Other receivable:				
- Unrelated party	58	-	-	-
<u>Current assets</u>				
Trade receivables:				
- Unrelated parties	24,296	30,404	-	-
- Loss allowance	(193)	(173)	-	-
	24,103	30,231	-	-
Other receivables:				
- Subsidiaries	-	-	5,955	8
- Unrelated parties	1,185	1,945	3	2
	1,185	1,945	5,958	10
	25,288	32,176	5,958	10
<b>Total receivables</b>	<b>25,346</b>	<b>32,176</b>	<b>5,958</b>	<b>10</b>

### Trade Receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 April 2019, there was 1 (2018 - 1) major customer that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from this major customer amounted to RM2,668,835 (2018 - RM5,254,502). The credit risk concentration profile by geographical areas of trade receivables (stated at gross) is as follows:-

	Group	
	2019 RM'000	2018 RM'000
Asia	9,112	15,577
Australia	704	671
Malaysia	10,865	12,766
Others	3,615	1,390
	24,296	30,404

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 7. RECEIVABLES Cont'd

### Trade Receivables Cont'd

The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status (stated at gross) is as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Not past due	12,988	19,479
1 to 30 days past due	5,485	6,056
31 to 60 days past due	2,961	1,779
61 to 90 days past due	737	1,318
More than 90 days past due	2,125	1,772
	24,296	30,404

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates). The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the diversity of customer base.

	Not past due	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Credit impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 May 2018							
Gross carrying amount	19,479	6,056	1,779	1,318	1,599	173	30,404
Average credit loss rate	0.01%	0%	0%	0%	0.06%	100%	0.58%
Loss allowance	1	-	-	-	1	173	175
As at 30 April 2019							
Gross carrying amount	12,988	5,485	2,961	737	1,940	185	24,296
Average credit loss rate	0.02%	0.02%	0%	0%	0.26%	100%	0.79%
Loss allowance	2	1	-	-	5	185	193

The average credit loss rates were based on the payment profile of revenue over a period of 12 months and the corresponding historical credit losses experienced during the period. The rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 7. RECEIVABLES Cont'd

### Trade Receivables Cont'd

The changes in the loss allowance are as follows:-

	Group	
	2019 RM'000	2018 RM'000
Balance at 1 May 2018/2017		
- Brought forward from preceding year under MFRS 139	173	738
- Effect of applying MFRS 9	2	-
- Adjusted	175	738
Impairment losses	138	66
Reversal	(46)	(567)
Write-off	(75)	(51)
Foreign exchange differences	1	(13)
Balance at 30 April	193	173

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 8. OTHER INVESTMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Financial assets at fair value through other comprehensive income				
At fair value:				
- Investments in unit trusts	7,301	3,094	2,791	3,094
- Quoted shares in Malaysia	74,703	44,748	741	946
- Quoted shares outside Malaysia	3,673	2,750	-	-
At cost less impairment loss:				
- Club memberships	-	180	-	-
	85,677	50,772	3,532	4,040
Financial assets at fair value through profit or loss				
- Quoted shares in Malaysia	7,862	-	-	-
- Club memberships	180	-	-	-
	8,042	-	-	-
Total other investments	93,719	50,772	3,532	4,040
Disclosed as:				
- Non-current assets	85,857	50,772	3,532	4,040
- Current assets	7,862	-	-	-
	93,719	50,772	3,532	4,040

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

As at 30 April 2018, the investments were classified under “available-for-sale financial assets” category and measured at either fair value through other comprehensive income (for investments in unit trusts and quoted investments) or cost (for club memberships) in accordance with MFRS 139.

The carrying amounts of equity investments pledged as security for credit facility granted to the Group are as follows:-

	Group	
	2019 RM'000	2018 RM'000
Financial assets at fair value through other comprehensive income		
- Quoted shares in Malaysia	33,300	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 9. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
At cost:		
- Livestock of prawns	154	124
- Raw materials	303	178
- Packing materials	13	24
- Finished goods	3,451	4,144
- Goods-in-transit	1,218	1,322
	5,139	5,792
At net realisable value:		
- Raw materials	11,625	12,045
- Finished goods	48	79
	11,673	12,124
	16,812	17,916
Recognised in profit or loss:		
- Inventories recognised as cost of sales	89,426	86,637

## 10. CONTRACT ASSETS

	Group	
	2019 RM'000	2018 RM'000
Balance at 1 May 2018/2017	-	-
Revenue recognised during the year	1,741	-
Progress billings during the year	(707)	-
Currency translation differences	9	-
Balance at 30 April	1,043	-
Disclosed as:		
- Contract assets	1,043	-

The Group generally satisfies its performance obligations over time during the construction period. Any excess of revenue recognised over progress billings is presented as contract asset, whereas any deficit is presented as contract liability.

The Group measures the loss allowance for contract assets at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on contract assets are not considered to be material and hence, have not been recognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 10. CONTRACT ASSETS Cont'd

### Remaining Performance Obligations

As at 30 April 2019, the aggregate transaction price allocated to the remaining performance obligations amounted to approximately RM5.25 million (2018 - Nil) and the Group expects to recognise this revenue when the projects are completed within 1 (2018 - Nil) year.

## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Highly liquid investments	-	26,188	-	7,012
Term deposits (fixed rate)	905	5,585	88	85
Cash and bank balances	14,721	23,998	107	230
	15,626	55,771	195	7,327

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

Certain term deposits of the Group totalling RM707,874 (2018 - RM5,447,727) 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 as at 30 April 2019 ranged from 0.05% to 3.25% (2018 - 0.05% to 3.56%) per annum.

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and cash equivalents	15,626	55,771	195	7,327
Term deposits pledged as security	(708)	(5,448)	-	(85)
	14,918	50,323	195	7,242

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 12. SHARE CAPITAL

	Group/Company	
	No. of ordinary shares	RM'000
<u>Issued and Fully Paid</u>		
Balance at 1 May 2017/30 April 2018 <sup>(a)</sup>	60,024,000	66,272
Issue of bonus shares	60,024,000	-
Balance at 30 April 2019 <sup>(a)</sup>	120,048,000	66,272

(a) Ordinary shares with no par value

## 13. TREASURY SHARES

	Group/Company	
	No. of ordinary shares	Total consideration RM'000
Balance at 1 May 2017/30 April 2018	3,919,400	5,888
Purchased during the financial year	1,627,600	4,252
Effect of issuance of bonus shares	5,547,000	-
Balance at 30 April 2019	11,094,000	10,140

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 2019, the Company held 11,094,000 (2018 - 3,919,400) repurchased shares as treasury shares out of its total issued and paid up share capital of 120,048,000 (2018 - 60,024,000) ordinary shares.

None of the treasury shares were resold or cancelled during the financial year.

## 14. NON-CONTROLLING INTERESTS

	Group					
	Accumulated NCI		Profit allocated to NCI		Other comprehensive income/(loss) allocated to NCI	
	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Singapore Analabs Pte. Ltd. ("SAPL")	(1,495)	(1,476)	145	583	(164)	86

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 14. NON-CONTROLLING INTERESTS Cont'd

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
		2019 %	2018 %	
Singapore Analabs Pte. Ltd. ("SAPL") <sup>(a)</sup>	Singapore	37	37	Investment holding company.

(a) Not audited by Crowe Malaysia PLT

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.

## 15. LOANS AND BORROWINGS

	Group	
	2019 RM'000	2018 RM'000
<b>Secured</b>		
Hire purchase payables (fixed rate)	720	1,123
Term loans (floating rate)	10,812	7,623
Banker acceptances (fixed rate)	-	2,303
Foreign currency trust receipts (fixed rate)	3,845	7,105
Margin trading (fixed rate)	9,619	-
Onshore foreign currency loan (fixed rate)	8,259	4,653
	<b>33,255</b>	<b>22,807</b>
<b>Disclosed as:</b>		
- Current liabilities	22,743	15,831
- Non-current liabilities	10,512	6,976
	<b>33,255</b>	<b>22,807</b>

Hire purchase payables are secured against the assets acquired thereunder as disclosed in Note 4. Other secured loans and borrowings are secured against certain property as disclosed in Note 4, equity investments as disclosed in Note 8 and term deposits as disclosed in Note 11.

The effective interest rates of loans and borrowings as at 30 April 2019 ranged from 1.33% to 7.65% (2018 - 2.94% to 7.16%) 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 15. LOANS AND BORROWINGS Cont'd

### Hire Purchase Payables

Hire purchase payables are repayable over 1 to 5 years. The repayment analysis is as follows:-

	Group	
	2019 RM'000	2018 RM'000
Minimum hire purchase payments:-		
- Within 1 year	496	680
- Later than 1 year and not later than 2 years	209	476
- Later than 2 years and not later than 5 years	44	-
Total contractual undiscounted cash flows	749	1,156
Future finance charges	(29)	(33)
Present value of hire purchase payables:-		
- Within 1 year	481	546
- Later than 1 year and not later than 2 years	199	577
- Later than 2 years and not later than 5 years	40	-
	720	1,123

The fair values of hire purchase payables were 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 values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of hire purchase payables.

### Term Loans

Term loans are repayable over 1 to 18 years. The repayment analysis is as follows:-

	Group	
	2019 RM'000	2018 RM'000
Gross loan instalments:-		
- Within 1 year	1,063	1,487
- Later than 1 year and not later than 2 years	1,063	563
- Later than 2 years and not later than 5 years	3,188	1,689
- Later than 5 years	10,239	5,899
Total contractual undiscounted cash flows	15,553	9,638
Future finance charges	(4,741)	(2,015)
Present value of term loans:-		
- Within 1 year	539	1,224
- Later than 1 year and not later than 2 years	567	310
- Later than 2 years and not later than 5 years	1,765	975
- Later than 5 years	7,941	5,114
	10,812	7,623

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 15. LOANS AND BORROWINGS Cont'd

### Term Loans Cont'd

The fair values of term loans were 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 values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of term loans.

## 16. DEFERRED TAX LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
Balance at 1 May 2018/2017	17,360	17,820
Deferred tax (income)/expense recognised in:		
- Profit or loss	(611)	(190)
- Other comprehensive income/(loss)	6,507	-
Deferred tax liabilities under/(over) provided in prior years	300	(122)
Currency translation differences	72	(148)
<b>Balance at 30 April</b>	<b>23,628</b>	<b>17,360</b>
In respect of taxable/(deductible) temporary differences of:		
- Financial instruments	10	(8)
- Inventories	(594)	(477)
- Property, plant and equipment	4,621	4,853
- Provisions	(208)	(544)
- Revaluation of land and buildings	19,799	13,536
	<b>23,628</b>	<b>17,360</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 16. DEFERRED TAX LIABILITIES Cont'd

Group	Financial instruments RM'000	Inventories RM'000	Property, plant and equipment RM'000	Provisions RM'000	Revaluation of land and buildings RM'000	Total RM'000
Balance at 1 May 2017	11	(732)	4,982	(476)	14,035	17,820
Deferred tax (income)/ expense recognised in profit or loss	(19)	255	(267)	237	(396)	(190)
Deferred tax liabilities under/ (over)provided in prior years	-	-	183	(305)	-	(122)
Currency translation differences	-	-	(45)	-	(103)	(148)
Balance at 30 April 2018/ 1 May 2018	(8)	(477)	4,853	(544)	13,536	17,360
Deferred tax expense/ (income) recognised in:						
- Profit or loss	18	(117)	(553)	336	(295)	(611)
- Other comprehensive income/(loss)	-	-	-	-	6,507	6,507
Deferred tax liabilities underprovided in prior years	-	-	300	-	-	300
Currency translation differences	-	-	21	-	51	72
Balance at 30 April 2019	10	(594)	4,621	(208)	19,799	23,628

## 17. PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables				
- Unrelated parties	9,250	11,429	-	-
Other payables:				
- Related party <sup>(a)</sup>	4,636	4,527	-	-
- Subsidiaries	-	-	500	830
- Unrelated parties	3,970	4,675	177	173
	8,606	9,202	677	1,003
Dividend payables	22	22	22	22
	17,878	20,653	699	1,025

(a) Being a director of certain subsidiaries

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 17. PAYABLES Cont'd

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.

## 18. PROVISION

	Group	
	2019	2018
	RM'000	RM'000
At 1 May 2018/2017	2,243	3,254
Provision made during the financial year	226	523
Claims admitted during the financial year	(52)	(468)
Provision reversed during the financial year	(1,598)	(1,066)
At 30 April	819	2,243

The provision for claims and damages relates to goods sold in the past three (3) years. The provision is 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 customers.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 19. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers:				
- Manufacturing, formulation and sale of resin, chemicals and building materials	89,666	84,279	-	-
- Recovery and sale of recycled products	17,210	20,651	-	-
- Contract work, pipe laying and work rehabilitation	21,885	31,678	-	-
- Culture and sale of prawns	518	381	-	-
- Rental income	353	150	-	-
- Management fee from subsidiaries	-	-	384	480
	129,632	137,139	384	480
Other sources of revenue:				
- Dividend income from quoted investments	148	366	-	3
- Dividend income from subsidiaries	-	-	5,670	7,731
	148	366	5,670	7,734
	129,780	137,505	6,054	8,214

## 20. OTHER INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Dividend income from:				
- Investments in unit trusts	57	58	53	58
- Quoted investments	4,056	2,016	-	-
Gain on disposal of plant and equipment	66	83	-	-
Gain on disposal of quoted investments	-	671	-	5
Government grant income	58	137	-	-
Interest income on financial assets measured at amortised cost	548	870	101	35
Proceeds from legal claim	818	-	-	-
Realised gain on foreign currency exchange	-	449	-	-
Rental income	816	146	-	-
Reversal of impairment loss on trade receivables	46	-	-	-
Reversal of provision for claims and damages	1,598	1,066	-	-
Unrealised gain on foreign currency exchange	41	74	-	-
Others	366	242	-	13
	8,470	5,812	154	111

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 21. PROFIT BEFORE TAX

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- Current financial year:				
- Crowe Malaysia PLT	171	208	45	68
- Other firm	70	70	-	-
- Under/(Over) provision in the previous financial years:				
- Crowe Malaysia PLT	4	(5)	4	(4)
Bad debts written off	161	137	-	-
Depreciation of property, plant and equipment	7,126	7,175	-	-
Employee benefits expense (Note 22)	12,597	14,290	174	184
Equipment written off	-	3	-	-
Fair value loss on financial instruments mandatorily measured at fair value through profit or loss	18	-	-	-
Impairment loss on:				
- Quoted investments	-	212	-	-
- Trade receivables	138	66	-	-
Interest expense for financial liabilities measured at amortised cost:				
- Bank overdrafts	84	32	-	-
- Bankers' acceptances	23	126	-	-
- Foreign currency trust receipts	240	43	-	-
- Hire purchase payables	33	59	-	-
- Margin trading	28	-	-	-
- Onshore foreign currency loan	306	90	-	-
- Term loans	409	204	-	-
Loss/(Gain) on foreign exchange, net				
- Realised	1,040	547	-	-
- Unrealised	(17)	(41)	-	-
Provision for claims and damages	226	523	-	-
Rental of premises	144	703	-	-
Revaluation decrease of property	1,757	-	-	-
Dividend income from:				
- Investments in subsidiaries	-	-	(5,670)	(7,731)
- Investments in unit trusts	(57)	(58)	(53)	(58)
- Quoted investments in Malaysia	(4,131)	(2,314)	-	(3)
- Quoted investments outside Malaysia	(73)	(68)	-	-
Gain on disposal of plant and equipment	(66)	(83)	-	-
Gain on disposal of quoted investments	-	(671)	-	(5)
Government grant income	(58)	(137)	-	-
Interest income for financial assets measured at amortised cost	(548)	(870)	(101)	(35)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 21. PROFIT BEFORE TAX Cont'd

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging/ (crediting):- Cont'd				
Proceeds from legal claim	(818)	-	-	-
Rental income	(1,169)	(296)	-	-
Reversal of impairment loss on trade receivables	(46)	(567)	-	-
Reversal of provision for claims and damages	(1,598)	(1,066)	-	-

## 22. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<u>Directors of the Company</u>				
Executive directors:				
- Short-term employee benefits:				
- Fee	36	619	36	36
- Others	512	279	85	95
	548	898	121	131
- Defined contribution plan	25	26	5	6
	573	924	126	137
Non-executive directors:				
- Short-term employee benefits:				
- Fee				
- Current year	48	36	48	36
- Underprovided in the previous financial year	-	11	-	11
	621	971	174	184
Balance carried forward	621	971	174	184

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 22. EMPLOYEE BENEFITS EXPENSE Cont'd

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance brought forward	621	971	174	184
<u>Directors of the Subsidiaries</u>				
Executive directors:				
- Short-term employee benefits:				
- Fee	175	175	-	-
- Others	934	644	-	-
	1,109	819	-	-
- Defined contribution plan	110	100	-	-
	1,219	919	-	-
Other employees:				
- Short-term employee benefits	10,221	11,787	-	-
- Defined contribution plan	536	613	-	-
	10,757	12,400	-	-
Total employee benefits expense	12,597	14,290	174	184

## 23. TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Tax based on results for the year:				
- Malaysian income tax	968	1,614	89	112
- Foreign income tax	326	637	-	-
- Deferred tax	(611)	(190)	-	-
	683	2,061	89	112
Tax under/(over)provided in prior years:				
- Malaysian income tax	1	17	(1)	(1)
- Foreign income tax	(13)	-	-	-
- Deferred tax	300	(122)	-	-
	288	(105)	(1)	(1)
Tax expense	971	1,956	88	111



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 23. 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 results for the year is as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	5,034	12,028	5,786	7,927
Tax at the statutory tax rate of 24%	1,208	2,887	1,389	1,902
Non-deductible expenses	938	556	98	92
Tax-exempt income	(1,023)	(594)	(1,374)	(1,870)
Non-taxable income	(37)	(34)	(24)	(12)
Increase/(Decrease) in unrecognised deferred tax assets	62	(34)	-	-
Crystallisation of deferred tax liabilities on amortisation of revalued properties	(295)	(352)	-	-
Effects of differential in tax rates of subsidiaries due to foreign jurisdictions	(24)	(150)	-	-
Tax rebate	(169)	(218)	-	-
Tax under/(over)provided in prior years:				
- Malaysian income tax	1	17	(1)	(1)
- foreign income tax	(13)	-	-	-
- deferred tax	300	(122)	-	-
Others	23	-	-	-
<b>Tax expense</b>	<b>971</b>	<b>1,956</b>	<b>88</b>	<b>111</b>

As at 30 April 2019, no deferred tax assets have been recognised for the following amounts:-

	Group	
	2019 RM'000	2018 RM'000
Deductible temporary differences of property, plant and equipment	14	14
Unutilised tax losses	366	109
	<b>380</b>	<b>123</b>

The unutilised tax losses can be carried forward until the year of assessment 2025.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 24. EARNINGS PER SHARE

	Group	
	2019	2018
Profit for the financial year attributable to owners of the Company (RM'000)	3,918	9,489
Weighted average number of shares in issue ('000)	109,679	112,209
Number of shares in issue at 1 May 2018/2017 ('000)	56,105	56,105
Effect of treasury shares held ('000)	(1,265)	-
Effect of bonus issue ('000)	54,839	56,104
Weighted average number of shares in issue at 30 April ('000)	109,679	112,209
Basic earnings per ordinary share (sen)	3.57	8.46

The calculation of basic earnings per ordinary share for the previous financial year has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue.

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.

## 25. DIVIDENDS

	Group/Company	
	2019	2018
	RM'000	RM'000
Interim single-tier dividend of 2 sen per ordinary share in respect of the financial year ended 30 April 2019	2,179	-
Interim single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 30 April 2018	-	561

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 26. NOTES TO STATEMENTS OF CASH FLOWS

### Purchase of Property, Plant and Equipment

	Group	
	2019 RM'000	2018 RM'000
Cost of property, plant and equipment purchased (Note 4)	6,163	5,767
Amount financed through hire purchase	(292)	(367)
Net cash disbursed	5,871	5,400

### Short-term Loans and Borrowings

Balance at 1 May 2018/2017	14,061	5,836
Net cash flow changes	7,557	8,315
Currency translation differences	98	(90)
Other changes	7	-
Balance at 30 April (Note 15)	21,723	14,061
Represented by:		
- Banker acceptances	-	2,303
- Foreign currency trust receipts	3,845	7,105
- Margin trading	9,619	-
- Onshore foreign currency loan	8,259	4,653
	21,723	14,061

### Hire Purchase Payables

Balance at 1 May 2018/2017	1,123	1,689
Drawdowns	292	367
Repayments	(719)	(869)
Currency translation differences	24	(64)
Balance at 30 April (Note 15)	720	1,123

### Term Loans

Balance at 1 May 2018/2017	7,623	9,928
Drawdowns	4,409	3,810
Repayments	(1,315)	(5,812)
Currency translation differences	95	(303)
Balance at 30 April (Note 15)	10,812	7,623

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 27. RELATED PARTY DISCLOSURES

Transactions with related parties during the financial year are as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other key management personnels compensation:				
- Short-term employee benefits	188	460	-	-
- Defined contribution plan	22	51	-	-
	210	511	-	-
Advances from subsidiaries	-	-	(5,720)	(11,196)
Advances to subsidiaries	-	-	5,870	-
Dividends from subsidiaries	-	-	5,670	5,001
Management fee charged to subsidiaries	-	-	384	480
Payment on behalf by subsidiaries	-	-	(8)	(10)
Payment on behalf for subsidiaries	-	-	177	9
Payment received from subsidiaries	-	-	(1,533)	(560)
Payment to subsidiaries	-	-	1,437	5,406

## 28. 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.
Contract work, pipe laying and rehabilitation	General contracting.
Investment holding and property letting	Involved in investment holding, management services and property letting.

- (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 28. OPERATING SEGMENTS Cont'd

- (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 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.

### 28.1 Business Segments

2019	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	89,666	17,210	518	501	21,885	129,780
Inter-segment revenue	989	371	268	22,974	4,454	29,056
	90,655	17,581	786	23,475	26,339	158,836
Consolidated adjustments						(29,056)
Consolidated revenue						129,780
<b>Results</b>						
Segment profit/(loss) before interest and tax	4,570	1,938	(22)	21,484	741	28,711
Finance costs						(1,123)
Tax expense						(971)
Consolidation adjustments						(22,554)
Consolidated profit after tax						4,063

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 28. OPERATING SEGMENTS Cont'd

### 28.1 Business Segments Cont'd

2019	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/(loss) before interest and tax includes the following:-						
Bad debts written off	-	(161)	-	-	-	(161)
Depreciation of property, plant and equipment	(2,328)	(2,306)	(255)	(554)	(1,683)	(7,126)
Dividend income from:						
- Investments in unit trusts	4	-	-	53	-	57
- Quoted investments	4,055	1	-	148	-	4,204
Fair value loss on financial asset measured at fair value through profit or loss	-	(18)	-	-	-	(18)
Gain on disposal of plant and equipment	17	27	-	-	22	66
Government grant income	-	14	-	-	44	58
Impairment loss on trade receivables	(64)	(10)	-	-	(64)	(138)
Interest expense	(601)	(217)	-	(125)	(180)	(1,123)
Interest income	442	-	3	103	-	548
Proceeds from legal claim	818	-	-	-	-	818
Provision for claims and damages	(226)	-	-	-	-	(226)
Realised loss on foreign exchange, net	(1,040)	-	-	-	-	(1,040)
Rental income	19	646	-	352	152	1,169
Rental of premises	-	-	-	-	(144)	(144)
Revaluation decrease of property	(35)	(659)	-	(1,063)	-	(1,757)
Reversal of impairment loss on trade receivables	3	-	-	-	43	46
Reversal of provision for claims and damages	1,598	-	-	-	-	1,598
Staff cost	(2,327)	(2,642)	(41)	-	(6,433)	(11,443)
Unrealised gain on foreign exchange, net	17	-	-	-	-	17

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 28. OPERATING SEGMENTS Cont'd

### 28.1 Business Segments Cont'd

2019	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>Assets</b>						
Segment assets	197,161	71,450	27,135	141,749	19,774	457,269
Unallocated assets:						
- Current tax assets						2,587
Consolidation adjustments						(114,284)
Consolidated total assets						<u>345,572</u>
Additions to non- current assets other than financial instruments are:						
- Property, plant and equipment	26	552	-	5,520	65	6,163
<b>Liabilities</b>						
Segment liabilities	24,053	13,894	55	19,130	12,393	69,525
Unallocated liabilities:						
- Deferred tax liabilities						20,227
Consolidation adjustments						(14,172)
Consolidated total liabilities						<u>75,580</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 28. OPERATING SEGMENTS Cont'd

### 28.1 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	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
Consolidated 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>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 28. OPERATING SEGMENTS Cont'd

### 28.1 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	Contract work, pipe laying and rehabilitation RM'000	Group RM'000
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:						
- Investments in unit trusts	-	-	-	58	-	58
- Quoted investments	2,014	2	-	366	-	2,382
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 quoted investments	-	-	-	(212)	-	(212)
Impairment loss on trade receivables	(10)	-	-	-	(56)	(66)
Interest expense	(270)	(27)	-	(119)	(138)	(554)
Interest income	762	68	3	37	-	870
Provision for claims and damages	(523)	-	-	-	-	(523)
Realised loss on foreign exchange, net	(541)	-	-	-	(6)	(547)
Rental income	28	-	-	150	118	296
Rental of premises	-	-	-	-	(703)	(703)
Reversal of impairment loss on trade receivables	15	-	-	-	552	567
Reversal of provision for claims and damages	1,066	-	-	-	-	1,066
Staff costs	(2,428)	(2,960)	(43)	-	(7,888)	(13,319)
Unrealised gain on foreign exchange, net	41	-	-	-	-	41

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 28. OPERATING SEGMENTS Cont'd

### 28.1 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	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>

### 28.2 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	98,864	93,547	165,863	125,483
Singapore	30,916	43,958	24,731	28,574
	<u>129,780</u>	<u>137,505</u>	<u>190,594</u>	<u>154,057</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 28. OPERATING SEGMENTS Cont'd

### 28.3 Major Customers

For both the financial year ended 30 April 2019 and 30 April 2018, there was a major customer that contributed 10% or more of the Group's total yearly revenue and the total revenue generated from this major customer amounted to RM18,544,462 and RM18,614,406 respectively.

## 29. 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	
	2019 RM'000	2018 RM'000
Within 1 year	605	726
Later than 1 year and not later than 2 years	348	339
Later than 2 years and not later than 5 years	1,045	1,017
Later than 5 years	2,670	2,938
	4,668	5,020

These leases will expire in September 2019, December 2019 and December 2031 respectively.

## 30. 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 RM90,091,911 (2018 - RM56,936,089). The total utilisation of these credit facilities as at 30 April 2019 amounted to RM22,915,971 (2018 - RM21,708,371).

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 2.8(e). 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.

## 31. CONTINGENT LIABILITIES

### Litigation

On 28 November 2013, the Company (1<sup>st</sup> Plaintiff) and one of its subsidiaries, Lux Distributor Sdn. Bhd. (2<sup>nd</sup> Plaintiff) had 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 2<sup>nd</sup> 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 31. CONTINGENT LIABILITIES Cont'd

### Litigation Cont'd

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

- (a) the Plaintiffs/Appellant's appeal was allowed in part;
- (b) the High Court's declaration in favour of Mr. Khor that the Share Sale Agreement and the MPGA as rescinded is set aside;
- (c) 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;
- (d) 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;
- (e) that the RM750,000 escrow sum is to be applied in accordance with the findings of the independent audit;
- (f) the parties are at liberty to apply to the High Court for directions;
- (g) the High Court costs of RM40,000 was set aside; and
- (h) 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 two applications in the High Court as follows:-

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

On 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 Distributor Sdn. Bhd. for the financial years of 2012 and 2013 based on the pre-acquisition accounting policy of Lux Distributor Sdn. Bhd. and the post-acquisition accounting policy of Analabs Resources Berhad.

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.

On 24 September 2018, Mr. Khor paid the escrow sum to the independent auditor as stakeholder and the parties completed their submissions.

On 17 January 2019, the Kuala Lumpur High Court ordered that the Mr. Khor is required to pay a sum of RM896,814.00 to Lux Distributor Sdn. Bhd and cost of RM20,000.

On 4 February 2019, Mr. Khor filed an appeal to the Court of Appeal against the decision of the High Court.

On 13 February 2019, Messrs. UHY paid the escrow sum amounting to RM817,669.81 to Lux Distributor Sdn. Bhd.. While the remaining judgment sum of RM99,944.19, which includes the costs and court allocator fee of RM800 was paid by Mr. Khor to the Company's solicitor to hold as stakeholders.

To-date, the Court of Appeal has not set down the date of appeal for hearing.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 32. 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 30.

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. The quantitative information about such credit risk exposure is disclosed in Note 7. As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is low.

### 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, i.e. Ringgit Malaysia ("RM") and Singapore Dollar ("SGD"). The major foreign currencies transacted are Euro ("EUR"), Singapore Dollar ("SGD") and United States Dollar ("USD"), and the gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

Group	Denominated in EUR		Denominated in SGD		Denominated in USD	
	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Receivables	3,722	1,899	7,612	11,392	2,229	3,286
Cash and cash equivalents	752	4,276	3,236	2,843	2,143	10,514
Payables	315	226	11,007	13,476	1,669	2,107
Loans and borrowings	1,770	-	4,149	6,007	9,457	10,672
Other investments	-	-	2,422	1,450	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

## 32. 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:-

- (a) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (b) 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 (and equity) 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
	2019 RM'000	2018 RM'000
Appreciation of EUR against RM by 10%	182	452
Depreciation of EUR against RM by 10%	(182)	(452)
Appreciation of SGD against RM by 10%	(143)	(289)
Depreciation of SGD against RM by 10%	143	289
Appreciation of USD against RM by 10%	(513)	78
Depreciation of USD against RM by 10%	513	(78)

### 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 always 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 2019  
cont'd

## 32. 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, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) 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 2019 RM'000	(Decrease)/ Increase in profit 2018 RM'000
Increase in interest rates by 100 basis points	(82)	(58)
Decrease in interest rates by 100 basis points	82	58

### Other Price Risk

The Group's exposure to other price risk arises mainly from quoted investments and investments in unit trusts. 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 profit 2019 RM'000	Increase/ (Decrease) in OCI* 2019 RM'000	Increase/ (Decrease) in profit 2018 RM'000	Increase/ (Decrease) in OCI* 2018 RM'000
Increase in price by 5%	299	4,284	-	2,530
Decrease in price by 5%	(299)	(4,284)	-	(2,530)

\* Other comprehensive income

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

cont'd

### 33. CAPITAL 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 and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, 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:-

	Group	
	2019 RM'000	2018 RM'000
Total loans and borrowings	33,255	22,807
Total equity	269,992	249,694
Total capital	303,247	272,501
Debt-to-equity ratio	0.12	0.09

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

### 34. 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 RM271,487,000 (2018 - RM251,170,000) divided by the number of ordinary shares in issue at the end of the reporting period excluding treasury shares held by the Company of 108,954,000 (2018 - 112,209,200).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019  
cont'd

## 35. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Note	2019	
		Group RM'000	Company RM'000
<b>Financial assets</b>			
Mandatorily at fair value through profit loss:			
- Other investments	8	8,042	-
Designated at fair value through other comprehensive income upon initial recognition:			
- Other investments	8	85,677	3,532
Amortised cost:			
- Receivables	7	25,346	5,958
- Cash and cash equivalents	11	15,626	195
		40,972	6,153
<b>Financial liabilities</b>			
Amortised cost:			
- Loans and borrowings	15	33,255	-
- Payables	17	17,878	699
		51,133	699
<b>2018</b>			
	Note	Group RM'000	Company RM'000
<b>Financial assets</b>			
Available-for-sale financial assets:			
- Other investments	8	50,772	4,040
Loans and receivables financial assets:			
- Receivables	7	32,176	10
- Cash and cash equivalents	11	55,771	7,327
		87,947	7,337
<b>Financial liabilities</b>			
Other financial liabilities:			
- Loans and borrowings	15	22,807	-
- Payables	17	20,653	1,025
		43,460	1,025

## 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 as at 30/04/2019 (RM)	Date of Revaluation
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 36 years old	156	Tenanted 4-storey Terrace Factory	624	1,000,000	Revalued on 15/4/2019
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 36 years old	156	Tenanted Intermediate 4-storey Terrace Factory	624	980,000	Revalued on 15/4/2019
3	M-Field Sdn Bhd	Nos 302 & 304, 2½ Mile, Jalan Ipoh, 51200 Kuala Lumpur.	Freehold	Freehold Land & Buildings 38 years old	336	Tenanted/Vacant 2 units of 4-storey terrace shop/offices (intermediate unit)	1,338	6,700,000	Revalued on 15/4/2019
4	M-Field Sdn Bhd	HS (D) 4791 PT No 388, Lot 5782, Mukim12, Daerah Barat Daya, Pulau Pinang.	Leasehold for 60 years expiring 4th June 2046	Leasehold Land & Buildings 29 years old	5,800	Owner-occupied 2-storey Office Block, Factory & Warehouse	2,300	8,000,000	Revalued on 15/4/2019
5	Inagro Sdn Bhd	HS (D) 35467 PT No 19569, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Freehold	Freehold Land & Residential Building 21 years old	121	Owner-occupied Single Storey Terrace House	74	150,000	Revalued on 15/4/2019
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	-	3,500,000	Revalued on 15/4/2019
7	Inagro Sdn Bhd	CT 26641 Lot No 6493, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Freehold	Freehold Land & Buildings 22 years old	20,716	Owner-occupied 2-storey Office Block, Factory & Warehouse	6,600	21,000,000	Revalued on 15/4/2019



## 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 as at 30/04/2019 (RM)	Date of Revaluation
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.	Leasehold for 99 years expiring 2nd October 2085	Leasehold Land & Building 26 years old	6,596	Owner-occupied 2-storey Office Block, Factory & Storey Office Warehouse	3,346	6,000,000	Revalued on 15/4/2019
9	Resources Conservation Sdn Bhd	Lot No. 38227, Mukim of Pekan Baru Hicom, District of Petaling, Selangor Darul Ehsan.	Freehold	Leasehold Land & Building 20 years old	4,047	Owner-occupied 2-storey Office Building & Warehouse	1,711	8,000,000	Revalued on 15/4/2019
10	Resources Conservation Sdn Bhd	HS (D) 51801, PT No. 43449, Mukim and District of Klang, Selangor Darul Ehsan.	Freehold	Freehold Land & Buildings 21 years old	5,415	Tenanted 2-storey Office Building & Warehouse	3,456	11,000,000	Revalued on 15/4/2019
11	Resources Conservation Sdn Bhd	GM 146, Lot 87, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan.	Freehold	Freehold Industrial Land 19 years old	2,307	Owner-occupied Industrial Land	1,846	3,600,000	Revalued on 15/4/2019
12	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 18 years old	1,035,187	Owner-occupied Buildings for Research & Development & Operations	3,881	26,500,000	Revalued on 15/4/2019
13	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 16 years old	4,005	Owned-occupied A Part Single/ Part 3-storey Single Factory	3,125	12,161,200 (exchange rate 3.0403)	Revalued on 30/4/2019

# 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 as at 30/04/2019 (RM)	Date of Revaluation
14	Resources Conservation Sdn Bhd	HS (D) 264610, PT 317, Seksyen 23, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan.	Leasehold for 99 years expiring 28th July 2109	Leasehold Land & Building 9 years old	1,205	Tenanted 1½-storey Semi-detached Factory	700	4,000,000	Revalued on 15/4/2019
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 31 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	12,500,000	Revalued on 15/4/2019
16	Coveright Surfaces Malaysia Sdn Bhd	Lot 750, 3½ Mile, Kapar Road, Mukim Kapar, Klang, Selangor Darul Ehsan.	Freehold	Freehold Industrial Land & Buildings 22 years old	19,450	Owner-occupied 3-storey Office Block, Factory & Warehouse	10,815	23,000,000	Revalued on 15/4/2019
17	Lux Distributor Sdn Bhd	Lot 16435, Jalan 4, Kawasan Perusahaan Taman Selayang Baru, 68100 Batu Caves, Selangor Darul Ehsan.	Freehold	Freehold Industrial Land & Buildings 22 years old	3,006	Owner-occupied 3-storey Office & Warehouse	1,641	9,000,000	Revalued on 15/4/2019
18	Lux Distributor Sdn Bhd	Lot 182924, Mukim of Plentong, District of Johor Bahru. Bearing Portal Address No. 27, Jalan Sri Plentong 3, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Bahru.	Freehold	1½-storey Semi-detached Factory 28 years old	1,951	Owner-occupied 1½-storey Office & Warehouse	1,094	2,800,000	Revalued on 15/4/2019



## 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 as at 30/04/2019 (RM)	Date of Revaluation
19	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 28 years old	643	Owner-occupied Dormitory, Office & Warehouse	643	6,536,645 (exchange rate 3.0403)	Revalued on 30/4/2019
20	Coveright Surfaces Malaysia Sdn Bhd	Lot No. 25742 held under Title No. PM 1763, Mukim of Pekan Batu 4 Klang, Selangor.	Leasehold for 99 years expiring 16 May 2089	An Intermediate Single-Storey Terrace House 29 years old	111	Owner-occupied Single-Storey Terrace House	100	180,000	Revalued on 15/4/2019
21	Lux Distributor Sdn Bhd	Unit No. 7-18-5, Menara Riverview, Jalan Jelutong, 11600 Pulau Pinang.	Freehold	An Apartment Unit 25 years old	-	Vacant Apartment	78	350,000	Revalued on 15/4/2019
22	M-Field Sdn Bhd	PT No. 44002, held under Title HSD 222386, Mukim Sungai Buloh, District of Petaling Selangor Darul Ehsan.	Leasehold for 99 years expiring 8 Jun 2104	An Immediate Three-storey Shop/Office 14 years old	153	Tenanted 3-storey Shop/Office	153	2,771,464	(Note 1)
23	M-Field Sdn Bhd	PT No. 44004, held under Title HSD 222388, Mukim Sungai Buloh, District of Petaling Selangor Darul Ehsan.	Leasehold for 99 years expiring 8 Jun 2104	An Immediate Three-storey Shop/Office 14 years old	153	Tenanted 3-storey Shop/Office	153	2,727,421	(Note 1)

Note 1 : The properties were purchased during the current financial year.

# STATISTICS ON SHAREHOLDINGS

AS AT 26 JULY 2019

## ANALYSIS OF SHAREHOLDINGS

Class of shares	Ordinary Shares
Voting Rights	One vote per share
Issued Capital	108,954,000 Ordinary Shares (excludes 11,094,000 ordinary shares bought back and retained as treasury shares as at 26 July 2019)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	32	2.66	608	0.00
100 - 1,000	86	7.15	39,264	0.04
1,001 - 10,000	812	67.55	3,729,280	3.42
10,001 - 100,000	237	19.72	7,001,744	6.43
100,001 to less than 5% of issued shares	33	2.75	32,364,200	29.70
5% and above of issued shares	2	0.17	65,818,904	60.41
<b>Total</b>	<b>1,202</b>	<b>100.00</b>	<b>108,954,000</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	65,818,904	60.41	18,000*	0.02
2	Lim Yoke Soo	424,554	0.39	-	0.00
3	Kan Mun Hoow	5,039,000	4.62	-	0.00
4	Low Chin Ann @ Han Chin Ann	-	0.00	-	0.00
5	Lai Yew Choong	-	0.00	-	0.00
6	Clifton Heath Fernandez	-	0.00	-	0.00
7	Lye Meei Ruu	-	0.00	-	0.00

## SUBSTANTIAL SHAREHOLDERS

No.	Name of Directors	No. of Shares		No. of Shares	
		Direct Interest	%	Indirect Interest	%
1	Kan Yow Kheong	65,818,904	60.41	18,000*	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.

# STATISTICS ON SHAREHOLDINGS

AS AT 26 JULY 2019

cont'd

No.	Name of Shareholders	No. of Shares	%
1	KAN YOW KHEONG	42,875,104	39.35
2	KAN YOW KHEONG	22,943,800	21.06
3	KAN MUN HOOW	5,039,000	4.62
4	CHUA SIM NEO @ DIANA CHUA	4,839,600	4.44
5	PUI CHENG WUI	4,601,900	4.22
6	TEO KWEE HOCK	4,038,700	3.71
7	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI</i>	4,000,000	3.67
8	LAI NYUK MOI	922,400	0.85
9	PUI BOON KENG	879,400	0.81
10	PUI BOON HEAN	722,000	0.66
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN (E-KLC)</i>	679,800	0.62
12	TOHTONKU SDN. BERHAD	590,000	0.54
13	GOH THONG BENG	587,600	0.54
14	LAI CHIN LOY	572,200	0.53
15	CIMB GROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR DBS BANK LTD (SFS)</i>	456,000	0.42
16	LIM KHUAN ENG	450,000	0.41
17	SOW TIAP	408,000	0.37
18	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM YOKE SOO (M09)</i>	400,000	0.37
19	TAN AH LEK @ TAN BAN CHUAN	345,300	0.32
20	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN</i>	282,300	0.26
21	FOLLOW ME INDUSTRIES SDN. BHD.	246,000	0.23
22	LEYU CHONG HUA @ LEO CHONG HUA	227,000	0.21
23	LIM BAN JOO	224,000	0.21
24	CHUAH SAW LEE	204,000	0.19
25	KENANGA NOMINEES (ASING) SDN BHD <i>RHB SECURITIES SINGAPORE PTE. LTD. FOR ANALYTICAL LABORATORIES (S) PTE LTD (63-13172)</i>	200,000	0.18
26	YAP CHOO JOO @ YAP TSE LOO	200,000	0.18
27	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>SAW WAH THENG (PCS)</i>	190,000	0.17
28	ETAH SDN BHD	177,400	0.16
29	YEONG AH SUNG	160,800	0.15
30	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>DBS VICKERS SECS (S) PTE LTD FOR CHUA BOON CHUN</i>	130,000	0.12
	<b>TOTAL</b>	<b>97,592,304</b>	<b>89.57</b>

# NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-First Annual General Meeting (“21st AGM”) of the Company will be held at the Royal Ballroom of the Kelab Golf Sultan Abdul Aziz Shah, No. 1 Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Friday, 4 October 2019 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 2019.                              | <b>(Please refer to Explanatory Note)</b> |
| 2. | 2.1 To re-elect the following Directors who retire in accordance with Article 83 of the Company’s Constitution and who being eligible offer themselves for re-election:- |   |
|    | (i) Kan Yow Kheong   | <b>(Ordinary Resolution 1)</b>            |
|    | (ii) Lim Yoke Soo  | <b>(Ordinary Resolution 2)</b>            |
|    | (iii) Kan Mun Hoow   | <b>(Ordinary Resolution 3)</b>            |
|    | (iv) Low Chin Ann @ Han Chin Ann   | <b>(Ordinary Resolution 4)</b>            |
|    | (v) Lai Yew Choong   | <b>(Ordinary Resolution 5)</b>            |
|    | (vi) Clifton Heath Fernandez   | <b>(Ordinary Resolution 6)</b>            |
|    | 2.2 To re-elect Lye Meei Ruu who retires in accordance with Article 85 of the Company’s Constitution and who being eligible offers herself for re-election.              | <b>(Ordinary Resolution 7)</b>            |
| 3. | To approve the payment of Directors’ Fee of RM108,000 in respect of the financial year ending 30 April 2020.   | <b>(Ordinary Resolution 8)</b>            |
| 4. | To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>(Ordinary Resolution 9)</b>            |

## 5. SPECIAL BUSINESS

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

- |     |  |                                 |
|-----|--|---------------------------------|
| 5.1 | <b>Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”)</b> | <b>(Ordinary Resolution 10)</b> |
|-----|--|---------------------------------|

“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 TWENTY-FIRST ANNUAL GENERAL MEETING

cont'd

## 5.2 Proposed Renewal of Authority for the Purchase by the Company of Its Own Ordinary Shares (Ordinary Resolution 11)

“THAT subject to the rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution 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.”

## 5.3 Proposed Adoption of the New Constitution

## Special Resolution

“THAT approval be hereby given to revoke the existing Constitution and in place thereof, the proposed new Constitution of the Company, as set out in Appendix I of the Statement/Circular to Shareholders dated 30 August 2019 despatched together with the Company’s Annual Report 2019 be and is hereby adopted as the new Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give effect to the foregoing.”

# NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

cont'd

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

BY ORDER OF THE BOARD

CYNTHIA GLORIA LOUIS (MAICSA 7008306)  
CHEW MEI LING (MAICSA 7019175)  
TAN AI PENG (MAICSA 7018419)  
Secretaries

Petaling Jaya  
Selangor Darul Ehsan  
30 August 2019

**Notes:**

- (1) *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 30 September 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 21st 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, Boardroom Share Registrars Sdn. Bhd. (Formerly known as 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 2019**

*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.*

# NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

cont'd

## 2. Resolution 8 - Directors' Fee

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders at a Meeting of Members. The Company is requesting shareholders' approval for the payment of Remuneration to Directors for the financial year ending 30 April 2020 in accordance with the remuneration structure set out below:-

Remuneration Structure:	Annual Meeting Allowance per Director (RM)
Senior Independent Non-Executive Director	18,000
Executive Director and Independent Non-Executive Director	12,000

## 3. 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 21st AGM.

The proposed resolution if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming 21st 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 or the issuance of shares as a consideration for the acquisition of assets.

## 4. 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 next Annual General Meeting. For further information on the Proposed Share Buy-Back, please refer to the Share Buy-Back Statement dated 30 August 2019 accompanying the 2019 Annual Report.

## 5. Special Business Special Resolution - Proposed Adoption of the New Constitution

The Special Resolution, if passed will streamline the Company's Constitution with the new provisions of the Companies Act 2016, amendments made to Main Market Listing Requirements and enhance administrative efficiency.

The Board proposed that the existing Constitution be revoked in its entirety and the proposed new Constitution of the Company as set out in Appendix I of the Statement/Circular to Shareholders dated 30 August 2019 be adopted as the new Constitution of the Company. The Proposed Adoption shall take effect once it has been passed by a majority or not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 21st Annual General Meeting.

## 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 21st Annual General Meeting and any adjournment thereof, a member of the Company is hereby:

- 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 21st Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 21st 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");
- 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
- 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.

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**ANALABS RESOURCES BERHAD** (468971 A)  
(Incorporated in Malaysia)

CDS ACCOUNT NO.	
NO. OF SHARES	

## FORM OF PROXY

I/We \_\_\_\_\_

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 Twenty-First Annual General Meeting ("21st AGM") of the Company will be held at the Royal Ballroom of the Kelab Golf Sultan Abdul Aziz Shah, No. 1 Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Friday, 4 October 2019 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
Ordinary Resolution 1	Re-election of Kan Yow Kheong as a Director.		
Ordinary Resolution 2	Re-election of Lim Yoke Soo as a Director.		
Ordinary Resolution 3	Re-election of Kan Mun Hoow as a Director.		
Ordinary Resolution 4	Re-election of Low Chin Ann @ Han Chin Ann as a Director.		
Ordinary Resolution 5	Re-election of Lai Yew Choong as a Director.		
Ordinary Resolution 6	Re-election of Clifton Heath Fernandez as a Director.		
Ordinary Resolution 7	Re-election of Lye Meei Ruu as a Director.		
Ordinary Resolution 8	Approval of Directors' Fee for the financial year ending 30 April 2020.		
Ordinary Resolution 9	Re-appointment of Crowe Malaysia PLT as Auditors.		
Ordinary Resolution 10	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 11	Proposed Renewal of Share Buy-Back.		
Special Resolution	Proposed Adoption of New Constitution.		

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 30 September 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 21st 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, Boardroom Share Registrars Sdn. Bhd. (Formerly known as 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

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AFFIX  
STAMP

**ANALABS RESOURCES BERHAD** (468971-A)

**The Share Registrar**

Boardroom Share Registrars Sdn Bhd  
*(Formerly known as Symphony Share Registrars Sdn. Bhd.)*  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

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**ANALABS RESOURCES BERHAD** (468971-A)

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Kelana Jaya, 47301 Petaling Jaya  
Selangor Darul Ehsan

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