



**ANALABS
RESOURCES
BERHAD**

Registration No. 199801012843 (468971-A)

2020

ANNUAL REPORT



Reducing Waste
for a **Better Environment**

Corporate Social Responsibility - Recycling Waste Since 1980

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REDUCING WASTE FOR A BETTER ENVIRONMENT

Corporate Social Responsibility -
Recycling Waste Since 1980

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Kan Yow Kheong

Executive Chairman

Kan Mun Hoow

Executive Director

Low Chin Ann @ Han Chin Ann

Senior Independent Non-Executive Director

Lai Yew Choong

Independent Non-Executive Director

Clifton Heath Fernandez

Independent Non-Executive Director

Lye Mei Ruu

Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Clifton Heath Fernandez (Chairman)
Low Chin Ann @ Han Chin Ann (Member)
Lai Yew Choong (Member)

NOMINATION COMMITTEE

Low Chin Ann @ Han Chin Ann (Chairman)
Lai Yew Choong (Member)
Clifton Heath Fernandez (Member)

REMUNERATION COMMITTEE

Low Chin Ann @ Han Chin Ann (Chairman)
Lai Yew Choong (Member)
Clifton Heath Fernandez (Member)

COMPANY SECRETARIES

Cynthia Gloria Louis
SSM PC No. 201908003061 (MAICSA 7008306)
Chew Mei Ling
SSM PC No. 201908003178 (MAICSA 7019175)
Tan Ai Peng
SSM PC No. 201908003179 (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.
Registration Number: 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7890 4700
Fax : 03-7890 4670

AUDITORS

Crowe Malaysia PLT
201906000005 (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

GROUP STRUCTURE



MALAYSIA

- 100% COVERIGHT SURFACES MALAYSIA SDN BHD
- 100% CENTRALISED WASTE TREATMENT PLANT SDN BHD
- 100% INAGRO SDN BHD
- 100% LUX DISTRIBUTOR SDN BHD
- 100% MASMERU SDN BHD
- 100% M-FIELD SDN BHD
- 100% QSP CHEMIE (M) SDN BHD
- 100% RESOURCES CONSERVATION SDN BHD
- 100% STRIKETECH SDN BHD
- 100% SYNTAX SYSTEM SOLUTIONS SDN BHD
- 100% THE ANALYTICAL LABORATORIES (MALAYSIA) SDN BHD
- 100% SAPPHIRE LIFESTYLE SDN BHD
- 100% GLOBAL PACIFIC PETROLEUM SDN BHD
- 100% HYSPER MANUFACTURING (M) SDN BHD

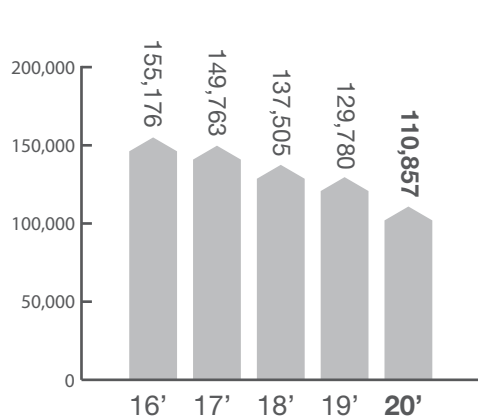
SINGAPORE

- 99.99% AL RESOURCES PTE LTD
- 100% CLEANWAY DISPOSAL SERVICES PTE LTD
- 63% SINGAPORE ANALABS PTE LTD
 - 100% TOH BAN SENG CONTRACTOR PTE LTD
 - 100% BAN TIONG SOON CONTRACTOR PTE LTD

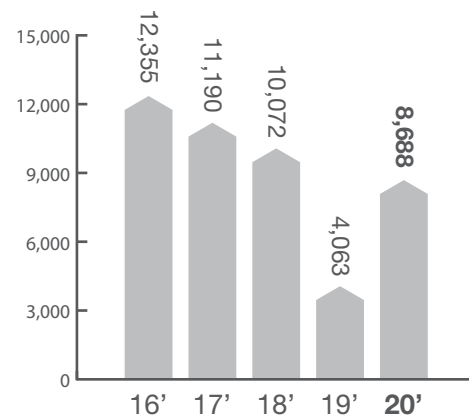
FINANCIAL HIGHLIGHTS

YEAR ENDED 30 APRIL	2016	2017	2018	2019	2020
TURNOVER (RM'000)	155,176	149,763	137,505	129,780	110,857
PROFIT AFTER TAXATION (RM'000)	12,355	11,190	10,072	4,063	8,688
PROFIT ATTRIBUTABLE TO SHAREHOLDERS (RM'000)	13,254	11,108	9,489	3,918	7,256
NET EARNINGS PER SHARE (SEN)	11.79	9.90	8.46	3.57	6.66
NET ASSETS (RM'000)	221,252	235,394	249,694	269,992	255,857
NET ASSETS PER SHARE (RM)	1.99	2.12	2.24	2.49	2.35
DIVIDEND RATE PER SHARE (%)	3.00	3.25	1.00	2.00	2.00

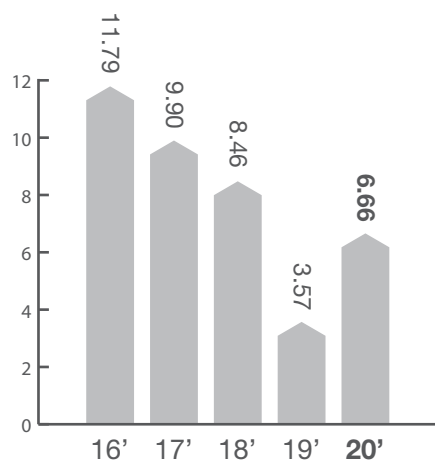
TURNOVER
(RM'000)



PROFIT AFTER TAXATION
(RM'000)



NET EARNINGS PER SHARE
(SEN)



PROFILE OF DIRECTORS

MR. KAN YOW KHEONG *Executive Chairman*

Mr. Kan Yow Kheong, a Malaysian, Male, aged 66, 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. KAN MUN HOOW *Executive Director*

Mr. Kan Mun Hoow, a Malaysian, Male, aged 40, 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. as a Junior Engineer from year 2002 to 2007. During his tenure in RCSB, he continued with his education in SEGI College and graduated with a Diploma in Accounting. He is a member of the Chartered Institute of Management Accountants (CIMA), Malaysian Institute of Accountants (MIA) and Institution of Engineers of Malaysia. He joined Coveright Surfaces Malaysia Sdn. Bhd. 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 40, 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 years 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 72, 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 and 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

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MR. CLIFTON HEATH FERNANDEZ

*Independent
Non-Executive
Director*

Mr. Clifton Heath Fernandez, a Malaysian, Male, aged 48, 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 34, 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 has attended three (3) Board Meetings held during the financial year following her appointment on 5 August 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 120 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. 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
Finance Manager

Ms. Lai Nyuk Moi, a Malaysian, Female, aged 51, 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 (referred to as "Analabs" or the "Group"), I am pleased to present the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 30 April 2020.

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 seen substantial capital appreciation over the years. Analabs remains focused on its core competencies and its prudent management of its investments has enabled Analabs to remain competitive in the market. Analabs has continued to deliver on its growth strategies by generating profit to create long term shareholders' value.

GROUP FINANCIAL PERFORMANCE

Even though we operate in a highly competitive and challenging market environment in financial year ("FY") 2020, we managed to deliver our targets and achieved Profit Before Tax (PBT) growth of 86.2% even after the one-off goodwill impairment of RM2.2 million for operating units which were under performing. The Group recorded a PBT of RM9.4 million as compared to FY 2019 PBT of RM5.0 million.

OPERATING ENVIRONMENT

Towards the beginning of year 2020, our nation together with the rest of the world faced an unprecedented health crisis with Coronavirus Disease 2019 ("COVID-19"). This global pandemic impacted the world's economy and forced us to adapt to "the new norm" in our work, life and social interactions. The COVID-19 pandemic will continue to pose major challenges to the Group in FY 2021 with a risk of potential second wave.

The Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segment remains the Group's focus and is the key revenue contributor for the FY 2020.



CHAIRMAN'S STATEMENT

cont'd

OPERATING ENVIRONMENT Cont'd

It has been a very challenging year for Analabs. However, prudent management enabled Analabs to ride over this very tough and uncertain period and this is evident from the latest Audited Financial Statements for FY 2020 which reported a robust set of numbers.

The gross margin contribution from the Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segment increased by 97.9% to RM9.3 million in FY 2020 from RM4.7 million in FY 2019. This was due to improved manufacturing efficiency and the rationalisation and containment of operating overheads.

The Group continues to face challenges with an overcrowding of players where supply outstripped the demand especially with the building material sub-segment where construction activities grind to a halt during the end of the last quarter due to the Movement Control Order ("MCO") imposed on 18 March 2020 to contain the spread of the COVID-19 pandemic.

Investment remains an opportunity due to suppressed valuation during the beginning of the MCO. We will remain vigilant by cautiously exploring new initiatives that will allow the Group to grow in the midst of volatile global economic conditions.

DIVIDENDS AND SHARE BUY BACK

The Group's track record over the years is a testament to its holding power and resilience. Analabs is and will always remain committed to delivering long-term value to all its 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 13 March 2020.

As at 30 April 2020, 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 ongoing COVID-19 pandemic has had a dramatic impact on businesses globally and is expected to have an impact on the Group's operations and financial position. The Group has taken necessary measures to address the abnormal challenges in the business environment. In these unprecedented business conditions, the Board expects the prospects for the coming financial year to be challenging.

DIRECTORATE

Since the end of the previous financial year, Mr. Lim Yoke Soo and Ms. Nur Syazwani Binti Muhamad had resigned from the Board. On behalf of the Board, I would like to express our gratitude for their guidance and support rendered during their tenure as members of the Board.

ACKNOWLEDGEMENT

I personally would like to extend my appreciation to my fellow Directors, Mr. Lai, Mr. Low, Mr. Clifton, Ms. Lye 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 talents to overcome the challenging impact from the global financial crisis, spill-over of the COVID-19 pandemic and the on-going trade war between China and the USA.

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 External Auditors, Crowe Malaysia PLT, our Tax Agents, Deloitte Touche Tohmatsu Tax Services Sdn. Bhd., our Internal Auditors, RSM Corporate Consulting (Malaysia) Sdn. Bhd., our Company Secretary, Corporate Partners (Asia) Sdn. Bhd. 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 these difficult year.

Y K KAN

Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

This Management Discussion and Analysis Statement (“MD&A”) aims to review the business and operations, 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 2020 (“FYE 2020”).

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) Contract Work, Pipe Laying and Rehabilitation;
- (iii) Recovery and Sale of Recycled Products;
- (iv) Culture and Sale of Prawns; and
- (v) Investment Holding and Property Letting.

In FYE 2020, 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) Contract Work, Pipe Laying and Rehabilitation.

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 2020. Gross margin contribution from this segment increased by 97.9% to RM9.3 million in FYE 2020 from RM4.7 million in the financial year ended 30 April 2019 (“FYE 2019”). This was mainly due to the manufacturing efficiency, rationalization of overheads and cost.

The ongoing Coronavirus Disease 2019 (“COVID-19”) pandemic has had an adverse impact on the demand for this segment. Our manufacturing customers had to curtail their operations and even shutdown their plant during these trying times. The future outlook remains cautious and depressed with a hope to fully recover within the next 12 months or so. The long term business strategy is to focus on growth to enhance revenue stream and profitability for the forthcoming financial year amid the economic and the pandemic challenges faced globally.

Contract Work, Pipe Laying and Rehabilitation

Contract Work, Pipe Laying and Rehabilitation segment is the second largest contributor to the results of FYE 2020. This segment increased its sales in FYE 2020 by 24.6% despite the stiff competition in Singapore.

The management has undertaken to build up the order book with small and short-term contracts to minimize the risk and long term commitment with cost control becoming a priority in every project. Thus, the gross margin contribution from this segment increased by 220% to RM6.4 million in FYE 2020 from a mealy RM2.0 million in FYE 2019.

The ongoing COVID-19 pandemic has had a negative impact on the construction industry. The Circuit Breaker initiative launched by the Singapore Government has adversely affected the movement of foreign labour in Singapore and forced them to be restricted to their dormitory. The productivity of this segment has been reduced to almost zero since 7 April 2020 Circuit Breaker declaration until 14 July 2020. The management team is monitoring the situation closely during this challenging time and business recovery plans are in place.

Recovery and Sale of Recycled Products

Recovery and Sale of Recycled Products segment covers hazardous industrial waste as well as domestic waste. The activities involve the Group’s core business as a professional waste management company that has set industrial benchmarks time and again with its innovative and environmentally friendly recycling practices to satisfy customer requirements.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

cont'd

Recovery and Sale of Recycled Products Cont'd

This segment remains challenging. It recorded a drop of 103.1% in the profit before tax for FYE 2020 compared to the previous FYE 2019. This segment is expected to experience slower growth moving forward in tandem with the slowdown in manufacturing activities in the country from the drop of manufacturing figures and GDP.

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.

Culture and Sale of Prawns

This segment continues to face challenges due to shortage of skilled labour. A pilot plant was conducted and now is in the monitoring stage. Further studies and data collection to be continued for future AI technology in the culture of prawns.

Investment Holding and Property Letting

With the current challenging economic backdrop, Management is cautiously optimistic on the future prospects of the investment holding segment. The Group purchase of equity investment worth of RM37.2 million for the FYE 2020. The outlook and horizon of the investment would be for long term investment for its annual dividend income and capital appreciation.

FINANCIAL REVIEW

The ongoing COVID-19 outbreak and the unprecedented Movement Control Order ("MCO") declared by the Malaysian Government, have resulted in disruptions to our Group's business and operations.

Despite the disruptions, for the FYE2020, Analabs registered a 86.2% increase in profit before tax to RM9.4 million compared to RM5.0 million last year. This improvement was mainly due to higher contribution from the Group's business segments from Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segment and the Contract Work, Pipe Laying and Rehabilitation segment.

Group Financial Results and Financial Condition

Despite undergoing a challenging year in 2020, the Group has managed to secure continued growth in profit before tax as seen in the FYE 2020 results as reflected in the table below:-

	2020	2019	Variance
	RM'000	RM'000	RM'000
Revenue	110,857	129,780	(18,923)
Cost of Sales	90,516	115,300	(24,784)
Profit Before Tax	9,372	5,034	4,338
Current Assets	67,116	69,063	(1,947)
Current Liabilities	64,885	41,440	23,445
Earnings Per Share (Sen)	6.66	3.57	
Net Assets Per Share (RM)	2.35	2.49	

For the FYE 2020, the Group achieved a revenue of RM110.9 million which represented a decrease of 14.6% or RM18.9 million lower than the preceding financial year.

The Group's gross profit margin increased from 11.2% in FYE 2019 to 18.3% in FYE 2020 mainly due to the manufacturing efficiency, rationalization of overheads and cost from the Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segment. Correspondingly, the Group recorded a higher profit before tax of RM9.4 million as compared to profit before tax of RM5.0 million in FYE 2019.

As at 30 April 2020, the Group's statement of financial position remained healthy with net assets of RM255.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

cont'd

BUSINESS OUTLOOK & STRATEGY

The ongoing COVID-19 pandemic is expected to have an impact on the Group's operations. The uncertainties and challenges arising from the COVID-19 pandemic have also inevitably disrupted the global economic stability and commercial environment and activities. The MCO and its subsequent series of extensions have adversely affected the Group's business and financial position. The Group has taken necessary measures to address the abnormal challenges in the business environment. In these unprecedented business conditions, the Board expects the outlook to remain uncertain and challenging moving forward.

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.

The Group will remain persistent in achieving our objectives to ensure that our businesses will continue to deliver long term value to our shareholders and other stakeholders alike.

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.

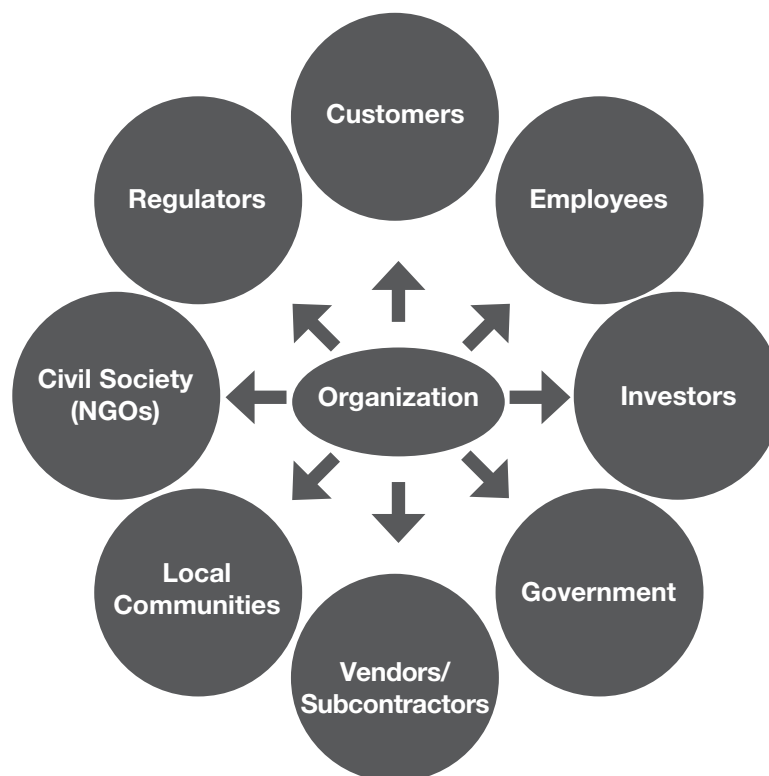
To further reinforce our commitment towards sustainability, we have implemented an Integrated Management System with concurrent certification to PAS 99:2012 and related certification to the ISO 14001:2015, ISO 9001:2015, ISO 45001:2018 and FSC (Forest Stewardship Council - Chain of Custody) for our core 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"> i) Research & Development and commitment to innovation on related equipment, technology and technical know-how. ii) Customer Satisfaction and complaint management process for adherence and enhancement of products and service deliverables iii) Sustainable value chain management with vendors, subcontractors, transporters assessment, evaluation and improvements
Social Responsibilities	<ul style="list-style-type: none"> i) Labour Incident, accident and injury rates monitoring, reporting and reviews ii) Workforce diversity and human rights factor inculcation within human resources development and capital management iii) Occupational Safety & Health Management policies and practices enforcement iv) Community Outreach Programs to create awareness and contribute to local operational areas
Environmental Stewardship	<ul style="list-style-type: none"> i) Water Usage, Energy Output monitoring and control (Emission) ii) Waste Output monitoring and minimizing (Waste & Effluents Discharge) iii) Product and Services Responsibility iv) Compliance to local statutory and regulatory requirements

The above list of Material Sustainability Issues and matters shall be managed with relevant documentation, process approach, objective settings, risk and opportunities monitoring and Plan-Do-Check-Act ("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 2020/2021 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 Environment".

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 2020/2021 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 PAS 99:2012, ISO 9001:2015, ISO 45001:2018 & ISO 14001:2015 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 Youth Leadership Campaign.



STATEMENT ON SUSTAINABILITY REPORTING

cont'd

MATERIAL SUSTAINABILITY AND RELEVANT ACTION PLANS Cont'd

ANALABS RESOURCES BERHAD 2020/2021 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. INTI, Unicert Academy on best practices.

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 disasterous 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

OVERVIEW

This Statement sets out an overview of Analabs Resources Berhad's ("Analabs" or "the Company") application of the three (3) Principles of the Malaysian Code of Corporate Governance ("MCCG") for the financial year ended 30 April 2020.

Save for the following practices, we have fully complied with all the MCCG practices for the year and specific details on how the Company has applied each of the practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available in the Company's website at www.analabs.com.my:

- ❖ Practice 1.3 - The positions of Chairman and CEO are held by different individuals.
- ❖ Practice 4.5 - 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.
- ❖ Practice 7.2 – The Board discloses on a named basis the top five (5) Senior Management's remuneration in bands of RM50,000.
- ❖ Practice 12.3 – Meetings in remote locations should leverage on technology to facilitate:
 - Voting in absentia; and
 - Remote shareholders participation at General Meetings.

CORPORATE GOVERNANCE APPROACH

The Board has established a framework of processes and guidelines for the Company that includes company policies and monitoring procedures, financial and operational performance as well as risk management and internal control systems.

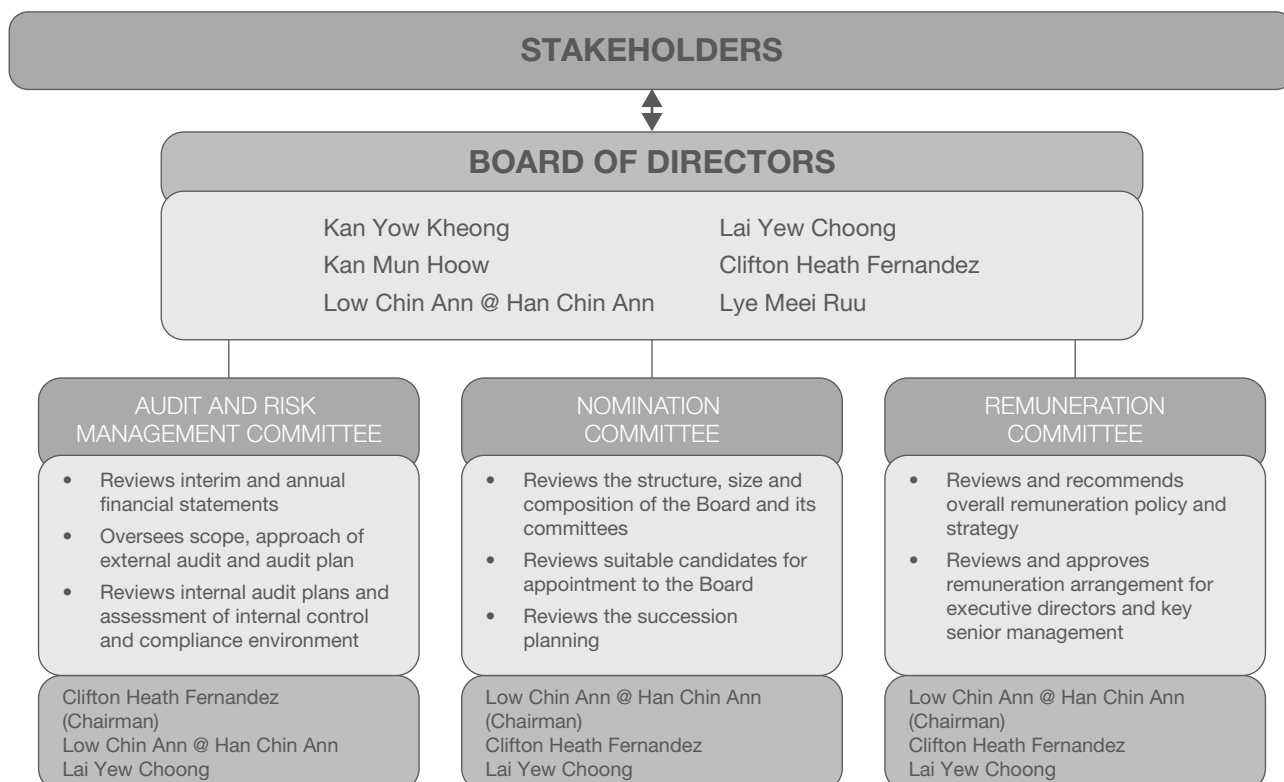
The Board prioritizes transparency, accountability, ethical culture, sustainability and compliance as it believes that the adoption of good corporate governance adds value to its business and enhances stakeholders' confidence.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

CORPORATE GOVERNANCE APPROACH Cont'd

The governance framework outlining the Board Oversight, Engagement, Delegated Authority and Accountability is illustrated below:-



PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has the overall responsibility for the conduct and governance of the Company including providing strategic guidance and effective oversight of management. The Board's role and responsibilities are formalized in the Board Charter, which defines the matters reserved for the Board and its Committees and those delegated to the Executive Chairman and Management. A copy of the Board Charter is available on the Company's website at www.analabs.com.my.

The Board Charter is periodically reviewed and updated, with the last review carried out in June 2018.

Activities undertaken by the Board include:

➤ Setting Strategic Direction

The Board has set the Company's strategy to build a strong market presence in building materials as well as the strategic priorities towards fulfilling this objective.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

I. BOARD RESPONSIBILITIES Cont'd

Activities undertaken by the Board include: Cont'd

➤ **Setting Strategic Direction** Cont'd

These strategic priorities include:-

✓ **Total Customer Satisfaction**

Through meeting and exceeding expectations by delivering services of the highest quality.

✓ **Customer Partnership**

Through effective customer feedback and understanding customer needs in terms of quality, safety and cost.

✓ **Research And Development**

For continual improvement in production methods, techniques and technologies.

✓ **Effective Training**

Programmes to upgrade the skills of staff.

➤ **Monitoring Role**

The Board carried out strategic reviews of major business segments and provided constructive inputs in the assessments of plans to spearhead growth taking into consideration the business risks, economic challenges, resource allocation and cost factors.

The Board also monitored the Group's financial and operational performance against strategic objectives.

➤ **Governance and Risk**

The Board carried out a review of its governance processes and approved the implementation of new policies on anti-money laundering as well as introduced a whistle blowing policy in order to drive ethical behavior throughout the organisation.

Improving the internal control environment to address operational risks, remained a priority of the Board.

➤ **Corporate Social Responsibility**

The Board is committed to fulfill its responsibility to society and the environment. Its aspiration is to bring the highest standards and level of integrity to all activities. Close attention is given to the Company's motto of "reducing waste for a better environment".

The Company actively engages in CSR activities. For this year, the Company undertook the following:-

a) **Environmental Awareness**

Our continuing effort to ensure that our operations do not degrade the environment by undertaking the following to preserve the environment including:-

- i) Scheduled Waste Management
- ii) Non-Scheduled Waste Management
- iii) Chemical Health Risk Assessment

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

I. BOARD RESPONSIBILITIES Cont'd

Activities undertaken by the Board include: Cont'd

➤ **Corporate Social Responsibility** Cont'd

The Company actively engages in CSR activities. For this year, the Company undertook the following:
Cont'd

b) **Community Engagements**

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. INTI, Unicert Academy on best practices.

➤ **Stakeholder Engagement**

The Board believes in building and maintaining a constructive and sustainable relationship with stakeholders. The Board believes that the Annual General Meeting provides an important opportunity for shareholders to engage with the Board and Management on the progress of the Company and of the Group.

Shareholders are also regularly updated on the Group's performance through the timely disclosure of the quarterly financial reports and any other material developments during the year, if any.

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

The Board has delegated to the Executive Chairman, the authority and power to manage the Group and its businesses within levels of authority specified by the Board from time to time. He is assisted in the day-to-day management by the Executive Director.

The Executive Chairman is also responsible for the overall leadership and efficient functioning of the Board. Notwithstanding the dual roles, the Board is of the view that there are sufficient experienced and independent Directors on the Board as majority of the Board (67%) comprises of Independent Directors to ensure that there are adequate checks and balances in place in Board deliberations.

The Independent Directors provide unbiased and objective views to safeguard the interests of shareholders. They are actively involved in Board Meetings and various Board Committees Meetings and contribute significantly to areas such as performance monitoring and enhancement of corporate governance. They satisfy themselves on the integrity of financial information and that controls and risk management systems are robust and defensible.

The roles of the Executive Chairman, Executive Director and Independent Directors are detailed in the Board Charter which is made available in the Company's website at www.analabs.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

I. BOARD RESPONSIBILITIES Cont'd

Activities undertaken by the Board include: Cont'd

There is a formal schedule of matters that are reserved to the Board for deliberation. Key matters reserved for the Board include:

- i. corporate plans and programmes;
- ii. annual budgets, including major capital commitments;
- iii. new ventures;
- iv. material acquisitions and disposals of undertakings and properties; and
- v. changes to the management and control structure within the Company and its subsidiaries, including key policies.

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.

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.

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.

Directors have full access to the Company Secretaries who are all members of the Malaysian Institute of Chartered Secretaries and Administrators.

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

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

- Statutory duties as required under the Act, Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("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.

The Company Secretaries keep abreast of the developments of corporate governance practices and relevant laws by attending training, seminars and talks to enhance their knowledge and skills.

Prior to Board Meetings, an agenda together with the relevant documents and information are distributed to all Directors at least five (5) 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, 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

Activities undertaken by the Board include: Cont'd

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 2020. 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 2020 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
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
Lye Meei Ruu (<i>Appointed on 5 August 2019</i>)	3/3	3/3*	-	-	1/1

Excludes Nur Syazwani Binti Muhamad and Lim Yoke Soo who resigned on 27 June 2019 and 29 October 2019 respectively.

* *Attended by invitation.*

ARMC - *Audit and Risk Management Committee*

NC - *Nomination Committee*

RC - *Remuneration Committee*

AGM - *Annual General Meeting*

Continuous Professional Development

Directors	Seminar/Forum/Conference/Training
Kan Yow Kheong	Corporate Liability under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018
Kan Mun Hoow	Corporate Liability under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018
Low Chin Ann @ Han Chin Ann	i. Corporate Liability under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ii. Post Budget Seminar 2020
Lai Yew Choong	Corporate Liability under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018
Clifton Heath Fernandez	i. Corporate Liability under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ii. Leading Digital Transformation – The Power of Digital iii. Technology and Audit 2019 - an ACCA Professional Insights
Lye Meei Ruu (<i>Appointed on 5 August 2019</i>)	i. Mandatory Accreditation Programme ii. Corporate Liability under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018

Excludes Nur Syazwani Binti Muhamad and Lim Yoke Soo who resigned on 27 June 2019 and 29 October 2019 respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

I. BOARD RESPONSIBILITIES Cont'd

Continuous Professional Development Cont'd

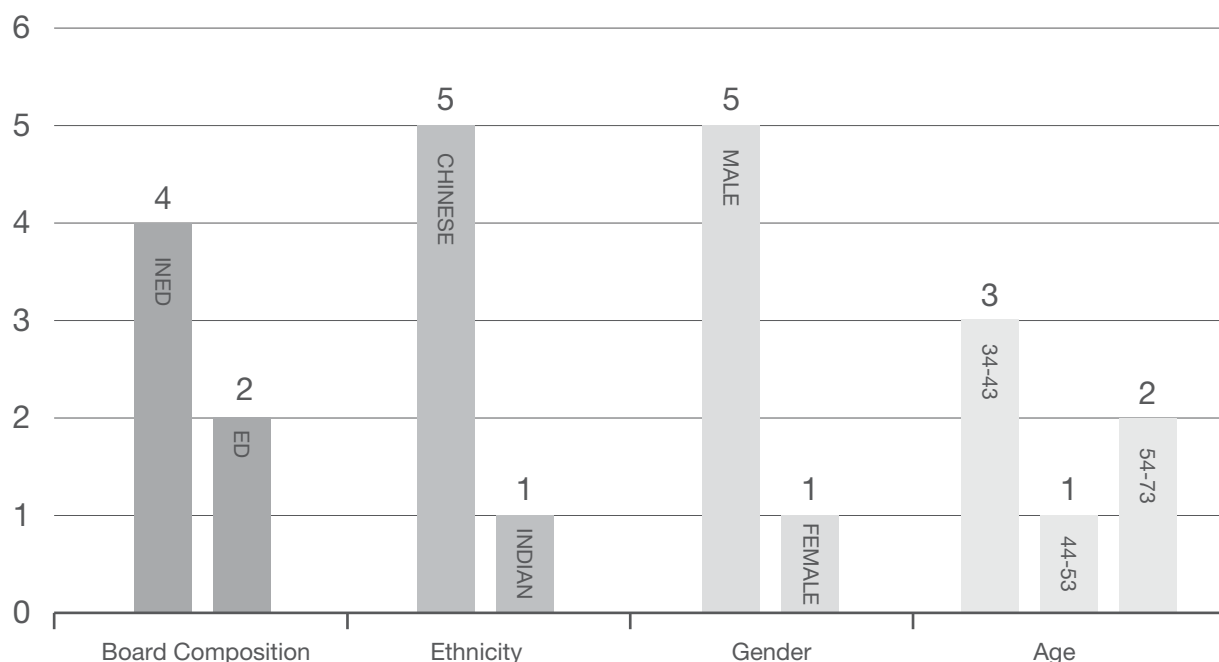
The Board acknowledges that continuous education is vital for its Board members to gain insight and maintain awareness of the economy, technological advances, latest regulatory developments and management strategies. The NC assesses from time to time the training needs of the Directors. The Board members are also encouraged to attend relevant seminars and conferences to keep abreast with developments in the industry as well as to enhance their professionalism and knowledge.

II. BOARD COMPOSITION

The Board consists of six (6) members comprising the Executive Chairman, four (4) Independent Non-Executive Directors and one (1) Executive Director.

The Board has complied with Paragraph 15.02(1) 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 Para 15.02(1) of the MMLR, the Company must fill the vacancy within 3 months.

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

II. BOARD COMPOSITION Cont'd

	Industry / Background experience									
	Applied chemical	Banking	Accounting/Finance / Corporate Finance	Project Management	Certification Audit & Placement	Legal/Regulatory	Marketing Management	Mechanical Engineering	Corporate Training/ Education	Environmental & Sustainability Management
Kan Yow Kheong	✓			✓			✓	✓		✓
Kan Mun Hoow			✓	✓			✓	✓		✓
Low Chin Ann @ Han Chin Ann			✓	✓			✓		✓	
Lai Yew Choong		✓	✓				✓			
Clifton Heath Fernandez			✓	✓	✓		✓		✓	✓
Lye Meei Ruu (<i>Appointed on 5 August 2019</i>)						✓				

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 NC is responsible to recommend candidates to the Board to fill vacancies arising from resignation, retirement or other reasons or if there is a need to appoint additional Directors with the required skills or profession to the Board to meet any competency gaps 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.

The assessment/evaluation process may include among others, a review of the candidate's resume, professional experience 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.

The Board acknowledges the importance of diversity as an essential virtue of good corporate governance and an attribute of a well-functioning Board. Diverse 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

II. BOARD COMPOSITION Cont'd

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.

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.

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.

Evaluation of Board, Board Committees and Individual Directors

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

For individual performance 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, 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 and 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 Statement 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; and
- 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 and its members.

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.

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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

II. BOARD COMPOSITION Cont'd

Annual Assessment of Existing Directors & Board Committees Cont'd

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.

III. REMUNERATION

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 Company. 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/her own remuneration.

The RC has during the financial year and up to the date of this Statement carried out a review and recommendation on the payment of Directors' fees for the financial year ending 30 April 2021 and recommended the same to the Board.

Disclosure of Remuneration of Directors and Senior Management

The details of the remuneration of the Directors of the Company and of the Group for the financial year ended 30 April 2020 are as follows:-

GROUP	Fees (RM)	Salaries, Bonuses & SOCSO (RM)	Defined Contribution Plan (RM)	Benefits-in kind (RM)	Total (RM)
Executive Directors					
Kan Yow Kheong	12,000.00	156,096.00	1,464.00	-	169,560.00
Kan Mun Hoow	12,000.00	184,846.80	19,440.00	-	216,286.80
Lim Yoke Soo <i>(Resigned on 29 October 2019)</i>	6,000.00	30,000.00	1,200.00	-	37,200.00
Independent Non-Executive Directors					
Low Chin Ann @ Han Chin Ann	18,000.00	-	-	-	18,000.00
Lai Yew Choong	12,000.00	-	-	-	12,000.00
Clifton Heath Fernandez	12,000.00	-	-	-	12,000.00
Lye Meei Ruu <i>(Appointed on 5 August 2019)</i>	12,000.00	-	-	-	12,000.00
Total	84,000.00	370,942.80	22,104.00	-	477,046.80

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

III. REMUNERATION Cont'd

Disclosure of Remuneration of Directors and Senior Management Cont'd

COMPANY	Fees (RM)	Salaries, Bonuses & SOCSO (RM)	Defined Contribution Plan (RM)	Benefits-in kind (RM)	Total (RM)
Executive Directors					
Kan Yow Kheong	12,000.00	18,048.00	732.00	-	30,780.00
Kan Mun Hoow	12,000.00	-	-	-	12,000.00
Lim Yoke Soo (Resigned on 29 October 2019)	6,000.00	15,000.00	600.00	-	21,600.00
Independent Non-Executive Directors					
Low Chin Ann @ Han Chin Ann	18,000.00	-	-	-	18,000.00
Lai Yew Choong	12,000.00	-	-	-	12,000.00
Clifton Heath Fernandez	12,000.00	-	-	-	12,000.00
Lye Meei Ruu (Appointed on 5 August 2019)	12,000.00	-	-	-	12,000.00
Total	84,000.00	33,048.00	1,332.00	-	118,380.00

Note:

(i) Directors' Fees/Meeting Allowance

The shareholders approved the payment of the Directors' fees of RM108,000 in respect of the financial year ended 30 April 2020, at the 21st AGM. The Company will be seeking the approval of the shareholders for the Proposed Directors' fees of RM108,000.00 for the financial year ending 30 April 2021 at the forthcoming AGM. The fees will not be paid until the approval of the shareholders in the forthcoming AGM.

(ii) Non-Executive Directors

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

(iii) Executive Chairman

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

(iv) Senior Management

The top 5 key senior management remuneration falls within the band of RM50,000, for the financial year ended 30 April 2020 are as follows:-

Senior Management	Fees	Salary/ Bonus	Benefits in- kind	Defined Contribution Plan
Below RM50,000	-	-	-	5
RM50,001 – RM100,000	-	2	-	-
RM100,001 – RM150,000	-	2	-	-
RM250,001 – RM300,000	-	1	-	-

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee ("ARMC")

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, Clifton Heath Fernandez 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.

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

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

Details of the activities carried out by the ARMC in FYE 2020 are set out on pages 36 to 38.

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 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.

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 fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement.

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

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 33 to 35 of the Annual Report.

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

The IA 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT Cont'd

Risk Management and Internal Control Framework Cont'd

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

The IA 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

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; and
- (iii) The website at www.analabs.com.my which shareholders as well as members of the public are invited to access for the latest information on the Group.

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.

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.

All Directors would attend the Meetings of Members unless is unavoidable circumstances to allow shareholders to raise questions and clarify any issues they may have relating to each resolution tabled for approval.

This Statement was presented and approved at the Board of Directors' Meeting held on 6 August 2020.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

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

AUDIT FEES AND NON-AUDIT FEES

The audit fees paid or payable for the Company and the Group for the financial year ended 30 April 2020 were RM39,900.00 and RM209,673.00 respectively (both exclusive of Sales and Services Tax).

There were no non-audit fees paid or payable by the Company and the Group to the external auditors or affiliates of auditors' firm for the financial year ended 30 April 2020.

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 2020 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 year under review.

STATEMENT ON RISK MANAGEMENT AND 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 are 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 AND 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 AND 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 this statement, 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 6 August 2020.

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. The record of attendance of each ARMC member in the ARMC meetings held during the financial year ended 30 April 2020 are as follows:-

Directors	Meetings Attended by the Members/Total Number of Meetings Held During the Financial Year Ended 30 April 2020	% 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 External 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.

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 members 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 2020 included the following:

(a) Financial Reporting

- In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited financial statements with the 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, 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 were 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.
- 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' International Code of Ethics for Professional Accountants (Including International Independence Standards) 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.
- Without the presence of Executive Directors and Management, discussed with the External Auditors on the assistance provided by Management during the course of audit, the competency of the finance and accounting team and the adequacy of the Group's internal control.
- Having assessed the performance of the External Auditors, the Committee recommended their re-appointment as External Auditors for the ensuing year.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS DURING THE YEAR Cont'd

(c) Internal Control and Risk Management

- Reviewed the internal auditors' plan for year 2019/2020.
- Without the presence of Executive Directors and Management, discussed with the Internal Auditors on the assistance provided by Management during the course of audit and the adequacy of the Group's internal control.
- Reviewed the internal audit reports issued by Internal Auditors and thereafter discussed the Management's actions taken to improve the systems of internal control.

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 year, the outsourced Internal Auditors had conducted the review on machine utilization rate and plant and machinery wastages of Coveright Surfaces Malaysia Sdn. Bhd..

The costs incurred for the outsourced internal audit function in respect of the financial year amounted to RM14,301.69 (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 of 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 and of the Company for the financial year ended 30 April 2020.

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

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

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

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2020. All values shown in this report are rounded to the nearest thousand ("RM'000") except where otherwise indicated.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- Owners of the Company	7,256	10,250
- Non-controlling interests	1,432	-
	8,688	10,250

DIVIDENDS

On 13 March 2020, 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 2020.

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 AND DEBENTURES

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

TREASURY SHARES

As at 30 April 2020, 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 15 to the financial statements.

SHARE OPTIONS

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

DIRECTORS' REPORT

cont'd

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

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 their value 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 of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, other than the contingent liabilities as disclosed in Note 33 to the financial statements, there does not exist:

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT

cont'd

DIRECTORS

The 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
 Kan Mun Hoow
 Low Chin Ann @ Han Chin Ann
 Lai Yew Choong
 Clifton Heath Fernandez
 Lye Meei Ruu (Appointed on 5.8.2019)
 Lim Yoke Soo (Resigned on 29.10.2019)
 Nur Syazwani Binti Muhamad (Resigned on 27.6.2019)

Directors of Subsidiaries (Other than Directors of the Company)

Kan Mun Foo
 Lai Nyuk Moi
 Lim Yoke Soo
 Muhamad Hanis Bin Baharuddin
 Tan Cher Heng
 Wan Mei Yi
 Woo Pek Chuan
 Zuraimi Binti Mohamed (Appointed on 28.10.2019)
 Kan Yow Kheong (Resigned on 15.10.2019)
 Lee Guat Khuan (Resigned on 1.11.2019)
 Lee Lin Lian (Resigned on 7.10.2019)

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 and its related corporations during the financial year are as follows:-

Name of Director	Number of Ordinary Shares			Balance at 30.4.2020
	Balance at 1.5.2019	Bought	Sold	
<u>Direct</u>				
Kan Yow Kheong	65,818,904	252,000	-	66,070,904
Kan Mun Hoow	5,039,000	-	-	5,039,000
<u>Indirect</u>				
Kan Yow Kheong ^(a)	18,000	-	-	18,000

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

By virtue of his shareholdings in the Company, Kan Yow Kheong is deemed to have interests in shares of its related corporations during the financial year to the extent of the Company's interests, in accordance with 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' REPORT

cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE 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 8 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 24 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 18 AUGUST 2020

Kan Yow Kheong

Kan Mun Hoow

STATEMENT BY DIRECTORS

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

We, Kan Yow Kheong and Kan Mun Hoow, being two of the directors of Analabs Resources Berhad, state that, in the opinion of the directors, the financial statements set out on pages 49 to 115 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 2020 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 18 AUGUST 2020**

Kan Yow Kheong

Kan Mun Hoow

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 49 to 115 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 18 August 2020

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) Registration No : 199801012843 (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 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 115.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2020, 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 of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

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

Key Audit Matter	How our audit addressed the key audit matter
<p><u>Impairment of goodwill (Refer to Note 3 and Note 7 to the financial statements)</u></p> <p>The Group carries significant goodwill as disclosed in Note 7 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"> • Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances. • Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method. • Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc. • Performing stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of the recoverable amount.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANALABS RESOURCES BERHAD

(Incorporated in Malaysia) Registration No : 199801012843 (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 of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, 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 of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANALABS RESOURCES BERHAD

(Incorporated in Malaysia) Registration No : 199801012843 (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 of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- 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, actions taken to eliminate threats or safeguards applied.

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

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 8 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
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

18 August 2020

Ong Beng Chooi
03155/05/2021 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	99,597	180,609	-	-
Investment properties	5	32,270	-	-	-
Right-of-use assets	6	46,802	-	-	-
Goodwill on consolidation	7	7,771	9,985	-	-
Investments in subsidiaries	8	-	-	78,409	78,409
Receivable	9	60	58	-	-
Other investments	10	103,013	85,857	2,747	3,532
		289,513	276,509	81,156	81,941
CURRENT ASSETS					
Inventories	11	16,242	16,812	-	-
Receivables	9	21,323	25,288	14,004	5,958
Contract assets	12	3,890	1,043	-	-
Other investments	10	6,435	7,862	-	-
Prepayments		266	299	-	-
Current tax assets		-	2,133	16	32
Cash and cash equivalents	13	18,960	15,626	332	195
		67,116	69,063	14,352	6,185
TOTAL ASSETS		356,629	345,572	95,508	88,126
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	66,272	66,272	66,272	66,272
Treasury shares	15	(10,140)	(10,140)	(10,140)	(10,140)
Reserves		199,787	215,355	38,505	31,295
Equity attributable to owners of the Company		255,919	271,487	94,637	87,427
Non-controlling interests	16	(62)	(1,495)	-	-
TOTAL EQUITY		255,857	269,992	94,637	87,427
NON-CURRENT LIABILITIES					
Loans and borrowings	17	9,807	10,512	-	-
Lease liabilities	18	3,254	-	-	-
Deferred tax liabilities	19	22,826	23,628	-	-
		35,887	34,140	-	-
CURRENT LIABILITIES					
Payables	20	22,344	17,878	871	699
Loans and borrowings	17	39,176	22,743	-	-
Lease liabilities	18	794	-	-	-
Contract liabilities	12	943	-	-	-
Provision	21	953	819	-	-
Current tax liabilities		675	-	-	-
		64,885	41,440	871	699
TOTAL LIABILITIES		100,772	75,580	871	699
TOTAL EQUITY AND LIABILITIES		356,629	345,572	95,508	88,126
NET ASSETS PER SHARE (RM)	36	2.35	2.49		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	22	110,857	129,780	10,584	6,054
Cost of sales		(90,516)	(115,300)	-	-
Gross profit		20,341	14,480	10,584	6,054
Other income	23	7,855	8,424	94	154
Administrative and other operating expenses		(16,810)	(16,655)	(337)	(422)
Net impairment losses on financial assets		(571)	(92)	-	-
Finance costs		(1,443)	(1,123)	-	-
Profit before tax	24	9,372	5,034	10,341	5,786
Tax expense	26	(684)	(971)	(91)	(88)
Profit for the financial year		8,688	4,063	10,250	5,698
Other comprehensive (loss)/income:-					
<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		(19,248)	(9,819)	(861)	(561)
- Remeasurement of deferred tax on revalued property arising from change in tax rates		(1,472)	-	-	-
<i>Item that will be reclassified subsequently to profit or loss:</i>					
- Currency translation differences for foreign operations		76	551	-	-
		(20,644)	22,760	(861)	(561)
		(11,956)	26,823	9,389	5,137
Profit attributable to:					
- Owners of the Company		7,256	3,918	10,250	5,698
- Non-controlling interests		1,432	145	-	-
		8,688	4,063	10,250	5,698
Total comprehensive (loss)/income attributable to:					
- Owners of the Company		(13,389)	26,842	9,389	5,137
- Non-controlling interests		1,433	(19)	-	-
		(11,956)	26,823	9,389	5,137
Earnings per share for profit attributable to owners of the Company	27				
- Basic (sen)		6.66	3.57		
- Diluted (sen)		6.66	3.57		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

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		
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 transaction costs	-	(4,252)	-	-	-	(17)	(4,269)	-	(4,269)	
Purchase of own shares	-	-	-	-	-	(2,179)	(2,179)	-	(2,179)	
Dividends to owners of the Company (Note 28)	-	(4,252)	-	-	-	(2,271)	(6,523)	-	(6,523)	
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 2020

cont'd

Group	Share capital RM'000	Treasury shares RM'000	Revaluation surplus RM'000	Non-Distributable			Distributable			Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
				Currency translation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	Retained profits RM'000				
Balance at 1 May 2019	66,272	(10,140)	79,346	4,828	-	(1,774)	132,955	271,487	(1,495)	269,992		
Issuance of bonus shares by a subsidiary	-	-	-	-	491	-	(491)	-	-	-		
Dividends to owners of the Company (Note 28)	-	-	-	-	-	-	(2,179)	(2,179)	-	(2,179)		
Total transactions with owners	-	-	-	-	491	-	(2,670)	(2,179)	-	(2,179)		
Fair value changes of equity investments	-	-	-	-	-	(19,248)	-	(19,248)	-	(19,248)		
Remeasurement of deferred tax on revalued property arising from change in tax rates	-	-	(1,472)	-	-	-	-	(1,472)	-	(1,472)		
Currency translation differences for foreign operations	-	-	-	75	-	-	-	75	1	76		
Total other comprehensive (loss)/income for the financial year	-	-	(1,472)	75	-	(19,248)	-	(20,645)	1	(20,644)		
Profit for the financial year	-	-	-	-	-	-	7,256	7,256	1,432	8,688		
Total comprehensive (loss)/income for the financial year	-	-	(1,472)	75	-	(19,248)	7,256	(13,389)	1,433	(11,956)		
Balance at 30 April 2020	66,272	(10,140)	77,874	4,903	491	(21,022)	137,541	255,919	(62)	255,857		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

Company	Share capital	Treasury shares	Non-Distributable Fair value reserve	Distributable Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 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 28)	-	-	-	(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 2019/1 May 2019	66,272	(10,140)	390	30,905	87,427
Dividends to owners of the Company (representing total transactions with owners) (Note 28)	-	-	-	(2,179)	(2,179)
Fair value changes of equity investments (representing other comprehensive loss for the financial year)	-	-	(861)	-	(861)
Profit for the financial year	-	-	-	10,250	10,250
Total comprehensive (loss)/income for the financial year	-	-	(861)	10,250	9,389
Balance at 30 April 2020	66,272	(10,140)	(471)	38,976	94,637

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before tax	9,372	5,034	10,341	5,786
Adjustments for:-				
Bad debts written off	-	161	-	-
Depreciation of investment properties	408	-	-	-
Depreciation of property, plant, and equipment	5,313	7,126	-	-
Depreciation of right-of-use assets	1,368	-	-	-
Dividend income from:				
- Investments in subsidiaries	-	-	(10,200)	(5,670)
- Investments in unit trusts	(76)	(57)	(76)	(53)
- Quoted investments	(5,544)	(4,204)	-	-
Fair value loss on financial instruments mandatorily measured at fair value through profit or loss	1,427	18	-	-
Gain on disposal of plant and equipment	(52)	(66)	-	-
Impairment loss on goodwill on consolidation	2,222	-	-	-
Impairment loss on trade receivables	660	138	-	-
Interest expense on lease liabilities	135	-	-	-
Inventories written down	408	685	-	-
Other interest expense	1,308	1,123	-	-
Provision for claims and damages	959	226	-	-
Interest income	(86)	(548)	(3)	(101)
Revaluation decrease of property	-	1,757	-	-
Reversal of impairment loss on trade receivables	(89)	(46)	-	-
Reversal of inventories written down	(397)	(429)	-	-
Reversal of provision for claims and damages	(630)	(1,598)	-	-
Unrealised gain on foreign exchange, net	(568)	(17)	-	-
	16,138	9,303	62	(38)
Changes in:-				
Contract assets/liabilities	(1,889)	(1,034)	-	-
Inventories	561	854	-	-
Receivables and prepayments	3,653	6,839	2	(1)
Payables	4,566	(3,112)	(28)	4
Provision	(195)	(52)	-	-
Cash from/(for) operations	22,834	12,798	36	(35)
Interest paid	(1,443)	(1,116)	-	-
Tax paid	(166)	(1,645)	(75)	(68)
Net cash from/(for) operating activities and balance carried forward	21,225	10,037	(39)	(103)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance brought forward		21,225	10,037	(39)	(103)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(8,048)	(5,947)
(Increase)/Decrease in fixed deposits under lien with licensed banks		(118)	4,740	-	85
Dividends received		5,620	4,261	10,276	5,723
Interest received		86	548	3	101
Proceeds from disposal of unit trusts		803	-	-	-
Proceeds from disposal of plant and equipment		87	84	-	-
Proceeds from disposal of quoted investments		-	15	-	-
Purchase of units trusts		(76)	(4,718)	(76)	(53)
Purchase of quoted investments		(37,126)	(48,070)	-	-
Purchase of property, plant and equipment	29	(918)	(5,871)	-	-
Net cash (for)/from investing activities		(31,642)	(49,011)	2,155	(91)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid		(2,179)	(2,179)	(2,179)	(2,179)
Bonus share issue transaction costs paid		-	(75)	-	(75)
Drawdown of term loans	29	125	4,409	-	-
Net increase in short-term loans and borrowings	29	17,126	7,557	-	-
Purchase of own shares		-	(4,269)	-	(4,269)
Repayment of hire purchase obligations	29	-	(719)	-	-
Repayment of lease liabilities	29	(846)	-	-	-
Repayment of term loans	29	(509)	(1,315)	-	-
Advances from/(Repayment to) subsidiaries		-	-	200	(330)
Net cash from/(for) financing activities		13,717	3,409	(1,979)	(6,853)
Net increase/(decrease) in cash and cash equivalents		3,300	(35,565)	137	(7,047)
Cash and cash equivalents brought forward		14,918	50,323	195	7,242
Currency translation differences		(84)	160	-	-
Cash and cash equivalents carried forward	13	18,134	14,918	332	195

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

1. GENERAL INFORMATION

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

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

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 8 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 18 August 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group 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:-

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

MFRS 16 *Leases*

IC Interpretation 23 *Uncertainty Over Income Tax Treatments*

Amendments to MFRS 9: *Prepayment Features with Negative Compensation*

Amendments to MFRS 119: *Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 128: *Long-term Interests in Associates and Joint Ventures*

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

The initial application of the above MFRSs did not have any significant impacts on the financial statements except as disclosed in Note 2.2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.1 Basis of Preparation of Financial Statements Cont'd

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 3: <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
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 16: <i>COVID-19-Related Rent Concessions</i>	1 June 2020
Amendments to MFRS 101 and MFRS 108: <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to MFRS 116: <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

Management is currently examining the financial impacts of the initial application of the above MFRSs.

2.2 Changes in Accounting Policies

The initial application of MFRS 16 *Leases*, which replaces MFRS 117 *Leases* and other related interpretations, has resulted in certain changes in accounting policies for lessees. MFRS 16 eliminates the distinction between finance and operating leases for lessees and introduces a single lessee accounting exemptions. 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 has elected to apply the new requirements of MFRS 16 from 1 May 2019 with the following cumulative effect of initial application recognised at that date without restating the comparative information:-

	Note	Brought forward from preceding year RM'000	Changes in accounting policies RM'000	Adjusted RM'000
<u>Consolidated Statement of Financial Position</u>				
<u>as at 1 May 2019 (Extract)</u>				
Property, plant and equipment	(a)	180,609	(43,996)	136,613
Right-of-use assets	(a) (b)	-	47,616	47,616
Loans and borrowings	(a)	33,255	(720)	32,535
Lease liabilities	(a) (b)	-	4,340	4,340

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.2 Changes in Accounting Policies Cont'd

- (a) For leases that were previously classified as finance leases in accordance with MFRS 117, the carrying amounts of the right-of-use assets and leases liabilities at 1 May 2019 were those brought forward from 30 April 2019 measured applying MFRS 117. The underlying assets and liabilities were reclassified from property, plant and equipment and loans and borrowings respectively, and would be accounted for in accordance with MFRS 16 from 1 May 2019.
- (b) For leases that were previously classified as operating leases in accordance with MFRS 117, the Group recognised and measured the right-of-use assets and lease liabilities at 1 May 2019 at the present value of the remaining lease payments, discounted using a weighted average incremental borrowing rate at 3.33% per annum. In relying on the available practical expedient, the Group has elected not to apply the transition requirements to leases for which the lease term would end within 12 months from 1 May 2019.

2.3 Basis of Consolidation

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

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

Goodwill at the acquisition date is measured at 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 2.7. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.3 Basis of Consolidation Cont'd

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

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7.

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.

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. 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:-

Leasehold land	Not applicable (2019 - over the lease terms of 30 to 99 years)
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.

2.5 Investment Properties

Investment properties are properties which are owned or right-of-use assets held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.5 Investment Properties Cont'd

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. The impairment policy is disclosed in Note 2.7.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 12 years to 90 years. Freehold land is not depreciated.

An investment property is derecognised when it has either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

2.6 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 2.7.

2.7 Impairment of Non-financial Assets

At the end of each reporting period, the Group assesses 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.

2.8 Contract Assets and Contract Liabilities

A contract is presented in the statements 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 2.10. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.9 Inventories

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

2.10 Financial Assets

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

Initial Recognition and Measurement

A financial asset is recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price. Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent Measurement

(a) Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as amortised cost.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest ("SPPI") are measured at amortised cost. All receivables and cash and cash equivalents are classified under this category. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statements of comprehensive income. Impairment losses are presented as separate line item in the statements of comprehensive income.

(b) Equity Instruments

All equity instruments are subsequently measured at either fair value through other comprehensive income or fair value through profit or loss. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.10 Financial Assets Cont'd

Impairment

At each reporting date, the Group recognises a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

2.11 Financial Liabilities

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

Initial Recognition and Measurement

A financial liability is recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

Subsequent Measurement

All payables, loans and borrowings and lease liabilities are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.12 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Lessor Accounting

When the Group acts as a lessor, it classifies each lease as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, whereas an operating lease does not.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term. The Group has not entered into any finance lease.

Lessee Accounting

Initial Recognition and Measurement

When the Group acts as a lessee, it recognises 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) at the commencement date. The Group has elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised, where applicable.

Subsequent Measurement

A right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.7.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term as follows:-

Leasehold land	Over the lease period of 30 to 99 years
Office equipment	5 years
Motor vehicles	5 years

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.12 Leases Cont'd

Lessee Accounting Cont'd

Accounting Policies Applied Until 30 April 2019

Prior to 1 May 2019, the Group classified each lease as either an operating lease or a finance lease.

A finance lease, including hire purchase, was 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 were 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 was consistent with that for equivalent owned assets.

Lease payments under an operating lease were recognised as an expense on a straight-line basis over the lease term.

2.13 Share Capital

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

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

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

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.15 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 uses 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.

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, 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.16 Revenue from Contracts with Customers

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

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 output method, i.e. surveys of work performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.17 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.

2.18 Employee Benefits

(a) 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.

(b) 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.

2.19 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

2.20 Income Taxes Cont'd

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 losses, 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.

2.21 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.

2.22 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.

2.23 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 2020

cont'd

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group, 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 11.

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 7.

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 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

4. PROPERTY, PLANT AND EQUIPMENT

Group	At 1.5.2019		Adjusted RM'000	Additions RM'000	Transfer to investment properties (Note 5) RM'000	Disposal RM'000	Depreciation RM'000	Currency translation differences RM'000	At 30.4.2020 RM'000
	As previously reported RM'000	Effect of adopting MFRS 16 RM'000							
<u>Carrying amount</u>									
Freehold land	70,500	-	70,500	-	(17,400)	-	-	-	53,100
Leasehold land	49,552	(43,400)	6,152	-	(6,152)	-	-	-	-
Buildings	50,893	-	50,893	334	(9,126)	-	(2,103)	82	40,080
Plant and machinery	5,429	-	5,429	157	-	-	(2,037)	-	3,549
Renovation	18	-	18	-	-	-	(13)	-	5
Office equipment	114	-	114	3	-	-	(41)	-	76
Furniture and fittings	16	-	16	-	-	-	(12)	-	4
Laboratory equipment	130	-	130	129	-	-	(79)	2	182
Motor vehicles	3,957	(596)	3,361	295	-	(35)	(1,028)	8	2,601
	180,609	(43,996)	136,613	918	(32,678)	(35)	(5,313)	92	99,597

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

4. PROPERTY, PLANT AND EQUIPMENT Cont'd

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
<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 cost RM'000	At valuation RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
<u>At 30.4.2020</u>				
Freehold land	-	53,100	-	53,100
Buildings	-	42,190	(2,110)	40,080
Plant and machinery	122,392	-	(118,843)	3,549
Renovation	1,321	-	(1,316)	5
Office equipment	6,078	-	(6,002)	76
Furniture and fittings	1,090	-	(1,086)	4
Laboratory equipment	3,234	-	(3,052)	182
Motor vehicles	18,439	-	(15,838)	2,601
	152,554	95,290	(148,247)	99,597

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

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
At 30.4.2019				
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

The land and buildings of the Group were revalued to fair values at end of the previous 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
At 30.4.2020				
Freehold land	-	53,100	-	53,100
Buildings	-	20,260	19,820	40,080
	-	73,360	19,820	93,180
At 30.4.2019				
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

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, level 2 and level 3 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

4. PROPERTY, PLANT AND EQUIPMENT Cont'd

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	
	2020	2019
	RM'000	RM'000
Freehold land	10,766	16,773
Leasehold land	-	26,044
Buildings	7,867	24,303
	18,633	67,120

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

	Group	
	2020	2019
	RM'000	RM'000
Freehold land	7,500	7,500
Leasehold land	-	5,133
Buildings	19,405	24,564

The carrying amounts of equipment acquired under hire purchase financing are as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Motor vehicles	-	1,583

5. INVESTMENT PROPERTIES

Group	At 1.5.2019 RM'000	Transfer from property, plant and equipment (Note 4) RM'000	Depreciation RM'000	At 30.4.2020 RM'000
<u>Carrying amount</u>				
Freehold land	-	17,400	-	17,400
Leasehold land	-	6,152	(71)	6,081
Buildings	-	9,126	(337)	8,789
	-	32,678	(408)	32,270

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

5. INVESTMENT PROPERTIES Cont'd

Group	At cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
At 30.4.2020			
Freehold land	17,400	-	17,400
Leasehold land	6,152	(71)	6,081
Buildings	9,126	(337)	8,789
	32,678	(408)	32,270

The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. Certain leases contain an option that is exercisable by the customers to extend their leases for a period of 2 to 3 years. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

The fair values of the Group's investment properties are analysed as follows:-

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30.4.2020				
Freehold land	-	17,400	-	17,400
Leasehold land	-	6,081	-	6,081
Buildings	-	5,586	3,203	8,789
	-	29,067	3,203	32,270

The level 2 fair value has been determined based on the market comparison approach based on appraisals performed by independent professional valuers 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, level 2 and level 3 during the financial year.

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

	Group	
	2020 RM'000	2019 RM'000
Leasehold land	5,075	-
Buildings	4,315	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

6. RIGHT-OF-USE ASSETS

Group	← At 1.5.2019 →		Adjusted RM'000	Additions RM'000	Depreciation RM'000	Currency translation differences RM'000	At 30.4.2020 RM'000
	As previously reported RM'000	Effect of adopting MFRS 16 RM'000					
<u>Carrying amount</u>							
Leasehold land	-	47,020	47,020	514	(1,201)	17	46,350
Office equipment	-	-	-	22	(6)	-	16
Motor vehicles	-	596	596	-	(161)	1	436
	-	47,616	47,616	536	(1,368)	18	46,802

Group	At cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
<u>At 30.4.2020</u>			
Leasehold land	47,553	(1,203)	46,350
Office equipment	22	(6)	16
Motor vehicles	1,020	(584)	436
	48,595	(1,793)	46,802

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

The Group leases certain pieces of leasehold land, office equipment and motor vehicles of which the leasing activities are summarised below:-

- (a) Leasehold land: The leasehold land is for a period range from 30 to 99 years.
- The Group has entered into 2 non-cancellable operating lease agreements for the use of land. The leases are for a period range from 2 to 12 years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land.
- (b) Office equipment: The right to use the office equipment was acquired under hire purchase financing whereby the ownership will be transferred by the end of lease term of 3 years.
- (c) Motor vehicles: The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets whereby ownership will be transferred by the end of lease terms of 1 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

7. GOODWILL ON CONSOLIDATION

	Group	
	2020 RM'000	2019 RM'000
Balance at 1 May 2019/2018	9,985	9,943
Accumulated impairment loss	(2,222)	-
Currency translation differences	8	42
Balance at 30 April	7,771	9,985

The movement in the accumulated impairment loss are as follows:-

Balance at 1 May 2019/2018	-	-
Impairment during the financial year (Note 24)	(2,222)	-
Balance at 30 April	(2,222)	-

- (a) The carrying amounts of goodwill allocated to each Cash Generating Units ("CGUs") are identified as follows:-

	Group	
	2020 RM'000	2019 RM'000
Manufacturing, formulation and sale of resin, chemicals and building materials	5,752	7,704
Others	2,019	2,281
	7,771	9,985

- (b) The manufacturing, formulation and sale of resin, chemicals and building materials segment and recovery and sale of recycled products segment have been experiencing highly competitive environment in the recent financial years. Certain CGUs of these segments have been incurring losses and the directors did not foresee any cash inflows from these CGUs in the near future. As the carrying amounts of goodwill were determined to be higher than their recoverable amounts, impairment losses of RM1,952,000 and RM270,000 were recognised on the segments respectively in "administrative and other operating expenses" line item of statements of comprehensive income. A pre-tax discount rate of 8% was applied in determining the recoverable amount of those CGUs.
- (c) The Group has assessed the remaining recoverable amounts of goodwill allocated and determined that no additional impairment is required. 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	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Manufacturing, formulation and sale of resin, chemicals and building materials	12 - 15	4 - 16	7	2	8	12

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

7. GOODWILL ON CONSOLIDATION Cont'd

- (d) 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.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Unquoted shares - at cost	86,371	86,371
Accumulated impairment loss	(7,962)	(7,962)
Carrying amount	78,409	78,409

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective equity interest		Principal activities
		2020	2019	
		%	%	
AL Resources Pte. Ltd. ^(a)	Singapore	99.99	99.99	Trading in paint and related products.
Cleanway Disposal Services Pte. Ltd. ("CDS") ^(a)	Singapore	100	100	Providing containerised waste disposal services, causeway services, collecting and disposing of scrap, refuse and rubbish, designing and fabricating refuse compactors and containers for sale and rental.
<u>Subsidiary of CDS</u>				
- Singapore Analabs Pte. Ltd. ("SAPL") ^(a)	Singapore	63	63	Investment holding company.
<u>Subsidiaries of SAPL</u>				
- Toh Ban Seng Contractor Pte. Ltd. ("TBS") ^(a)	Singapore	63	63	General contractors of water and sewer diversion construction and maintenance.
- Ban Tiong Soon Contractor Pte. Ltd. ("BTS") ^(a)	Singapore	63	63	General contractors of labour supply for sewer and water rehabilitation construction.
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 related products.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

8. 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
		2020	2019	
		%	%	
<u>Subsidiary of GPP</u>				
- Hysper Manufacturing (M) Sdn. Bhd.	Malaysia	100	100	Dormant.
Inagro Sdn. Bhd.	Malaysia	100	100	Formulating and repackaging agricultural chemical products and providing storage handling services for these products.
Lux Distributor Sdn. Bhd.	Malaysia	100	100	Trading, importing and distribution of ceramic tiles and building materials.
Masmeru Sdn. Bhd.	Malaysia	100	100	Investment holding.
M-Field Sdn. Bhd.	Malaysia	100	100	Property letting and investment holding.
QSP Chemie (M) Sdn. Bhd.	Malaysia	100	100	Trading in industrial chemical and its related products.
Resources Conservation Sdn. Bhd.	Malaysia	100	100	Collection, treatment, recovery and recycling of industrial waste and sale of recycled products.
Sapphire Lifestyle Sdn. Bhd.	Malaysia	100	100	Investment holding.
Striketech Sdn. Bhd.	Malaysia	100	100	Culture and sale of prawns, collection, treatment, recovery and recycling of organic waste from food industries into biofeed and sale of recycled products.
Syntax System Solutions Sdn. Bhd.	Malaysia	100	100	Collection, treatment, recovery and recycling of industrial waste and sale of recycled products.
The Analytical Laboratories (Malaysia) Sdn. Bhd.	Malaysia	100	100	Providing 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 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

9. RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Non-current asset</u>				
Other receivable:				
- Unrelated party	60	58	-	-
<u>Current assets</u>				
Trade receivables:				
- Unrelated parties	20,933	24,296	-	-
- Loss allowance	(757)	(193)	-	-
	20,176	24,103	-	-
Other receivables:				
- Subsidiaries	-	-	14,003	5,955
- Unrelated parties	1,147	1,185	1	3
	1,147	1,185	14,004	5,958
	21,323	25,288	14,004	5,958
Total receivables	21,383	25,346	14,004	5,958

Trade Receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 April 2020, there were 3 (2019 - 1) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major group of customers amounted to RM7,705,532 (2019 - RM2,668,835). The credit risk concentration profile by geographical areas of trade receivables (stated at gross) is as follows:-

	Group	
	2020 RM'000	2019 RM'000
Asia	6,911	9,112
Australia	2,849	704
Malaysia	7,726	10,865
Others	3,447	3,615
	20,933	24,296

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 2020

cont'd

9. 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	
	2020	2019
	RM'000	RM'000
Not past due	3,979	12,988
1 to 30 days past due	5,725	5,485
31 to 60 days past due	4,120	2,961
61 to 90 days past due	3,338	737
More than 90 days past due	3,771	2,125
	20,933	24,296

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 30 April 2020							
Gross carrying amount	3,979	5,725	4,120	3,338	3,051	720	20,933
Average credit loss rate	0.05%	0.07%	0.17%	0.15%	0.62%	100%	3.62%
Loss allowance	2	4	7	5	19	720	757
As at 1 May 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 2020

cont'd

9. RECEIVABLES Cont'd

Trade Receivables Cont'd

The changes in the loss allowance are as follows:-

	Group	
	2020 RM'000	2019 RM'000
Balance at 1 May 2019/2018		
- Brought forward from preceding year	193	173
- Effect of adopting MFRS 9	-	2
- Adjusted	193	175
Increase during the financial year	660	138
Reversal during the financial year	(89)	(46)
Bad debts written-off	(9)	(75)
Foreign exchange differences	2	1
Balance at 30 April	757	193

Other Receivables

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

10. OTHER INVESTMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets at fair value through other comprehensive income:				
- Investments in unit trusts	5,540	7,301	2,357	2,791
- Quoted shares in Malaysia	94,596	74,703	390	741
- Quoted shares outside Malaysia	2,697	3,673	-	-
Balance carried forward	102,833	85,677	2,747	3,532

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

10. OTHER INVESTMENTS Cont'd

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance brought forward	102,833	85,677	2,747	3,532
Financial assets at fair value through profit or loss:				
- Quoted shares in Malaysia	6,435	7,862	-	-
- Club memberships	180	180	-	-
	6,615	8,042	-	-
Total other investments	109,448	93,719	2,747	3,532
Disclosed as:				
- Non-current assets	103,013	85,857	2,747	3,532
- Current assets	6,435	7,862	-	-
	109,448	93,719	2,747	3,532

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

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

	Group	
	2020 RM'000	2019 RM'000
Financial assets at fair value through other comprehensive income		
- Quoted shares in Malaysia	40,870	33,300

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

11. INVENTORIES

	Group	
	2020	2019
	RM'000	RM'000
At cost:		
- Livestock of prawns	52	154
- Raw materials	9,985	11,788
- Packing materials	10	13
- Finished goods	3,306	3,451
- Goods-in-transit	52	1,218
	13,405	16,624
At net realisable value:		
- Raw materials	2,837	140
- Finished goods	-	48
	2,837	188
	16,242	16,812
Recognised in profit or loss:		
- Inventories recognised as cost of sales	65,404	89,426
- Amount written down to net realisable value	408	685
- Reversal of inventories previously written down	(397)	(429)

The reversal of write-down was in respect of finished goods sold above their carrying amounts.

12. CONTRACT ASSETS/LIABILITIES

	Group	
	2020	2019
	RM'000	RM'000
Balance at 1 May 2019/2018	1,043	-
Revenue recognised during the financial year	27,616	1,741
Progress billings during the financial year	(25,727)	(707)
Currency translation differences	15	9
Balance at 30 April	2,947	1,043
Disclosed as:		
- Contract assets	3,890	1,043
- Contract liabilities	(943)	-
	2,947	1,043

The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

12. CONTRACT ASSETS/LIABILITIES Cont'd

The contract liabilities primarily relate to advance considerations received from customers for which the Group have not performed the works.

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.

Remaining Performance Obligations

As at 30 April 2020, the aggregate transaction price allocated to the remaining performance obligations amounted to approximately RM9.13 million (2019 - RM15.96 million) and the Group expects to recognise this revenue when the projects are completed within 1 (2019 - 1) year.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Term deposits (fixed rate)	917	905	90	88
Cash and bank balances	18,043	14,721	242	107
	18,960	15,626	332	195

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 RM826,466 (2019 - RM707,874) 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 2020 ranged from 0.05% to 3.00% (2019 - 0.05% to 3.25%) per annum.

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	18,960	15,626	332	195
Term deposits pledged as security	(826)	(708)	-	-
	18,134	14,918	332	195

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

14. SHARE CAPITAL

	Group/Company	
	No. of ordinary shares	RM'000
<u>Issued and Fully Paid</u>		
Balance at 30 April 2019/2020 ^(a)	120,048,000	66,272

(a) Ordinary shares with no par value.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company.

15. TREASURY SHARES

	Group/Company			
	No. of ordinary shares	Total consideration RM'000	No. of ordinary shares	Total consideration RM'000
	2020	2020	2019	2019
Balance at 1 May 2019/2018	11,094,000	10,140	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	11,094,000	10,140	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.

Of the total 120,048,000 (2019 - 120,048,000) issued and fully paid-up ordinary shares at the end of the reporting period, 11,094,000 (2019 - 11,094,000) ordinary shares are held as treasury shares by the Company.

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

16. NON-CONTROLLING INTERESTS

	Group					
	Accumulated NCI		Profit allocated to NCI		Other comprehensive income/(loss) allocated to NCI	
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Singapore Analabs Pte. Ltd. ("SAPL")	(62)	(1,495)	1,432	145	1	(164)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

16. 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
		2020	2019	
		%	%	
Singapore Analabs Pte. Ltd. ("SAPL") ^(a)	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.

17. LOANS AND BORROWINGS

	Group	
	2020	2019
	RM'000	RM'000
Secured		
Hire purchase payables (fixed rate)	-	720
Term loans (floating rate)	10,439	10,812
Foreign currency trust receipts (fixed rate)	-	3,845
Margin trading (floating rate)	30,542	9,619
Onshore foreign currency loan (fixed rate)	7,002	8,259
Revolving credits (fixed rate)	1,000	-
	48,983	33,255
Disclosed as:		
- Current liabilities	39,176	22,743
- Non-current liabilities	9,807	10,512
	48,983	33,255

Hire purchase payables are secured against the assets acquired thereunder Note 4 and Note 6. Other secured loans and borrowings are secured against certain properties (Note 4 and Note 5), equity investments (Note 10) and term deposits (Note 13) of the Group.

The effective interest rates of loans and borrowings as at 30 April 2020 ranged from 1.84% to 8.89% (2019 - 1.33% to 7.65%) 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 2020

cont'd

17. 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
Minimum hire purchase payments:	
- Within 1 year	496
- Later than 1 year and not later than 2 years	209
- Later than 2 years and not later than 5 years	44
Total contractual undiscounted cash flows	749
Future finance charges	(29)
Present value of hire purchase payables:	
- Within 1 year	481
- Later than 1 year and not later than 2 years	199
- Later than 2 years and not later than 5 years	40
	720

The hire purchase payables have been represented as 'lease liabilities' as shown in Note 18 to the financial statement following the application of MFRS 16 by the Group using the modified retrospective approach.

In the previous financial year, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

17. LOANS AND BORROWINGS Cont'd

Term Loans

Term loans are repayable over 1 to 17 years. The repayment analysis is as follows:-

	Group	
	2020 RM'000	2019 RM'000
Gross loan instalments:		
- Within 1 year	1,041	1,063
- Later than 1 year and not later than 2 years	1,041	1,063
- Later than 2 years and not later than 5 years	3,077	3,188
- Later than 5 years	8,490	10,165
Total contractual undiscounted cash flows	13,649	15,479
Future finance charges	(3,210)	(4,667)
Present value of term loans:		
- Within 1 year	632	539
- Later than 1 year and not later than 2 years	659	567
- Later than 2 years and not later than 5 years	1,282	1,765
- Later than 5 years	7,866	7,941
	10,439	10,812

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.

18. LEASE LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Gross lease liabilities:		
- Within 1 year	926	-
- Later than 1 year and not later than 2 years	439	-
- Later than 2 years and not later than 5 years	1,054	-
- Later than 5 years	2,332	-
Total contractual undiscounted cash flows	4,751	-
Future finance charges	(703)	-
Present value of lease liabilities	4,048	-
Disclosed as:		
- Current liabilities	794	-
- Non-current liabilities	3,254	-
	4,048	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

18. LEASE LIABILITIES Cont'd

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

The incremental borrowing rates applied to lease liabilities as at 30 April 2020 ranged from 3.00% to 6.24% per annum.

19. DEFERRED TAX LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Balance at 1 May 2019/2018	23,628	17,360
Deferred tax (income)/expense recognised in:		
- Profit or loss	(957)	(611)
- Other comprehensive income	1,472	6,507
Effect of change in tax rates	(60)	-
Deferred tax liabilities (over)/underprovided in prior years	(1,266)	300
Currency translation differences	9	72
Balance at 30 April	22,826	23,628
In respect of taxable/(deductible) temporary differences of:		
- Financial instruments	87	10
- Inventories	(599)	(594)
- Property, plant and equipment	2,876	4,621
- Provisions	(228)	(208)
- Revaluation of land and buildings	20,690	19,799
	22,826	23,628

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

19. 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 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	-	-	-	-	6,507	6,507
Deferred tax liabilities underprovided in prior years	-	-	300	-	-	300
Currency translation differences	-	-	21	-	51	72
Balance at 30 April 2019/ 1 May 2019	10	(594)	4,621	(208)	19,799	23,628
Deferred tax expense/ (income) recognised in:						
- Profit or loss	77	(5)	(481)	(20)	(528)	(957)
- Other comprehensive income	-	-	-	-	1,472	1,472
Effect of change in tax rates	-	-	-	-	(60)	(60)
Deferred tax liabilities overprovided in prior years	-	-	(1,266)	-	-	(1,266)
Currency translation differences	-	-	2	-	7	9
Balance at 30 April 2020	87	(599)	2,876	(228)	20,690	22,826

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

20. PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables:				
- Unrelated parties	13,127	9,250	-	-
Other payables:				
- Related party ^(a)	4,656	4,636	-	-
- Subsidiaries	-	-	700	500
- Unrelated parties	4,539	3,970	149	177
	9,195	8,606	849	677
Dividend payables	22	22	22	22
	22,344	17,878	871	699

(a) Being a director of certain subsidiaries.

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 and generally on 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.

21. PROVISION

	Group	
	2020 RM'000	2019 RM'000
At 1 May 2019/2018	819	2,243
Provision made during the financial year	959	226
Claims admitted during the financial year	(195)	(52)
Provision reversed during the financial year	(630)	(1,598)
At 30 April	953	819

The provision for claims and damages relates to goods sold in the recent three (3) years. The provision is in respect of complaints made by customers of a subsidiary on defective products sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

22. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers:				
- Manufacturing, formulation and sale of resin, chemicals and building materials	68,932	89,666	-	-
- Recovery and sale of recycled products	12,808	17,210	-	-
- Culture and sale of prawns	344	518	-	-
- Contract work, pipe laying and rehabilitation	27,271	21,885	-	-
- Rental income	507	353	-	-
- Management fee from subsidiaries	-	-	384	384
	109,862	129,632	384	384
Other sources of revenue:				
- Dividend income from quoted investments	995	148	-	-
- Dividend income from subsidiaries	-	-	10,200	5,670
	995	148	10,200	5,670
	110,857	129,780	10,584	6,054

Disaggregation of Revenue from Contracts with Customers

	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
2020						
Timing of revenue recognition:						
- Over time	-	-	-	-	27,271	27,271
- At a point in time	68,932	12,808	344	1,502	-	83,586
						110,857
2019						
Timing of revenue recognition:						
- Over time	-	-	-	-	21,288	21,288
- At a point in time	89,666	17,210	518	501	597	108,492
						129,780

Information about disaggregation of Company's revenue has not been disclosed as the Company derives revenue mainly from dividend income receive or receivable from its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

23. OTHER INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Dividend income from:				
- Investments in unit trusts	76	57	76	53
- Quoted investments	4,549	4,056	-	-
Gain on disposal of plant and equipment	52	66	-	-
Government grant	443	58	-	-
Interest income for financial assets measured at amortised cost	86	548	3	101
Proceeds from legal claim	102	818	-	-
Rental income	920	816	-	-
Reversal of provision for claims and damages	630	1,598	-	-
Unrealised gain on foreign exchange	594	41	-	-
Others	403	366	15	-
	7,855	8,424	94	154

24. PROFIT BEFORE TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- Current financial year:				
- Crowe Malaysia PLT	140	171	40	45
- Other firm	70	70	-	-
- (Over)/Under provision in the previous financial years:				
- Crowe Malaysia PLT	-	4	-	4
Bad debts written off	-	161	-	-
Depreciation of investment properties	408	-	-	-
Depreciation of property, plant and equipment	5,313	7,126	-	-
Depreciation of right-of-use assets	1,368	-	-	-
Direct operating expenses on investments properties	372	-	-	-
Employee benefits expense (Note 25)	11,788	12,597	132	174
Fair value loss on financial instruments mandatorily measured at fair value through profit or loss	1,427	18	-	-
Impairment loss on goodwill on consolidation	2,222	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

24. PROFIT BEFORE TAX Cont'd

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax is arrived at after charging/ (crediting):- Cont'd				
Interest expense on lease liabilities	135	-	-	-
Interest expense for financial liabilities measured at amortised cost:				
- Bank overdrafts	46	84	-	-
- Bankers' acceptances	2	23	-	-
- Foreign currency trust receipts	51	240	-	-
- Hire purchase payables	-	33	-	-
- Margin trading	512	28	-	-
- Onshore foreign currency loan	208	306	-	-
- Term loans	489	409	-	-
Inventories written down	408	685	-	-
Loss/(Gain) on foreign exchange, net:				
- Realised	391	1,040	-	-
- Unrealised	(568)	(17)	-	-
Lease expenses:				
- Short-term leases	352	-	-	-
- Rental of premises	-	144	-	-
Net impairment losses on financial assets:				
- Impairment loss on trade receivables	660	138	-	-
- Reversal of impairment loss on trade receivables	(89)	(46)	-	-
Provision for claims and damages	959	226	-	-
Revaluation decrease of property	-	1,757	-	-
Gain on disposal of plant and equipment	(52)	(66)	-	-
Government grant	(443)	(58)	-	-
Dividend income from:				
- Investments in subsidiaries	-	-	(10,200)	(5,670)
- Investments in unit trusts	(76)	(57)	(76)	(53)
- Quoted investments in Malaysia	(5,455)	(4,131)	-	-
- Quoted investments outside Malaysia	(89)	(73)	-	-
Interest income for financial assets measured at amortised cost	(86)	(548)	(3)	(101)
Proceeds from legal claim	(102)	(818)	-	-
Rental income	(1,427)	(1,169)	-	-
Reversal of inventories written down	(397)	(429)	-	-
Reversal of provision for claims and damages	(630)	(1,598)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

25. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Directors of the Company</u>				
Executive directors:				
- Short-term employee benefits:				
- Fee	30	36	30	36
- Others	371	512	33	85
	401	548	63	121
- Defined contribution plan	22	25	1	5
	423	573	64	126
Non-executive directors:				
- Short-term employee benefits:				
- Fee:				
- Current year	54	48	54	48
- Overprovided in the previous financial year	(2)	-	(2)	-
	475	621	116	174
<u>Directors of the Subsidiaries</u>				
Executive directors:				
- Short-term employee benefits:				
- Fee	-	175	-	-
- Others	1,024	934	-	-
	1,024	1,109	-	-
- Defined contribution plan	113	110	-	-
	1,137	1,219	-	-
Other employees:				
- Short-term employee benefits	9,712	10,221	15	-
- Defined contribution plan	464	536	1	-
	10,176	10,757	16	-
Total employee benefits expense	11,788	12,597	132	174

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

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26. TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Tax based on results for the year:				
- Malaysian income tax	1,789	968	91	89
- Foreign income tax	966	326	-	-
- Deferred tax	(957)	(611)	-	-
	1,798	683	91	89
Tax under/(over)provided in prior years:				
- Malaysian income tax	211	1	-	(1)
- Foreign income tax	1	(13)	-	-
- Deferred tax	(1,266)	300	-	-
	(1,054)	288	-	(1)
Effect of change in tax rates	(60)	-	-	-
Tax expense	684	971	91	88

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	9,372	5,034	10,341	5,786
Tax at the statutory tax rate of 24%	2,249	1,208	2,482	1,389
Non-deductible expenses	1,850	938	75	98
Tax-exempt income	(1,343)	(1,023)	(2,466)	(1,374)
Non-taxable income	(3)	(37)	-	(24)
Increase in unrecognised deferred tax assets	33	62	-	-
Crystallisation of deferred tax liabilities on amortisation of revalued properties	(528)	(295)	-	-
Effect of change in tax rates	(60)	-	-	-
Effects of differential in tax rates of subsidiaries due to foreign jurisdictions	(322)	(24)	-	-
Tax rebate	(135)	(169)	-	-
Tax under/(over)provided in prior years:				
- Malaysian income tax	211	1	-	(1)
- Foreign income tax	1	(13)	-	-
- Deferred tax	(1,266)	300	-	-
Others	(3)	23	-	-
Tax expense	684	971	91	88

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

26. TAX EXPENSE Cont'd

As at 30 April 2020, no deferred tax assets have been recognised for the following items:-

	Group	
	2020	2019
	RM'000	RM'000
Deductible temporary differences of property, plant and equipment	13	14
Unutilised tax losses	269	132
	282	146

The unutilised tax losses can be carried forward until the year of assessment 2026.

27. EARNINGS PER SHARE

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

	Group	
	2020	2019
Profit for the financial year attributable to owners of the Company (RM'000)	7,256	3,918
Weighted average number of ordinary shares in issue ('000)	108,954	109,679
Number of shares in issue at 1 May 2019/2018 ('000)	108,954	56,105
Effect of treasury shares held ('000)	-	(1,265)
Effect of bonus issue ('000)	-	54,839
Weighted average number of shares in issue at 30 April ('000)	108,954	109,679
Basic earnings per ordinary share (sen)	6.66	3.57

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.

28. DIVIDENDS

	Group/Company	
	2020	2019
	RM'000	RM'000
Interim single-tier dividend of 2 sen per ordinary share in respect of the financial year ended 30 April 2020	2,179	-
Interim single-tier dividend of 2 sen per ordinary share in respect of the financial year ended 30 April 2019	-	2,179

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

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29. NOTES TO STATEMENTS OF CASH FLOWS

	Group	
	2020 RM'000	2019 RM'000
Purchase of Property, Plant and Equipment		
Cost of property, plant and equipment purchased (Note 4)	918	6,163
Acquisition by means of hire purchase	-	(292)
Net cash disbursed	918	5,871
Acquisition of Right-Of-Use Assets		
Cost of right-of-use assets acquired	536	-
Acquisition by means of leases	(536)	-
Net cash disbursed	-	-
Short-term Loans and Borrowings		
Balance at 1 May 2019/2018	21,723	14,061
Net cash flow changes	17,126	7,557
Currency translation differences	(305)	98
Other changes	-	7
Balance at 30 April (Note 17)	38,544	21,723
Represented by:		
- Foreign currency trust receipts	-	3,845
- Margin trading	30,542	9,619
- Onshore foreign currency loan	7,002	8,259
- Revolving credits	1,000	-
	38,544	21,723
Term Loans		
Balance at 1 May 2019/2018	10,812	7,623
Drawdowns	125	4,409
Repayments	(509)	(1,315)
Currency translation differences	11	95
Balance at 30 April (Note 17)	10,439	10,812
Hire Purchase Payables		
Balance at 1 May 2019/2018		
- Brought forward from preceding year	720	1,123
- Effect of adopting MFRS 16	(720)	-
- Adjusted	-	1,123
Drawdowns	-	292
Repayments	-	(719)
Currency translation differences	-	24
Balance at 30 April (Note 17)	-	720

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

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29. NOTES TO STATEMENTS OF CASH FLOWS Cont'd

	Group	
	2020 RM'000	2019 RM'000
Lease Liabilities		
Balance at 1 May 2019/2018		
- Brought forward from preceding year	-	-
- Effect of adopting MFRS 16	4,340	-
- Adjusted	4,340	-
Additions	536	-
Repayments	(846)	-
Currency translation differences	18	-
Balance at 30 April (Note 18)	4,048	-

The total cash outflow for leases is as follow:-

Operating Activities

Lease expenses:

- Short term lease	352	-
Interest portion of lease liabilities	135	-

Financing Activities

Principal portion of lease liabilities	846	-
	1,333	-

30. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other key management personnels compensation:				
- Short-term employee benefits	37	188	-	-
- Defined contribution plan	4	22	-	-
	41	210	-	-
Advances from subsidiaries	-	-	(650)	(5,720)
Advances to subsidiaries	-	-	12,828	5,870
Dividends from subsidiaries	-	-	10,200	5,670
Management fee charged to subsidiaries	-	-	384	384
Payment on behalf by subsidiaries	-	-	(15)	(8)
Payment on behalf for subsidiaries	-	-	-	177
Payment received from subsidiaries	-	-	(15,364)	(1,533)
Payment to subsidiaries	-	-	465	1,437

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

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31. OPERATING SEGMENTS

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

31. OPERATING SEGMENTS Cont'd

31.1 Business Segments

2020	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
Revenue						
External revenue	68,932	12,808	344	1,502	27,271	110,857
Inter-segment revenue	473	308	115	10,620	2,608	14,124
	69,405	13,116	459	12,122	29,879	124,981
Consolidation adjustments						(14,124)
Consolidated revenue						<u>110,857</u>
Results						
Segment profit/(loss) before interest and tax	8,459	243	(515)	10,303	4,745	23,235
Finance costs						(1,443)
Tax expense						(684)
Consolidation adjustments						(12,420)
Consolidated profit after tax						<u>8,688</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

31. OPERATING SEGMENTS Cont'd

31.1 Business Segments Cont'd

2020	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:-						
Depreciation of property, plant and equipment	(2,199)	(1,873)	(48)	(57)	(1,136)	(5,313)
Depreciation of right-of- use assets	(166)	(441)	(338)	(252)	(171)	(1,368)
Depreciation of investment properties	-	(133)	-	(275)	-	(408)
Direct operating expenses on investments properties	-	-	-	(372)	-	(372)
Dividend income from:						
- Investments in unit trusts	-	-	-	76	-	76
- Quoted investments	4,504	45	-	995	-	5,544
Fair value loss on financial instruments measured at fair value through profit or loss	-	-	-	(1,427)	-	(1,427)
Gain on disposal of plant and equipment	33	16	-	-	3	52
Government grant	-	107	-	-	336	443
Impairment loss on goodwill on consolidation	(1,952)	(270)	-	-	-	(2,222)
Impairment loss on trade receivables	(118)	(134)	-	-	(408)	(660)
Interest expense	(300)	(289)	-	(696)	(158)	(1,443)
Interest income	64	14	3	5	-	86
Inventories written down	(408)	-	-	-	-	(408)
Proceeds from legal claim	102	-	-	-	-	102
Provision for claims and damages	(959)	-	-	-	-	(959)
Realised loss on foreign exchange, net	(390)	-	-	-	(1)	(391)
Rental income	12	791	-	505	119	1,427
Short term leases	-	-	-	-	(352)	(352)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

31. OPERATING SEGMENTS Cont'd

31.1 Business Segments Cont'd

2020	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:- Cont'd						
Reversal of impairment loss on trade receivables	1	-	-	-	88	89
Reversal of inventories written down	397	-	-	-	-	397
Reversal of provision for claims and damages	630	-	-	-	-	630
Staff cost	(2,175)	(2,521)	(66)	(16)	(6,062)	(10,840)
Unrealised gain on foreign exchange, net	568	-	-	-	-	568
Assets						
Segment assets	183,669	63,455	26,645	184,343	24,262	482,374
Consolidation adjustments						(125,745)
Consolidated total assets						<u>356,629</u>
Additions to non-current assets other than financial instruments are:						
- Property, plant and equipment	-	794	-	-	124	918
- Right-of-use assets	-	-	-	-	536	536
Liabilities						
Segment liabilities	22,417	8,855	15	59,992	12,569	103,848
Unallocated liabilities:						
- Current tax liabilities						1,239
- Deferred tax liabilities						18,980
Consolidation adjustments						(23,295)
Consolidated total liabilities						<u>100,772</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

31. OPERATING SEGMENTS Cont'd

31.1 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
Revenue						
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
Consolidation adjustments						(29,056)
Consolidated revenue						<u>129,780</u>
Results						
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						<u>4,063</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

31. OPERATING SEGMENTS Cont'd

31.1 Business Segments Cont'd

	Manufacturing, formulation and sale of resin, chemicals and building materials	Recovery and sale of recycled products	Culture and sale of prawns	Investment holding and property letting	Contract work, pipe laying and rehabilitation	Group
2019	RM'000	RM'000	RM'000	RM'000	RM'000	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 instruments measured at fair value through profit or loss	-	(18)	-	-	-	(18)
Gain on disposal of plant and equipment	17	27	-	-	22	66
Government grant	-	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
Inventories written down	(685)	-	-	-	-	(685)
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 inventories written down	429	-	-	-	-	429
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 2020

cont'd

31. OPERATING SEGMENTS Cont'd

31.1 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
Assets						
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
Liabilities						
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 2020

cont'd

31. OPERATING SEGMENTS Cont'd

31.2 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	75,230	98,864	159,878	165,863
Singapore	35,627	30,916	26,562	24,731
	110,857	129,780	186,440	190,594

31.3 Major Customers

For the financial year ended 30 April 2020, there were 2 (2019 - 1) major customers that contributed 10% or more of the Group's total revenue and the total revenue generated from these major customers amounted to RM31,313,966 (2019 - RM18,544,462).

32. 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 RM70,999,400 (2019 - RM97,591,911). The total utilisation of these credit facilities as at 30 April 2020 amounted to approximately RM18,441,576 (2019 - RM22,915,971).

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 2.11. 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.

The maturity analysis of the financial guarantee contracts is as follows:-

	2020 RM'000	2019 RM'000
Company		
Carrying amount	-	-
Contractual undiscounted cash flows	18,442	22,916
On demand or within one year	18,442	22,916

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

33. CONTINGENT LIABILITIES

Litigation

- (i) On 28 November 2013, the Company (1st Plaintiff) and one of its subsidiaries, Lux Distributor Sdn. Bhd. (2nd 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 2nd Plaintiff the shortfall in the Net Profit After Taxation for the sum of RM1,500,000 pursuant to the MPGA.

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

Analabs Resources Berhad and Lux Distributor Sdn. Bhd. 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 partially allowed;
- (b) the High Court's decision was in favour of Mr. Khor wherein the Share Sale Agreement and the MPGA as rescinded were set aside;
- (c) the High Court's decision with regards to the dividend of RM1,000,000 was upheld and held to be still payable 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:-

Enclosure 31 - application for appointment of independent auditor and other related relief; and
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

33. CONTINGENT LIABILITIES Cont'd

Litigation Cont'd

- (i) 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 as stakeholders.

On 25 November 2019, the Court of Appeal heard and dismissed the Mr Khor's appeal with costs. The escrow sum has been released to Lux Distributor Sdn. Bhd.. The abovementioned legal suits has been fully settled and closed.

- (ii) One of the Company's subsidiaries, Resources Conservation Sdn. Bhd. (now referred to as RCSB) had filed a Summons at the Shah Alam Magistrate's Court against Covenant (Warehousing) Sdn. Bhd. for recovery of RM40,000.00 being balance rental for the month of October 2018 payable by Covenant (Warehousing) Sdn. Bhd. to RCSB for the rental of a premise known as No. 2, Jalan 33/4, Jalan Gambus, Section 33, Elite Industrial Estate, 40350 Shah Alam, Selangor Darul Ehsan.

Covenant (Warehousing) Sdn. Bhd.'s defence is that the RM40,000.00 was used for drawings for the premises and they filed a counterclaim initially for RM743,087.68, which was on 18 February 2020 amended to RM591,860.00 purportedly being claims for damages and repairs incurred arising from alleged leakage and disrepair of the said premise. RCSB had filed the reply and rejected Covenant (Warehousing) Sdn. Bhd.'s counterclaim on 3 March 2020.

As the counterclaim is beyond the jurisdiction of the Magistrate's Court, the matter is now transferred to the Shah Alam Sessions Court vide Suit No. BA-A52NCvC-469-08/2019. The court has fixed the matter for hearing on 25 January 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

34. 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 32.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an on-going basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 9. 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	
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Receivables	5,583	3,722	4,599	7,612	2,991	2,229
Cash and cash equivalents	4,117	752	6,962	3,236	1,793	2,143
Payables	(962)	(315)	(10,695)	(11,007)	(6,116)	(1,669)
Loans and borrowings	(355)	(1,770)	(2,622)	(4,149)	(6,647)	(9,457)
Other investments	-	-	1,882	2,422	-	-
	8,383	2,389	126	(1,886)	(7,979)	(6,754)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

34. 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
	2020 RM'000	2019 RM'000
Appreciation of EUR against RM by 10%	637	182
Depreciation of EUR against RM by 10%	(637)	(182)
Appreciation of SGD against RM by 10%	10	(143)
Depreciation of SGD against RM by 10%	(10)	143
Appreciation of USD against RM by 10%	(606)	(513)
Depreciation of USD against RM by 10%	606	513

Interest Rate Risk

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

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 as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Financial assets	917	905	90	88
Financial liabilities	12,050	12,824	-	-
Floating rate instruments				
Financial liabilities	40,981	20,431	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

cont'd

34. 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	(Decrease)/ Increase in profit
	2020	2019
	RM'000	RM'000
Increase in interest rates by 100 basis points	(311)	(155)
Decrease in interest rates by 100 basis points	311	155

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	Increase/ (Decrease) in OCI*	Increase/ (Decrease) in profit	Increase/ (Decrease) in OCI*
	2020	2020	2019	2019
	RM'000	RM'000	RM'000	RM'000
Increase in price by 5%	245	5,142	299	4,284
Decrease in price by 5%	(245)	(5,142)	(299)	(4,284)

	Company	
	Increase/ (Decrease) in OCI*	Increase/ (Decrease) in OCI*
	2020	2019
	RM'000	RM'000
Increase in price by 5%	137	177
Decrease in price by 5%	(137)	(177)

* Other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

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35. 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 interest-bearing debts 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 interest-bearing debts divided by total equity as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Loans and borrowings	48,983	33,255
Lease liabilities	4,048	-
Total interest-bearing debts	53,031	33,255
Total equity	255,857	269,992
Total capital	308,888	303,247
Debt-to-equity ratio	0.21	0.12

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

36. 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 RM255,919,000 (2019 - RM271,487,000) 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 (2019 - 108,954,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

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37. FINANCIAL INSTRUMENTS

37.1 Classification of Financial Instruments

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets					
Mandatorily at fair value through profit or loss:					
- Other investments	10	6,615	8,042	-	-
Designated at fair value through other comprehensive income upon initial recognition:					
- Other investments	10	102,833	85,677	2,747	3,532
Amortised cost:					
- Receivables	9	21,383	25,346	14,004	5,958
- Cash and cash equivalents	13	18,960	15,626	332	195
		40,343	40,972	14,336	6,153
Financial liabilities					
Amortised cost:					
- Loans and borrowings	17	48,983	33,255	-	-
- Lease liabilities	18	4,048	-	-	-
- Payables	20	22,344	17,878	871	699
		75,375	51,133	871	699

37.2 Fair Value Information

The method used in determining the fair values of financial instruments recognised on the statements of financial position are disclosed in their respective notes to the financial statements.

38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environment of the Group. Different measures taken by the government and various private corporations to prevent the spread of the virus such as travel bans, closure of non-essential services, social distancing and home quarantine requirements may impact consumers' spending pattern and the Group's operations directly or indirectly. Given the widespread nature of the outbreak and the unpredictability of future affects from COVID-19, the Group is unable to reliably quantify at this juncture the potential financial impact of the COVID-19 pandemic on the Group's future financial performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

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39. COMPARATIVE FIGURES

The comparative figures had been restated in the notes to the financial statements to conform to the current financial year's presentation as follows:-

	As Previously Reported	As Restated
	RM'000	RM'000
<hr/>		
Consolidated Statement of Cash Flows (Extract):-		
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Inventories written down	-	685
Reversal of inventories written down	-	(429)
Changes in inventories	1,110	854
<hr/>		

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 30/04/2020 (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 37 years old	156	Tenanted 4-storey Terrace Factory	624	944,047	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 37 years old	156	Tenanted Intermediate 4-storey Terrace Factory	624	924,880	Revalued on 15/4/2019
3	M-Field Sdn Bhd	Nos 302 & 304, 2½ Mile, Jalan Ipoh, 51200 Kuala Lumpur.	Freehold	Freehold Land & Buildings 39 years old	336	Tenanted/Vacant 2 units of 4-storey terrace shop/offices (intermediate unit)	1,338	6,600,000	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 30 years old	5,800	Owner-occupied 2-storey Office Block, Factory & Warehouse	2,300	7,691,005	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 22 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 23 years old	20,716	Owner-occupied 2-storey Office Block, Factory & Warehouse	6,600	20,839,286	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 30/04/2020 (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 27 years old	6,596	Owner-occupied 2-storey Office Block, Factory & Storey Office Warehouse	3,346	5,850,757	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	Freehold Land & Building 21 years old	4,047	Owner-occupied 2-storey Office Building & Warehouse	1,711	7,966,666	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 22 years old	5,415	Tenanted 2-storey Office Building & Warehouse	3,456	10,910,344	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 20 years old	2,307	Owner-occupied Industrial Land	1,846	3,000,000	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 19 years old	1,035,187	Owner-occupied Buildings for Research & Development & Operations	3,881	26,115,287	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 17 years old	4,005	Owned-occupied A Part Single/ Part 3-storey Single Factory	3,125	14,907,818 (exchange rate 3.0544)	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 30/04/2020 (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 10 years old	1,205	Tenanted 1½-storey Semi-detached Factory	700	3,955,555	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 32 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	12,113,346	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 23 years old	19,450	Owner-occupied 3-storey Office Block, Factory & Warehouse	10,815	22,779,141	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 23 years old	3,006	Owner-occupied 3-storey Office & Warehouse	1,641	8,954,545	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 29 years old	1,951	Owner-occupied 1½-storey Office & Warehouse	1,094	2,776,470	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 30/04/2020 (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 29 years old	643	Owner-occupied Dormitory, Office & Warehouse	643	6,779,402 (exchange rate 3.0544)	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 30 years old	111	Owner-occupied Single-Storey Terrace House	100	177,428	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 26 years old	-	Vacant Apartment	78	340,540	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 15 years old	153	Tenanted 3-storey Shop/Office	153	2,739,112	(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 15 years old	153	Tenanted 3-storey Shop/Office	153	2,695,584	(Note 1)

Note 1 : No revaluations were performed due to the properties were purchased in the financial year ended 30 April 2019.

STATISTICS ON SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS

Class of shares	Ordinary Shares
Voting Rights	One vote per share
Issued Capital	108,933,900 Ordinary Shares (excludes 11,114,100 ordinary shares bought back and retained as treasury shares as at 28 July 2020)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	32	2.78	608	0.00
100 - 1,000	98	8.50	44,164	0.04
1,001 - 10,000	768	66.61	3,465,380	3.18
10,001 - 100,000	219	18.99	6,382,644	5.86
100,001 to less than 5% of issued shares	34	2.95	33,187,200	30.47
5% and above of issued shares	2	0.17	65,853,904	60.45
Total	1,153	100.00	108,933,900	100.00

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares		No. of Shares	
		Direct Interest	%	Indirect Interest	%
1	Kan Yow Kheong	66,070,904	60.65	18,000*	0.02
2	Low Chin Ann @ Han Chin Ann	-	0.00	-	0.00
3	Lai Yew Choong	-	0.00	-	0.00
4	Kan Mun Hoow	5,039,000	4.63	-	0.00
5	Clifton Heath Fernandez	-	0.00	-	0.00
6	Lye Meei Ruu	-	0.00	-	0.00

SUBSTANTIAL SHAREHOLDER

No.	Name of Director	No. of Shares		No. of Shares	
		Direct Interest	%	Indirect Interest	%
1	Kan Yow Kheong	66,070,904	60.65	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

cont'd

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	KAN YOW KHEONG	42,875,104	39.36
2	KAN YOW KHEONG	22,978,800	21.09
3	KAN MUN HOOW	5,039,000	4.63
4	CHUA SIM NEO @ DIANA CHUA	4,839,600	4.44
5	PUI CHENG WUI	4,574,800	4.20
6	TEO KWEE HOCK	4,288,400	3.94
7	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI</i>	4,280,000	3.93
8	LAI NYUK MOI	922,400	0.85
9	PUI BOON HEAN	722,000	0.66
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN (E-KLC)</i>	679,800	0.62
11	PUI BOON KENG	679,400	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	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUT FOR TEO KWEE HOCK</i>	555,200	0.51
16	CIMB GROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR DBS BANK LTD (SFS)</i>	456,000	0.42
17	LIM KHUAN ENG	450,000	0.41
18	SOW TIAP	408,000	0.37
19	TAN AH LEK @ TAN BAN CHUAN	345,300	0.32
20	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIM YOKE SOO (M09)</i>	308,000	0.28
21	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN</i>	270,300	0.25
22	FOLLOW ME INDUSTRIES SDN. BHD.	246,000	0.23
23	LEYU CHONG HUA @ LEO CHONG HUA	229,000	0.21
24	LIM BAN JOO	224,000	0.21
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KAN YOW KHEONG</i>	217,000	0.20
26	CHUAH SAW LEE	204,000	0.19
27	KENANGA NOMINEES (ASING) SDN BHD <i>RHB SECURITIES SINGAPORE PTE. LTD. FOR ANALYTICAL LABORATORIES (S) PTE LTD (63-13172)</i>	200,000	0.18
28	YAP CHOO JOO @ YAP TSE LOO	200,000	0.18
29	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>SAW WAH THENG (PCS)</i>	190,000	0.17
30	ETAH SDN BHD	177,400	0.16
	TOTAL	98,309,304	90.24

NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting (“22nd 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 Thursday, 8 October 2020 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 2020. **(Please refer to Explanatory Note)**

2. To re-elect the following Directors who retire in accordance with Clause 119 of the Company’s Constitution and who being eligible offer themselves for re-election:-
 - (i) Kan Yow Kheong **(Ordinary Resolution 1)**
 - (ii) Kan Mun Hoow **(Ordinary Resolution 2)**
 - (iii) Low Chin Ann @ Han Chin Ann **(Ordinary Resolution 3)**
 - (iv) Lai Yew Choong **(Ordinary Resolution 4)**
 - (v) Clifton Heath Fernandez **(Ordinary Resolution 5)**
 - (vi) Lye Meei Ruu **(Ordinary Resolution 6)**

3. To approve the payment of Directors’ Fees of RM108,000 in respect of the financial year ending 30 April 2021. **(Ordinary Resolution 7)**

4. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

5. **SPECIAL BUSINESS**

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

- 5.1 **Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”)** **(Ordinary Resolution 9)**

“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 to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, 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 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 commence immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company in accordance with Section 76 of the Act.”

NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

cont'd

5.2 Proposed Renewal of Authority for the Purchase by the Company of its own Ordinary Shares (Ordinary Resolution 10)

“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 by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions or the expiration of the period within which the next Annual General Meeting is required by law to be held or the authority is revoked or varied by an ordinary resolution of the shareholders of the Company at a general meeting, whichever is the earlier, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities; and
- d. upon completion of the purchase(s) of the Company’s shares by the Company, the Board be and is hereby authorised to retain the Company’s shares so purchased as treasury shares, of which may be distributed as dividends to shareholders and/or re-sold on Bursa Securities and/or subsequently cancelled and in other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force.

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

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

NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

cont'd

BY ORDER OF THE BOARD

CYNTHIA GLORIA LOUIS (SSM PC No. 201908003061)(MAICSA No. 7008306)
CHEW MEI LING (SSM PC No. 201908003178)(MAICSA No. 7019175)
TAN AI PENG (SSM PC No. 201908003179)(MAICSA No. 7018419)
Secretaries

Petaling Jaya
Selangor Darul Ehsan
28 August 2020

Notes:

Appointment of Proxy

1. A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting. The appointment of proxy may also be submitted electronically by emailing the form of proxy to Nur.Shaykila@boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

Members Entitled to Attend

6. For purposes of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Depository, in accordance with Clause 70 of the Company's Constitution and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 2 October 2020. Only a depositor whose name appears on the General Meeting Record of Depositors as at 2 October 2020 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his behalf.

Explanatory Notes:-

1. **Directors' Report, Audited Financial Statement and the Auditors' Report for the financial year ended 30 April 2020**

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

2. **Re-election of Directors in accordance with Clause 119 of the Company's Constitution (Resolutions 1 to 6)**

In accordance with Clause 119 of the Company's Constitution, all the Directors for the time being of the Company shall retire from office every year and are eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/she retires.

NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

cont'd

3. **Directors' Fees (Resolution 7)**

Shareholders' approval on the Directors' Fees for the Board was obtained at the 21st AGM held on 4 October 2019 and there is no revision to any of the fees. Details of Directors' Fees are set-out on pages 28 to 29 of the Annual Report.

The Company will be seeking the approval of the shareholders for the Proposed Directors' Fees for an amount up to RM108,000 for the financial year ending 30 April 2021. The fees will not be paid until the approval of the shareholders has been obtained at the AGM.

The Directors who are shareholders of the Company will abstain from voting on Resolution 7 pertaining to their respective Directors' Fees.

4. **Authority to issue shares under Sections 75 and 76 of the Companies Act, 2016 (Resolution 9)**

The Directors did not issue any new shares pursuant to the existing mandate which will lapse at the conclusion of the 22nd AGM.

The proposed Resolution 9, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming 22nd 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. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.

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.

5. **Proposed Renewal of Authority for the Purchase by the Company of Its Own Ordinary Shares (Resolution 10)**

The proposed Resolution 10, 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 28 August 2020 accompanying the 2020 Annual Report.

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 22nd AGM and any adjournment thereof, a member of the Company is hereby:-

- 1) consented to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 22nd AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 22nd AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "**Purposes**");
- 2) warranted that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes ("**Warranty**"); and
- 3) agreed that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the Warranty.

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ANALABS RESOURCES BERHAD
Registration No: 199801012843 (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** (Registration No: 199801012843 (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-Second Annual General Meeting ("22nd 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 Thursday, 8 October 2020 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 Kan Mun Hoow as a Director.		
Ordinary Resolution 3	Re-election of Low Chin Ann @ Han Chin Ann as a Director.		
Ordinary Resolution 4	Re-election of Lai Yew Choong as a Director.		
Ordinary Resolution 5	Re-election of Clifton Heath Fernandez as a Director.		
Ordinary Resolution 6	Re-election of Lye Meei Ruu as a Director.		
Ordinary Resolution 7	Approval of Directors' fees for the financial year ending 30 April 2021.		
Ordinary Resolution 8	Re-appointment of Crowe Malaysia PLT as Auditors.		
Ordinary Resolution 9	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 10	Proposed Renewal of Share Buy-Back.		

Please indicate with an "X" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote or abstain from voting at his/her/their discretion.

Date: _____

Signature of Shareholder(s)

Notes:

Appointment of Proxy

- A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
- The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting. The appointment of proxy may also be submitted electronically by emailing the form of proxy to Nur.Shaykila@boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

Members Entitled to Attend

- For purposes of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Depository, in accordance with Clause 70 of the Company's Constitution and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 2 October 2020. Only a depositor whose name appears on the General Meeting Record of Depositors as at 2 October 2020 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his behalf.

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AFFIX
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ANALABS RESOURCES BERHAD

Registration No: 199801012843 (468971-A)

The Share Registrar

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan

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ANALABS RESOURCES BERHAD
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