KOMARKCORP BERHAD
Registration No. 199601001919 (374265-A)

FOCUS ON GROWTH

Labels with Tomorrow's Technology

ANNUAL REPORT 2020

www.komark.com.my

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Annual Report 2020

VISION

Becoming a world class total solution provider of premium labels and flexible packaging in Asia delivering sustainable shareholder value to all stakeholders.

MISSION

- To be a progressive organization providing products and services of superior quality and reliability.
- To constantly pursue in research and development ("R&D') and pioneer into technological excellence.
- To excel in everything we do and attaining "**Total Customer's Satisfaction**".
- "**Total Customer Satisfaction**" guided by our core values, we have continuously develop prestige and innovative packaging and machineries through our established R&D centre, customer service and technical support team.

CORE VALUES

We identify the 8 Core values of Komarkcorp Berhad are:

- Trustability
- Responsibility
- Innovation
- Commitment
- Passion
- Integrity
- Compliance
- Speed

CORPORATE INFORMATION

BOARD OF DIRECTORS

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad
(Chairman/ Independent Non-Executive Director)
(Appointed on 11 August 2020)

Koh Hong Muan @ Koh Gak Siong
(Executive Chairman)
(Retired on 16 July 2020)

Koh Chie Jooi
(Executive Director/ Group Chief Operating Officer)

Roy Ho Yew Kee
(Independent Non-Executive Director)
(Appointed on 25 June 2020)

Teh Foo Hock
(Independent Non-Executive Director)
(Appointed on 15 October 2019)

Ihsan bin Ismail
(Independent Non-Executive Director)

Koo Kien Keat
(Independent Non-Executive Director)
(Appointed on 11 August 2020)

Tan Lay Ching
(Independent Non-Executive Director)
(Resigned on 1 July 2020)

Low Tuck Meng
(Independent Non-Executive Director)
(Resigned on 1 July 2020)

AUDIT COMMITTEE

Teh Foo Hock
Chairman
(Re-designated on 17 August 2020)
Tan Lay Ching
Chairperson
(Resigned on 1 July 2020)
Roy Ho Yew Kee
Member
(Appointed on 1 July 2020)
Ihsan bin Ismail
Member
Low Tuck Meng
Member
(Resigned on 1 July 2020)

REMUNERATION COMMITTEE

Roy Ho Yew Kee
Chairman
(Re-designated on 17 August 2020)
Tan Lay Ching
Chairperson
(Resigned on 1 July 2020)
Teh Foo Hock
Member
(Appointed on 1 July 2020)
Ihsan bin Ismail
Member
Koh Hong Muan @ Koh Gak Siong
Member
(Retired on 16 July 2020)
Low Tuck Meng
Member
(Resigned on 1 July 2020)

NOMINATION COMMITTEE

Roy Ho Yew Kee
Chairman
(Re-designated on 17 August 2020)
Tan Lay Ching
Chairperson
(Resigned on 1 July 2020)
Teh Foo Hock
Member
(Appointed on 1 July 2020)
Ihsan bin Ismail
Member
Low Tuck Meng
Member
(Resigned on 1 July 2020)

COMPANY SECRETARIES

Tai Yit Chan
(MAICSA 7009143/SSM PC No. 202008001023)
Tai Yuen Ling
(LS 0008513 / SSM PC No. 202008001075)

AUDITORS

KC Chia & Noor
(AF0922)
Chartered Accountants
229-1 & 2 Jalan Perkasa Satu
Taman Maluri, Cheras
55100 Kuala Lumpur
Tel: 03-9284 3102/3
Fax: 03-9284 7952

REGISTERED OFFICE

Boardroom Corporate Services Sdn Bhd
Registration No. 196001000110 (3775-X)
12th Floor, Menara Symphony
No 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7890 4800
Fax: 03-7890 4650

PRINCIPAL PLACE OF BUSINESS

(Headquarters)
Lot 132, Jalan 16/1
Kawasan Perindustrian Cheras Jaya
Balakong, 43200 Cheras
Selangor Darul Ehsan
Tel: 03-9080 3333
Fax: 03-9080 5233
Website: www.komark.com.my

SHARE REGISTRARS

Boardroom Share Registrars Sdn Bhd
Registration No. 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

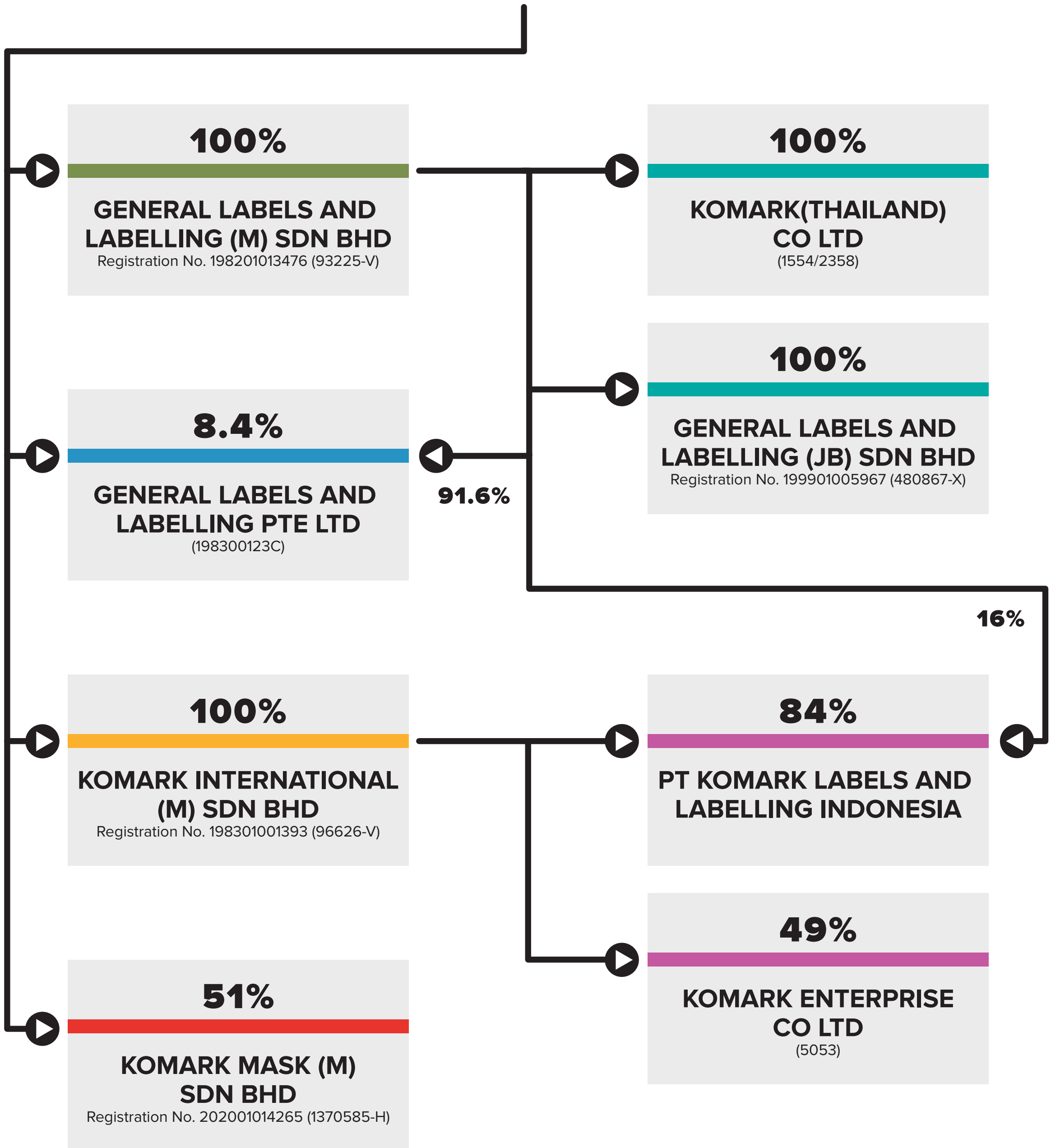
STOCK EXCHANGE LISTING

Main Market (Listed in 1997) of Bursa Malaysia Securities Berhad

Share
Stock Name: KOMARK
Stock Code: 7071

CORPORATE STRUCTURE

KOMARKCORP BERHAD
Registration No. 199601001919 (374265-A)



MANAGEMENT DISCUSSION AND ANALYSIS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and forward-looking statements, as defined under applicable securities laws, (hereinafter collectively referred to as "forward-looking statements") that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward- looking statements. Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions

1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATION

In preparing this Management's Discussion and Analysis ("MD&A") related to the financial year ended 30th April 2020 ("FYE 2020"), Komarkcorp Berhad ("KMC" or "the Group") has taken into account information available until 30 April 2020 as well as the year-end consolidated financial statements that prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the requirements of the Companies Act 2016 in Malaysia. The financial statements and this MD&A are expressed in Ringgit Malaysia ("RM") as the reporting currency.

A. Business and Operations

The Group was founded in 1975 and KMC was listed in Bursa Malaysia Securities Berhad's Main Market in 1997. The Group's corporate office provides executive and centralized services such as finance, accounting, information technology and oversees the operations in Balakong, Selangor, Malaysia. The Group employs more than 200 employees in 5 production facilities located in Selangor and Johor in Malaysia, Singapore, Indonesia and Thailand.

KMC is one of the largest converter of pressure sensitive labels ("PSL") for a wide range of decorative, instructional and functional applications for large global customers to small-medium customers in Malaysia. The Group involves in the manufacturing of self-adhesive labels, flexible packaging such as multi-layers packaging, OPP roll-fed and shrink sleeves in the consumer packaging for petrol lubricants, healthcare, foods and beverages, agro-chemical industries, promotion and security market segments.

On 16 June 2020, the Group has announced to manufacture and sales of face masks. This is to capitalize on a booming segment of face mask with favorable long-term prospects while making the most out of the opportunities created by the COVID-19 pandemic.

The vision of KMC is to be the world-class total solution provider of premium labels, flexible packaging and face mask producer in Asia delivering sustainable shareholder value to all stakeholders.

B. Customers and Markets

The Group is an established participant in PSL market. Besides manufacturing for local markets in Malaysia, Thailand, Indonesia and Singapore, the Group also exports to South Asia, Philippines, Vietnam, Sri Lanka and Myanmar. We serve the customers from large multinational companies to small and medium companies in the countries.

The packaging market is huge and highly fragmented with many players in South East Asia region with small to large competitors in the markets. Due to the highly competitive market in the region, the Group anticipates many challenges in improving the market share generally in each market and industry that it is currently supplying.

Given the current COVID-19 situation, the Group anticipates lower sales, longer collection period and slower demand from our customers. A more aggressive approach such as increasing our sales force and a more competitive pricing already in place to boost the sales. In addition, the Group has looked into face mask sales and manufacturing to diversify our portfolio. The sales and operation of the face mask will commence in 4th quarter 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATION (CONT'D)

C. Strategy and Financial Targets

Our vision is to increase the shareholder value through increasing the market share and product innovation. We build strong relationships with all of our customers and provide sustainable long-term value to their supply chain. We anticipate to increase our market shares in our market segments by capitalizing, on our networks in this region, long term working relationship, product and technology know-how, growth of our customers, new product innovation, branding and consumer trends.

The Group is undertaking an aggressive approach to develop new businesses with larger sales force and competitive pricing. Currently, the Group has the most printing technologies and we are working with customers to utilize multiple printing technologies to improve the cost and increase the sales.

With our regional customers, we will continue to form strategic partnership with them in developing new products to the market, optimize processes, to reduce cost of the products and develop value through long-term partnership.

2. FINANCIAL RESULTS AND FINANCIAL CONDITION

The FYE 2020 was a great challenging year for the Group. The Group recorded a decrease of 17.2% in revenue to RM39.547 million compared to RM47.743 million recorded in preceding financial year. The drops in revenue were mainly due to customers opting to adopt the open tender system in the local front, localisation procurement policy in the overseas segments loss of customers, shrinkage of business regionally and the outbreak of COVID-19 pandemic. The Multinational Customers ("MC") segment continued to be the focus and will contribute substantially to the Group's revenue.

Group recorded a loss before tax of RM10.357 million compared to a loss before tax of RM11.09 million in the preceding financial year. This is mainly attributable to the writing off plant and equipment of RM1.686 million that recorded in the preceding year.

The loss after tax for FYE 2020 was RM10.706 million compared to a loss after tax of RM9.847 million for the preceding financial year.

3. DIVIDEND

The Board of Directors does not recommend any dividend payment for FYE 2020.

4. REVIEW OF OPERATING ACTIVITIES

A. General

Despite new investment in machineries since 2018, we have seen only a marginal increase of new customers and the recovery of lost customers in 2020. Further efforts are needed to aggressively develop and expand our market share. The recent impacts of the COVID-19 pandemic that may have an effect on the Group include change in short-term and long-term demand and/or pricing for our products.

There is a reduction in production levels across all operating units due to lower demand of packaging and reduce of man powers are necessary to keep the operation lean and efficient. Restriction on movement of workforce, suppliers and materials due to COVID-19 may caused increasing of our operation cost. A material adverse effect on the Group's employees, customers and/or suppliers could have a material adverse effect on the Group.

Significant uncertainty remains with respect to the future impact of COVID-19 on the Company's businesses. As a result, the Company's expected financial results for 2020 may be negatively impacted by continued COVID-19 related disruptions. The Company cannot currently estimate the severity of any such impact, which may be material. The overall severity and duration of COVID-19 related adverse impacts on the Company's businesses will depend on future developments which cannot currently be predicted,

Even after the COVID-19 outbreak has subsided, we may continue to experience material adverse impacts to the Company's businesses as a result of COVID-19's global economic impact, including any related recession.

KMC is operating generally in a mature and highly competitive market environment. Most multi-national companies would engage a global/regional approach in sourcing their label requirement with the objective of seeking supply-chain efficiencies and cost savings. This approach has affected KMC's customer bases and revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

4. REVIEW OF OPERATING ACTIVITIES (CONT'D)

A. General (cont'd)

The cost of raw materials for KMC such as papers and films are largely depended on a few large suppliers. Recently, there are indication of material price increased in the market hence, cost mitigation measures are in placed to maintain our margin and at the same time expand our market share. The cost fluctuations for these materials have an impact on the KMC's profitability and the efforts to secure business from customers. With multiple operations in South East Asia, KMC has the ability to negotiate a better pricing and to mitigate volatility in purchased costs.

B. New Product Developments

With new investment installed in KMC in 2017 and 2018, the Group has continued to develop new products such as digital labels, creative printing, variable data print and others.

In additional to packaging development, the Group has announced our sales and manufacturing of face mask in the market. The operation will commence in 4th quarter of 2020 and expect positive and strong demand in quality face mask. The investment in the New Business is aimed to provide additional stream of income to the Group while capitalising on the global shortage of face masks resulting from the COVID-19 pandemic.

C. New Market

In 2018, KMC had embarked into digital printing and gravure printing processes to tap into the new markets. This will enable KMC to become a total solution provider of multiple printing technologies company for the customers who want to reduce their supplier bases. With the digital and gravure printing capabilities, KMC will able to offer more printed products to the market.

With our new investment of face mask production, the Group expects new market to be explored. The Group has targeted countries with high COVID-19 infection rates such as the US, European countries, Africa, South America and India as principal export markets for the New Business. Moreover, the Proposed Diversification will provide an alternative source of income to the Group's current core business. The New Business is anticipated to contribute 25% or more of the net profits of the Group.

D. Expansion Capacity and Improvement in Productivity

With new investment and technologies being installed since 2018, this has enabled KMC to expand its existing capacity in Malaysia and Indonesia by 50% to 100%. These additional capacities have provided KMC to further develop new projects and products with its customers. Currently, the Group would focus to fully utilize the new technologies invested in 2018 and develop more customers in the market.

Additional investment in sales and manufacturing of face masks in 4th quarter of 2020. The Group intends to set up its production centre for the New Business in one of its existing factories located in Balakong, Selangor. This new production centre will be constructed to be a clean room with anti-static floor as well as controls for temperature and humidity. , the Group plans to gradually expand the production capacity of the New Business over the course of 24 months by setting up to 30 production lines. This is estimated to achieve a yearly production capacity of approximately 522 million 3-ply surgical face masks and 120 million KN95 face masks.

E. Long-term Growth Strategy

The Group will continue to invest in latest printing technologies and adopt more cost efficiency and lean manufacturing in current highly competitive market. The Group has confidence to expand our market share in printing packaging industry in long term due to the solid foundation and trust from the customers.

With the additional new investment of face mask manufacture, the Group's direction is to produce the best in class face mask in Malaysia and the world. Steps have been taken to ensure the short and long term strategy are aligned to achieve our long term growth.

The Group will continue to adapt and augment all aspects of its operational platform is critical to realizing its long term growth strategy. This will enable us to compete regionally in the competitive market. The Group is also actively looking for new diversification and seeks new market expansion in the region kin order to grow the revenue and profit margin.

4. REVIEW OF OPERATING ACTIVITIES (CONT'D)

F. Operating Activities

REVENUE HIGHLIGHTS			
Branch	FYE 2020 (RM'000)	FYE 2019 (RM'000)	FYE 2018 (RM'000)
Malaysia	17,077	19,935	27,564
Singapore	9,170	8,961	8,948
Indonesia	1,699	3,094	2,392
Thailand	17,491	20,412	23,320
Inter Group	(5,890)	(4,659)	(5,275)
Total	39,547	47,743	56.949

The decrease in revenue was mainly due to the loss of customers, shrinkage of business regionally and the outbreak of Covid 19 pandemic.

5. ANTICIPATED OR KNOWN RISKS AND UNCERTAINTIES

The 2019 MD&A in the annual report detailed the risks to the Groups's business and the strategies planned for 2020. There have been no material changes to those risks and strategies.

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The impacts on global commerce have been, to date, and are anticipated to continue to be, far-reaching. To date, restrictions on the conduct of business in many jurisdictions, including the closure of workplaces determined to be non-essential, and restrictions on the international, national and local movement of people and some goods have been implemented. There have been significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on the Company's employees, suppliers, customers and demand for the respective products that the Company and its customers produce. A prolonged continuance of this public health crisis could also have a material adverse effect on overall economic growth and impact the stability of the financial markets and the availability of credit.

The impacts of the COVID-19 pandemic that may have an effect on the Group include: a change in short-term and/or long-term demand and/or pricing for our products; reductions in production levels; increased costs resulting from the Group's efforts to mitigate the impact of COVID-19; deterioration financial markets that could limit the Group's ability to obtain external financing to fund operations and capital expenditures, and result in a higher rate of losses on accounts receivable due to counterparty credit defaults; disruptions to supply chain; impairments and/or write- downs of assets; restrictions on movement of workforce; reductions in labour force; the closure of workplaces and adverse impacts on the Group's information technology systems and internal control systems as a result of the need to increase remote work arrangements. A material adverse effect on the Group employees, customers and/or suppliers could have a material adverse effect on the Group.

Significant uncertainty remains with respect to the future impact of COVID-19 on the Group's businesses. As a result, the Group's expected financial results for 2020 may be negatively impacted by continued COVID-19 related disruptions. The Group cannot currently estimate the severity of any such impact, which may be material. The overall severity and duration of COVID-19 related adverse impacts on the Group's businesses will depend on future developments which cannot currently be predicted, including directives of government and public health authorities, the speed at which suppliers and customers can return to full production, the level of consumer demand, the status of labour availability and the ability to staff the operations and facilities. Even after the COVID-19 outbreak has subsided, we may continue to experience material adverse impacts to the Group's businesses as a result of COVID-19's global economic impact, including any related recession.

MANAGEMENT DISCUSSION AND ANALYSIS

5. ANTICIPATED OR KNOWN RISKS AND UNCERTAINTIES (CONT'D)

The Group is subject to the usual commercial risks and uncertainties from operating as a Malaysia public company and as a supplier of goods and services to the consumer markets. A number of these potential risks and uncertainties that could have a material adverse effect on the business, financial condition and the results of the operations of the Group are as follows:

Business continuity

The Group incurred loss after taxation of RM10.706 million with accumulated losses of RM56.031 million as at 30 April 2020. To mitigate the losses and enhance business continuity, the Group has embarked rationalization scheme by cutting costs and divesting of non-profit generating operations while exploring, expanding and acquisition of the new businesses with strong revenue bases which may have significant synergistical effects on the existing Group's operations.

The Group is also confident that its new venture of face mask can help to mitigate potential downside risk of the Group arising from the wide-ranging effects of the COVID-19 pandemic to the local and global economy. Subject to the global demand of face masks, the Group may from time to time assess the manufacturing capacity of the New Business and may expand the production lines as required.

While diversifying to include the New Business, the Group also intends to turnaround its existing core business of manufacturing self-adhesive labelling and flexible packaging. Moving forward, the Group will focus on improving its market strategy which may in turn boost the revenue of the Group.

Competitive Environment

The market will remain as competitive and further pressure on pricing and increase of raw material cost due to nature of the market and the sudden impact from COVID-19. The Group will continue the effort to implement a series of aggressive market strategies and cost cutting measures to ensure the Group is able to compete locally and internationally. The incoming competitions are mainly coming from global suppliers and local suppliers. This competitive environment may reduce the profit margin, reduce the revenue and we may even lose the customers due to globalization procurement policies.

To remain competitive, the Group has to invest in high-end printing technology, which enables the Group to remain competitive and innovative in the long term.

Dependence on Customers

Currently, the Group has a modest dependence on certain customers. The Group's two largest customers combined accounted for approximately 15.11% of the consolidated revenue for FYE 2020. The five (5) and twenty-five (25) largest customers of the Group represented approximately 24.62% and 51.00% of the total revenue respectively. Several hundred customers make up the remainder of total revenue.

Although KMC has strong partnership with its customers, there can be no assurances that KMC can maintain its relationship with any particular customer. The loss of any significant customer could have a material adverse effect on the business, financial condition and results of operation of the KMC. The Group is taking the necessary steps to mitigate the risk of dependent on a particular customer by growing other customers in this region and is also exploring new markets to export to or invest in.

Forward-looking Statement

The Group will continue to explore new markets for its products with investment in capital expenditure, improve technology and improve staff efficiency through staff development. The Group will also continue to adapt to changes and respond positively to meet the challenges of today's customers' needs. We will seek continuous improvement in our internal operations to ensure consistency in quality and services. We will also pursue continuous product development and innovation to enhance productivity and contain costs to ensure business efficiency and relevance in order to remain competitive.

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board of Directors ('the Board') of Komarkcorp Berhad ("KMC or "the Group') is pleased to present this Sustainability Statement for the financial year ended 30 April 2020 ("FYE 2020") prepared pursuant to paragraph 6.1, 6.2 and 6.3 of practice note 9 of the Main Market Listing Requirement of the Bursa Malaysia Securities Berhad's ("Bursa Securities").

GOVERNANCE STRUCTURE AND PROCESS

The Board acknowledges its responsibility to embed sustainability into the Group's business strategy. The Board reviews and approves KMC's sustainability strategies and ensures that adequate resources, systems and processes are in place for managing sustainability matters. The Group's commitment towards sustainable business practices is imputed throughout all levels of its organization.

To ensure such commitment of good sustainable economic, environment and social practice is embedded throughout the Group, the Board has established a Sustainability Committee which is responsible for accountability, oversight and review in the identification, evaluating, monitoring, managing and reporting of sustainability matters and performance.

The Sustainability Committee of KMC is chaired by the Group Chief Operating Officer and its members are inclusive the Chief Operating Officer and Chief Financial Officer. The key person of the Group's subsidiaries who report to Sustainability Committee serve as touchpoints to gather input from the relevant operation units, departments or functions, execute sustainability plans and ensure robust processes are in place.

The outcomes of the materiality assessment are reviewed by the Sustainability Committee and reported to the Board.

MATERIAL ASSESSMENT PROCESS

Identification and Categorisation of Material Sustainability Issues

The Sustainability Committee has identified and categorised sustainability issues which KMC should take into account and assesses the impact of these issues. A list of sustainability issues has been identified from a combination of internal and external sources. The internal sources are derived from the relevant internal analysis of trends; while the external sources are obtained from concerns raised by stakeholders during stakeholder engagements including but not limited to Annual General Meeting, examination of emerging and development of relevant laws and regulations and business environment which impact on sustainability.

Shareholder Engagement

In the process of identifying and prioritising material sustainability matters, KMC engages with different stakeholder groups as such interactions are crucial to identify, prioritise and address material sustainability matters. However, the Board acknowledged that engaging with all issues and concerns rose by all stakeholder groups are resource-intensive and inefficient.

Based on concerns as well as key discussion points expressed by KMC's stakeholder group during engaging sessions, the Group identifies and prioritises issues which are more relevant to each of its stakeholder groups. For effective engagement with its stakeholders, various methods are employed including but not limited to the following:

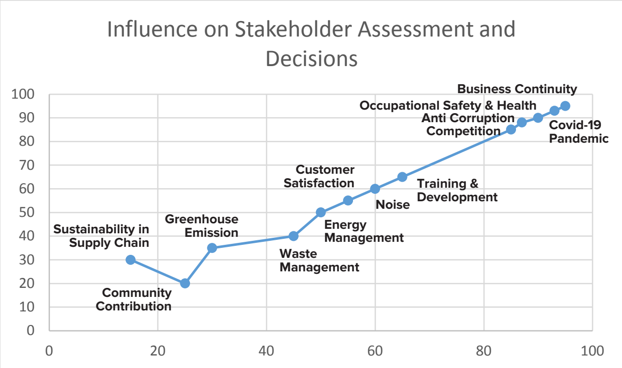
Stakeholder groups	Engagement Objectives	Methods of engagement
Employees	• To retain competent employees • To ensure safe working environment	• Continuing Professional Development • Staff performance appraisal • Circulation of internal policies/memo • Management & committee meetings
Shareholders and investors	• To enhance shareholders and investors' confidence level	• Annual General Meeting • Website of KMC • Annual Report • Quarterly Reports • Announcements to Bursa Securities
Financial Institutions	• To ensure continuous financial supports	• Annual Report • Quarterly Reports • Meetings
Suppliers	• To ensure continuous supply of quality material and service	• Meetings • Writing communications
Community	• To enhance the relationship quality material and service	• Community engagement
Customers	• To fulfill the customer satisfaction	• Meetings • Customer satisfaction survey
Government and Regulators	• To ensure the compliance with laws and regulations	• Reports • Dialogue, seminar and meeting

Each stakeholder group is weighted by the Sustainability Committee based on their influence on KMC' achievement of strategic objectives and their dependence on KMC's operation.

SUSTAINABILITY STATEMENT

MATERIAL SUSTAINABILITY MATTERS

Sustainability matters are considered material if they reflect KMC's significant Economic, Environmental impacts and Social ("EES'). The Sustainability Committee employs a Materiality Matrix as a tool to determine the degree of materiality of each identified sustainability matter. The tool takes into consideration of the significance of the Group's EES impacts (x-axis) and the influence of sustainability matters on stakeholder assessment and decisions (y-axis).



For the purpose of reporting for FYE2020 Annual Report, we will focus on the following sustainability matters: -

1. **BUSINESS CONTINUITY**
2. **COVID-19 PANDEMIC**
3. **OCCUPATIONAL SAFETY AND HEALTH**

BUSINESS CONTINUITY

	Year ended 30 April				
	2020	2019	2018	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	39,547	47,743	56,949	65,388	61,574
Gross margin	3,131 7.92%	4,693 9.83%	301 0.53%	11,271 17.24%	12,638 20.52%
Profit / (Loss) Before Taxaxtion	**-10,357**	**-11,090**	**-20,769**	**-12,416**	**1,343**

The most essential ruling for an entity to sustain is that it must generate profit by itself. However, the Group failed to report profit since financial year (FYE) 2017 until to-date. The Group has implemented costs cutting & control, while exploring and expanding on new flexible packaging business. In addition, the Group has looked into face mask sales and manufacturing to diversify our business portfolio.

The Group is aware of the weakness in marketing. Hence, the Group has focused on the strategy to boost the revenue of labels as well as the flexible packaging. Some of the action plans are recruiting more experienced sales representative, offering competitive pricing and forming strategic partnership with regional customers.

COVID-19 ("COVID") PANDEMIC

There is a reduction in Group's production levels that due to lower demand of packaging and reduce of man powers are necessary to keep the operation lean and efficient. Restriction on movement of workforce, suppliers and materials due to COVID may cause increasing of our operation cost. A material adverse effect on the Group's employees, customers and/or suppliers could have a material adverse effect on the Group.

Significant uncertainty remains with respect to the future impact of COVID on the Company's businesses. The Company cannot currently estimate the severity of any such impact, which may be materialized. The overall severity and duration of COVID -related adverse impacts on the Company's businesses will depend on future developments which cannot currently be predicted.

Even after the COVID outbreak has subsided, we may continue to experience material adverse impacts to the Company's businesses as a result of COVID's global economic impact, including any related recession.

The Group has recently embarked on manufacturing and selling quality face mask and the operation will commence in 4th quarter of 2020. The investment in the New Business is aimed to provide additional stream of income to the Group while capitalising on the global shortage of face masks resulting from the COVID.

OCCUPATIONAL SAFETY AND HEALTH

The Group recognises that employees are important assets. In line with this belief, the Group has in place a Safety & Health Policy to provide a safe and healthy working environment to its employees with comprehensive occupational health and safety policy and also a Training Policy to be committed to train and develop its employees, to anticipate changing requirements of today working needs and latest technology in the industry. The structured on jobs trainings are provided for new and unskilled employees.

Occupational safety and health performance are regularly monitored and reported to OSHA committee and proposed measures were took to address any issues. The Group targets not more than 3 accidents incidence per annum for each operation units. The figures below illustrate the incident records over the course of 5 years for financial year ended 2016, 2017, 2018, 2019 & 2020.

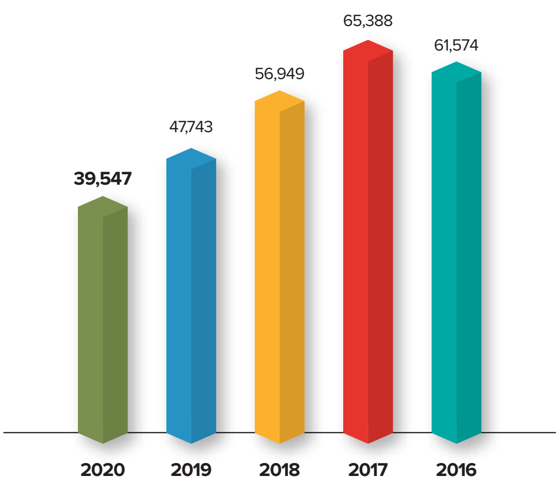
	Year ended 30 April				
	2020	2019	2018	2017	2016
Operation units	Case no	Case no	Case no	Case no	Case no
Balakong				1	
JB	1		2		1
Thailand	4	4	1	2	4
Indonesia					
Singapore					
Total	**5**	**4**	**3**	**3**	**5**

FIVE-YEARS GROUP FINANCIAL HIGHLIGHTS

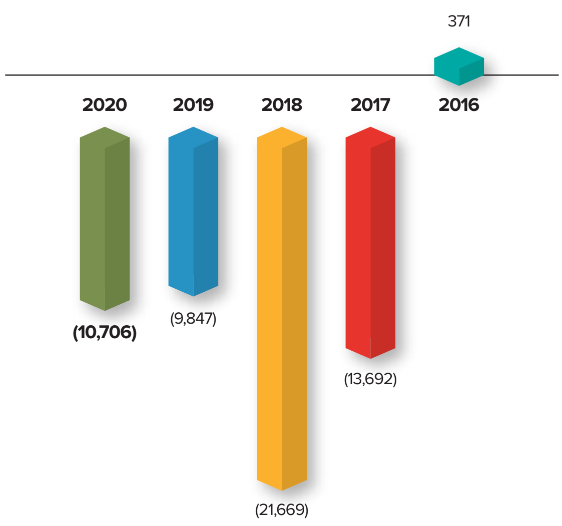
YEAR ENDED 30 APRIL	2020	2019	2018	2017	2016
Operating Result (RM'000)					
Revenue	39,547	47,743	56,949	65,388	61,574*
(Loss)/Profit Before Tax	(10,357)	(11,090)	(20,942)^	(12,197)	1,343*
(Loss)/Profit After Tax	(10,706)	(9,847)	(21,669)^	(13,692)	371*
Total Comprehensive Income/(Loss)	(7,002)	(8,861)	(21,734)^	(13,590)	90*
Key Balance Sheet Data (RM'000)					
Total Assets	84,533	83,435	90,559^	110,660^	187,369
Total Interest Bearing Borrowings	17,017	19,434	17,182	9,487	43,781
Total Liabilities	27,603	28,965	28,796^	26,507^	76,425
Paid-Up Capital	62,789	48,425	48,425^	31,158	31,158
Shareholders' Equity	56,930	54,470	61,763^	84,153^	110,944
Share Information					
No of shares in issued ('000)	205,577	164,434	164,434	124,634	124,634
Per share (sen)					
Basic EPS /(LPS)	(4.78)	(4.59)	(10.31)	(11.10)	0.30
Gross Dividend (Recommended)	0.00	0.00	0.00	0.00	0.00
Gross Dividend Paid	0.00	0.00	0.00	5.00	0.00
Net Assets	27.69	33.13	37.56	67.52	89.02
Financial Ratio (%)					
Return on Equity	(18.81)	(18.08)	(35.08)	(16.27)	0.33*
Return on Total Assets	(12.66)	(11.80)	(23.93)	(12.37)	0.20
Gearing ratio	29.89	35.68	27.82	11.27	39.46

* Continuing operations
^ Restated

REVENUE
(RM'000)



(LOSS)/PROFIT AFTER TAX
(RM'000)



SHARE PRICE PERFORMANCE

	HIGH (RM)	LOW (RM)		HIGH (RM)	LOW (RM)		HIGH (RM)	LOW (RM)
Feb 2019	0.225	0.155	**Aug 2019**	0.385	0.290	**Feb 2020**	0.225	0.200
Mar 2019	0.290	0.155	**Sep 2019**	0.380	0.280	**Mar 2020**	0.220	0.150
Apr 2019	0.360	0.270	**Oct 2019**	0.315	0.260	**Apr 2020**	0.235	0.190
May 2019	0.345	0.275	**Nov 2019**	0.295	0.240	**May 2020**	0.240	0.190
Jun 2019	0.330	0.265	**Dec 2019**	0.255	0.240	**Jun 2020**	0.415	0.210
Jul 2019	0.295	0.255	**Jan 2020**	0.270	0.215	**Jul 2020**	0.625	0.415

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth ("24th") Annual General Meeting ("AGM") of Komarkcorp Berhad will be conducted virtually at broadcast venue at Meeting Room TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 22 October 2020 at 10.00 a.m. for the following purposes:

A G E N D A

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 30 April 2020 together with the Reports of the Directors and Auditors thereon.	**(Please refer to Note 1 of the Explanatory Notes)**
2.	To approve the Directors' fees and benefits payable to the Directors of the Company of up to RM600,000 from 22 October 2020 until the conclusion of the next AGM of the Company.	**Ordinary Resolution 1**
3.	To re-elect the following Director who is retiring under Clause 102 of the Constitution of the Company:	
	a. Mr. Koh Chie Jooi	**Ordinary Resolution 2**
4.	To re-elect the following Directors who are retiring under Clause 109 of the Constitution of the Company:	
	a. YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	**Ordinary Resolution 3**
	b. Mr. Roy Ho Yew Kee	**Ordinary Resolution 4**
	c. Mr. Teh Foo Hock	**Ordinary Resolution 5**
	d. Mr. Koo Kien Keat	**Ordinary Resolution 6**
5.	To re-appoint Messrs. KC Chia & Noor as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 7**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

6. Proposed Amendment to the Company's Constitution ("Proposed Amendment")

"**THAT** the Proposed Amendment to Clause 56 of the Company's Constitution as set out below, be and is hereby approved: -

Clause No.	Existing Clause	Proposed Clause
56	Notwithstanding Clause 55 above and where there is still in effect a resolution approving the issuance of shares by the Company in accordance with the provisions of Section 76 of the Act, the Company may apply to the relevant stock exchanges on which its shares are listed for waiver of convening an Extraordinary General Meeting to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed ten per cent (10%) of the issued share capital.	Notwithstanding Clause 55 above and where there is still in effect a resolution approving the issuance of shares by the Company in accordance with the provisions of Section 76 of the Act, the Company may apply to the relevant stock exchanges on which its shares are listed for waiver of convening an Extraordinary General Meeting to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where the aggregate of the shares issued in any one financial year (other than by way of bonus or rights) issue does not exceed **such maximum limit allowed by Bursa Securities from time to time**, of the issued share capital of the Company **pursuant to the Listing Requirements.**

AND THAT the Directors of the Company be and are hereby authorised to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendment for and on behalf of the Company." **Special Resolution**

7. Authority under Sections 75 and 76 of the Companies Act, 2016 ("Act") for the Directors to allot and issue shares

"**THAT** subject to the passing of the Special Resolution above, pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total issued shares/total number of voting shares of the Company (excluding treasury shares) at the time of issue and **THAT** the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") and **THAT** such authority shall continue to be in force until the conclusion of the next AGM of the Company." **Ordinary Resolution 8**

8. Authority for Encik Ihsan Bin Ismail to continue in office as an Independent Non-Executive Director of the Company

"**THAT** approval be and is hereby given to Encik Ihsan Bin Ismail who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM." **Ordinary Resolution 9**

9. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

"**THAT** subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits as at 30 April 2020 to purchase such amount of ordinary shares in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

(a) the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority." **Ordinary Resolution 10**

10. Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")

    "**THAT** approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the related party as stated in the Circular to Shareholders dated 28 August 2020 which are necessary for the Company's day-to-day operations subject further to the following:

    (a) the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to related party than those generally available to the public, and are not to the detriment of the minority shareholders;

    (b) the approval is subject to annual renewal and shall only continue to be in force until:

        (i) the conclusion of the next AGM of the Company following the forthcoming AGM of the Company at which the Proposed New Shareholders' Mandate is approved, at which time it will lapse unless by a resolution passed at the AGM the mandate is again renewed;
        (ii the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
        (iii) revoked or varied by resolution passed by the shareholders in general meeting,
        whichever is the earlier; and

    (c) the disclosure of value of the Recurrent Transactions conducted pursuant to the Proposed New Shareholders' Mandate in the Annual Report of the Company based on the following information:

        (i) the type of Recurrent Transactions entered into; and
        (ii) the name of the related party involved in each type of the Recurrent Transactions entered into and their relationship with the Company.

    AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit." **Ordinary Resolution 11**

11. To transact any other business, of which due notice shall have been given.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143) SSM PC NO.: 202008001023
TAI YUEN LING (LS 0008513) SSM PC NO.:202008001075

Company Secretaries
Selangor Darul Ehsan

Date: 28 August 2020

NOTES:

(1) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue of the meeting. **NO SHAREHOLDERS/PROXY(IES)** from the public will be physically present at the broadcast venue.

Shareholders are to attend, speak and vote remotely at the 24th AGM using online Remote voting via Remote Participation and Electronic Voting facilities.

PLEASE READ THESE NOTES CAREFULLY AND FOLLOW THE PROCEDURES IN THE ADMINISTRATIVE GUIDE ON 24TH AGM IN ORDER TO PARTICIPATE REMOTELY.

(2) For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **RECORD OF DEPOSITORS AS AT 15 OCTOBER 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.

(3) A member entitled to participate and vote at this meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

(4) A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(5) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

(6) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.

(7) The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:

(I) IN HARD COPY FORM
The original instrument appointing a proxy ("Proxy Form") must be deposited at the Company's Share Registrar's Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(II) BY ELECTRONIC MEANS
The Proxy Form can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at www.boardroomlimited.my or email to bsr.helpdesk@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide for the AGM in order to deposit the Proxy Form electronically.

(8) If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.

(9) Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTE:

1. **TO RECEIVE THE AUDITED FINANCIAL STATEMENTS**

   Agenda item no. 1 is meant for discussion only as the provision of Section 340 of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **NOT PUT FORWARD FOR VOTING**.

2. **SPECIAL RESOLUTION - PROPOSED AMENDMENT TO THE COMPANY'S CONSTITUTION**

   The Proposed Amendment to the Company's Constitution under item 6 of the Agenda, if approve, will allow the Company to seek any increase in general mandate limit for new issue of securities to be granted by Bursa Securities and other regulatory bodies from time to time as well as provide more flexibility for the Company.

3. **ORDINARY RESOLUTION 8 - AUTHORITY UNDER SECTIONS 75 AND 76 OF THE ACT, FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES**

   The Ordinary Resolution 8 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total twenty per centum (20%) of the total issued shares/ total number of voting shares of the Company capital (excluding treasury shares, if any) for such purpose as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company 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 further placing of shares, for purpose of funding investment project(s) and/or working capital.

4. **ORDINARY RESOLUTION 9 – AUTHORITY FOR ENCIK IHSAN BIN ISMAIL TO CONTINUE IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

   Encik Ihsan Bin Ismail was appointed as an Independent Director on 1 January 2009. He has served the Company for more than nine (9) years. The Nomination Committee and the Board of Directors of the Company, after having assessed the independence of Encik Ihsan Bin Ismail, consider him to be independent based on amongst others, the following justifications and recommend that Encik Ihsan Bin Ismail be retained as an Independent Director of the Company:-

   a. he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and therefore was able to bring independent and objective judgment to the Board's deliberations;

   b. his experience enable him to provide the Board with a diverse set of experience, expertise, skills and competence;

   c. he has been with the Company for long and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Remuneration Committee, Nomination Committee, Audit Committee and Board meetings;

   d. he has contributed sufficient time and efforts and attended all the Remuneration Committee, Nomination Committee, Audit Committee and Board meetings for informed and balanced decision making; and

   e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

5. **ORDINARY RESOLUTION 10 - PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

   The proposed Ordinary Resolution 10, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company is required by law to be held.

   For further information on Ordinary Resolution 10, please refer to the Statements to Shareholders dated 28 August 2020 accompanying the Annual Report of the Company for the financial year ended 30 April 2020.

6. ORDINARY RESOLUTION 11 - PROPOSED NEW SHAREHOLDERS' MANDATE

The Ordinary Resolution 11 proposed, if passed, will empower the Directors from the date of the 24th AGM, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders.

This authority unless revoked or varied at a general meeting, will expire at the next AGM of the Company and subject always to provision (b) of the resolution.

For further information on Ordinary Resolution 11, please refer to the Circular to Shareholders dated 28 August 2020 accompanying the Annual Report of the Company for the financial year ended 30 April 2020.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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**"), (ii) warrants 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, and (iii) agrees 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 warranty.

DIRECTORS' PROFILE

YM TENGKU EZUAN ISMARA BIN TENGKU NUN AHMAD
Chairman/ Independent and Non-Executive Director, Aged 42, Male

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad ("YM Tengku Ezuan") was appointed to the Board and as the Chairman of Komarkcorp Berhad on 11 August 2020.

After graduated from the International Islamic University with a Master in Law majoring in Banking and Anti Money Laundering, YM Tengku Ezuan furthered his study at University of East London with a degree in Bachelor of Science (Hons) Accounting and Finance.

YM Tengku Ezuan is a member of the Royal Family and a long serving corporate citizen exposed to a multitude of industries, including Oil & Gas, Defence, Private Equity, Finance and ICT Consulting. Where, YM Tengku Ezuan has dealed with Petronas, HESS Petroleum and GL Noble Denton.

Other than Komarkcorp Berhad, he is a director of Key Alliance Group Berhad.

YM Tengku Ezuan has not been convicted of any offences within the past 5 years other than traffic offences and has no material conflict of interest with Komarkcorp Berhad Group.

Number of Board meetings attended/held during the Director's term in office: N/A

KOH CHIE JOOI
Executive Director/Group Chief Operating Officer, Aged 42, Male

Mr. Koh Chie Jooi ("Mr. Koh") was appointed to the Board of Komarkcorp Berhad as an Executive Director on 27 June 2002. Subsequently, he was re-designated as Group Chief Operating Officer on 29 September 2016. He was appointed as Managing Director of the Company's subsidiaries in the Asean region since September 2012.

Mr. Koh graduated from the University of Sydney, Australia with a degree in Bachelor of Commerce. He is an associate member of CPA Australia and a Chartered Accountant of Malaysian Institute of Accountant (MIA). Prior to joining Komarkcorp Group in December 2001 as Assistant Accounts Manager, he was attached to KPMG from February 2001 to November 2001, with his last held position as Audit Assistant.

Mr. Koh is currently overseeing the overall operation and in formulating the business development and corporate strategies for the Group.

Other than Komarkcorp Berhad, he is not a director for any public company. He is a director in several private limited companies.

He has not been convicted of any offences within the past 5 years other than traffic offences and has no material conflict of interest with Komarkcorp Berhad Group.

Number of Board meetings attended/held during the Director's term in office: 5/5

DIRECTORS' PROFILE

ROY HO YEW YEE

Independent and Non-Executive Director, Aged 44, Male

Mr. Roy Ho Yew Yee ("Mr. Roy") was appointed to the Board of Komarkcorp Berhad on 25 June 2020. He was also appointed as a member of Audit Committee, Nomination Committee and Remuneration Committee on 1 July 2020. Subsequently, Mr. Roy was re-designated as Chairman of Nomination Committee and Remuneration Committee on 17 August 2020.

Mr. Roy obtained his Bachelor of Commerce from the Griffith University, Brisbane, Australia. He brings over 20 years of financial service and restructuring experience both locally and abroad in various capacities.

Mr. Roy started his career in Australia in 1998, in the financial services industry, joining Hartley Poynton Ltd, a subsidiary of Royal Bank of Canada, where he was trained as a financial advisor, specialising in derivatives and first generation fintech products. He then moved to a boutique trading firm, Tricom Futures Ltd, in 2003, where he set up a trading desk in greenfield markets, specialising in debt instruments, capital raising, equity linked structures and derivatives.

In 2011, Mr. Roy returned to Malaysia where he joined Key Alliance Group Berhad as an Executive Director overseeing corporate strategy and in 2017, he was re-designated as Managing Director of Key Alliance Group Berhad.

Other than Komarkcorp Berhad, he is a director for Key Alliance Group Berhad and XOX Berhad.

Mr. Roy has not been convicted of any offences within the past 5 years other than traffic offences and has no material conflict of interest with Komarkcorp Berhad Group.

Number of Board meetings attended/held during the Director's term in office: N/A

TEH FOO HOCK

Independent and Non-Executive Director, Aged 55, Male

Mr. Teh Foo Hock ("Mr. Teh") was appointed to the Board of Komarkcorp Berhad on 15 October 2019. He was also appointed as a member of Audit Committee, Nomination Committee and Remuneration Committee on 1 July 2020. Subsequently, Mr. Teh was re-designated as Chairman of Audit Committee on 17 August 2020.

Mr. Teh is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants (MIA) since 1996. He is also a member of the Malaysian Institute of Taxation, the Institute of Internal Auditors of Malaysia, Institute of Corporate Directors of Malaysia.

He started his career with an international accounting firm in 1985. He joined Kinsteel Berhad, a listed steel manufacturing and trading group as the Chief Financial Officer and Company Secretary for 17 years from May 1997 till April 2014. In May 2014, he joined Tanah Makmur Berhad, a plantations and properties development group as the Chief Financial Officer. The Group was subsequently listed. He left in June 2017 when the Group was privatised. He was appointed the Chief Operating Officer of AYER Holdings Berhad, a listed plantations and properties development group for a year till July 2018.

Other than Komarkcorp Berhad, he is a director for Permaju Industries Berhad and Ipmuda Berhad.

Mr. Teh has not been convicted of any offences within the past 5 years other than traffic offences and has no material conflict of interest with Komarkcorp Berhad Group.

Number of Board meetings attended/held during the Director's term in office: 2/2

DIRECTORS' PROFILE

IHSAN BIN ISMAIL

Independent and Non-Executive Director, Aged 57, Male

Encik Ihsan Bin Ismail ("Encik Ihsan") was re-appointed to the Board of Komarkcorp Berhad on 23 September 2013 after his first appointment from 1 January 2009 to 16 August 2013. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He joined Lembaga Tabung Haji as an investment officer after graduating from California State University, USA in 1987 with a Master in Business Administration.

Encik Ihsan was attached to Lembaga Tabung Haji for 9 years from 1987 to 1996 and he was a special assistant to Deputy Director General in Investment and an assistant director of corporate affair prior to setting up his own business. He also represented Lembaga Tabung Haji in several companies namely Syarikat Peladang Tabung Haji Sdn Bhd for 7 years from 1989 to 1996 and Syarikat Times Offset Malaysia Sdn Bhd for 15 years from 1992 to 2007.

Encik Ihsan has wide experience in investment management and project evaluations.

Other than Komarkcorp Berhad, he is not a director for any public company. He is a director in several private limited companies.

He has not been convicted of any offences within the past 5 years other than traffic offences and has no material conflict of interest with Komarkcorp Berhad Group.

Number of Board meetings attended/held during the Director's term in office: 3/5

KOO KIEN KEAT

Independent and Non-Executive Director, Aged 34, Male

Mr. Koo Kien Keat (Mr. Koo") was appointed to the Board of Komarkcorp Berhad on 11 August 2020.

Mr. Koo is a Malaysian former professional badminton player. He reached a career high ranking of world number 1 in Men's Doubles in 2007 and became the youngest ever men's doubles pair to win an Asian Games Gold Medal. He won 5 Gold Medals in Commonwealth Games (most Gold Medal for history of Malaysia). Mr. Koo was a club coach cum club manager for Badminton Asia High Performance Director and currently owns a badminton club.

Other than Komarkcorp Berhad, he is not a director for any public company. He is a director in several private limited companies.

He has not been convicted of any offences within the past 5 years other than traffic offences and has no material conflict of interest with Komarkcorp Berhad Group.

Number of Board meetings attended/held during the Director's term in office: N/A

KEY MANAGEMENT

KOH CHIE JOOI

GROUP CHIEF OPERATING OFFICER
Malaysian, Aged 44, Male

The profile of Mr. Koh Chie Jooi is listed in the Profile of Directors on page 20.

CHONG JIUN SHYANG

CHIEF FINANCIAL OFFICER
Malaysian, Aged 55, Male

Mr. Chong Jiun Shyang ("Mr. Chong") is appointed as our Chief Financial Officer of Komarkcorp Group on 26 January 2012. He is also a Director for MB World Group Berhad.

Mr. Chong is a Chartered Accountant of the Malaysian Institute of Accountants (MIA). Mr. Chong has over 29 years of experience in the accounting profession during his career with various private and public listed companies.

He has no family relationship with any Director and/or major shareholder of Komarkcorp Berhad Group.

Mr. Chong has not been convicted of any offences within the past 5 years other than traffic offences and has no material conflict of interest with Komarkcorp Berhad Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Statement provides an overview of the Company's application of the Principles set out in the Malaysian Code on Corporate Governance ("MCCG") during the financial year under review. Details on how the Company has applied the Practices as set out in the MCCG during the financial year under review are disclosed in the Corporate Governance Report, which is available for viewing on the Company's website at www.komark.com.my.

The Board will continue to undertake review of its corporate governance practices and developments in order to ensure that the Group's corporate governance remain relevant and appropriate for a Group of our size.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is collectively responsible to the Company's shareholders for the long-term success of the Group and its overall strategic direction, its values and its governance. The Board is led by experienced and knowledgeable Directors who provide the Company with the core competencies and the leadership necessary for the Group to meet its business objectives and goals.

All members of the Board are aware of their responsibility to take decisions objectively which promote the success of the Group for the benefits of shareholders and other stakeholders. The role and responsibilities of the Board are clearly set out in the Board Charter, which is available on the Company's website at www.komark.com.my. The Board Charter is periodically reviewed by the Board to be in line with regulatory changes and to reflect changes made to the Terms of Reference ("TOR") of the Board Committees.

The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, corporate strategic plans and budgets, merger and acquisitions, monitoring of operating performance and review of financial authority approving limits.

To assist in the discharge of its stewardship role, the Board has delegated and conferred some of its authority and powers to its Committees, namely the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") ("Board Committees"). The Board Committees are entrusted with the responsibility to oversee specific aspects of the Company's affairs in accordance with their respective TOR as approved by the Board and to report to the Board with their findings and recommendations. The ultimate responsibility for decision making, however, lies with the Board.

The Board is aware that the roles of the Chairman and Chief Executive Officer ("CEO") are to be separated and distinct to engender accountability and facilitate clear division of responsibilities for ensuring there is a balance of power and authority in the Company. The segregation of roles also will facilitates a healthy, open, exchange of views between the Board and the Management in their deliberation of the business, strategic aims and key activities of the Group.

For the financial year under review, the Executive Chairman of the Board has taken the role of Group CEO in operating the business of the Company and its subsidiaries. The Chairman is responsible for instilling leaderships, effectiveness, conduct and governance of the Board while promoting an open culture for debates and encourages active participation among the Directors, managing and supervising the day-to-day business operations in accordance with the Group's strategies, policies and business plans approved by the Board.

The Independent Non-Executive Directors are responsible for providing insights, unbiased and independent views, advice and judgement to the Board and also to ensure effective checks and balances on the Board are accorded. Independent Non-Executive Directors are essential for protecting the interests of shareholders, in particular minority shareholders, and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board encourages employees across the Company to adhere to and maintain the highest standard of ethical behaviour. Hence, the Company has put in place a Code of Conduct and Ethics ("CoCE") to promote the corporate culture which engenders ethical conduct that permeates throughout the Company and its subsidiaries. The CoCE sets out the Company's expectations with regard to certain values, principles and standards of good conduct such as conflict of interests, confidentiality, fair practices, acceptance of gifts and appropriate use of the Company's property which reflects the Company's commitment to integrity, transparency, accountability and self-regulation.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (cont'd)

The Company also established a Whistle-Blowing Policy which provides avenues for employees and external party to raise legitimate concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements as well as other malpractices. All cases are reported and assessed by the AC.

Details of the Board Charter, CoCE and Whistleblowing Policy are available in the Company's website at www.komark.com.my.

The Board members have unrestricted access to the information pertaining to the Company to discharge their duties and responsibilities. The Board also has access to the advice and services of the Company Secretaries and may obtain independent professional advice at the Company's expense as and when necessary.

Board Meetings

In discharging their responsibilities effectively, the Directors attended Board and Board Committee meetings to deliberate on matters under their review. During the financial year, key activities undertaken by the Board include:

- Received reports and updates on operational and financial performance of the Group and other key matters;
- Deliberated and approved the Group's financial budget for FY2020;
- Considered corporate proposals;
- Approved the Company's full year and interim results;
- Discussed updates on corporate governance and regulatory matters;
- Received updates from the Chairperson of the Board Committees on the work undertaken by each committee;
- Considered and approved the appointment of the Company's new External Auditors, Messrs. KC Chia & Noor; and
- Considered and recommended the proposed authority for the Company to purchase its own ordinary shares for shareholders' approval.

Board Composition

As at 30 April 2020, the Board comprises six (6) members, comprising an Executive Chairman, an Executive Director and four (4) Independent Executive Directors.

The following Board members resigned/retired from the Board and ceased to be the Chairperson/members of the respective committee.

There were members appointed to the Board and respective committee after the financial year under review:

Name	Date of Appointment to the Board	Date of resignation/ retirement from the Board	AC	NC	RC
Koh Hong Muan @ Koh Gak Siong (Executive Chairman)		16 July 2020*			Ceased to be a Member on 16 July 2020
Tan Lay Ching (Independent Non-Executive Director)		1 July 2020^	Ceased to be Chairperson on 1 July 2020		
Low Tuck Meng (Independent Non-Executive Director)		1 July 2020^	Ceased to be a Member on 1 July 2020		
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad (Chairman and Independent Non-Executive Director)	11 August 2020				

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

<table>
<tr><th>Name</th><th>Date of Appointment to the Board</th><th>Date of resignation/ retirement from the Board</th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Roy Ho Yew Kee
(Independent Non-Executive Director)</td><td>25 June 2020</td><td></td><td>Appointed as a Member on 1 July 2020</td><td colspan="2">Appointed as a Member on 1 July 2020 and subsequently re-designated as Chairman on 17 August 2020</td></tr>
<tr><td>Teh Foo Hock
(Independent Non-Executive Director)</td><td>15 October 2019</td><td></td><td>Appointed as a Member on 1 July 2020 and subsequently re-designated as Chairman on 17 August 2020</td><td colspan="2">Appointed as a Member on 1 July 2020</td></tr>
<tr><td>Koo Kien Keat
(Independent Non-Executive Director)</td><td>11 August 2020</td><td></td><td></td><td></td><td></td></tr>
</table>

* Retired from the Board
^ Resigned from the Board

The present composition of the Board has complied with the Listing Requirements of Bursa Securities which also requires that at least two Directors or one-third (1/3) of the Board of Directors of the Company, whichever is higher, are independent.

The current Board comprises directors with diverse knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively, objectively and independently. The Directors bring external perspectives to the Board's deliberation through their diverse backgrounds and experiences, enabling them to ensure necessary checks and balances, contributing to Board decision making. The independent directors consist of individuals from accounting and finance are able to express divergent points of views and concerns, provide insights on trends and forecast as well as challenge management in a more objective manner to create more values and sustainability of the business.

The Board through NC conducts an annual review of its size and composition, gives due regard to skills, experience, gender and background.

As part of the financial year ended 30 April 2020 ("FY2020") Board evaluation, the Board also reviewed the independence of each of the non-executive Directors. Each independent Director has also confirmed that they have no material or other relationship with the major shareholders or any directors of the Group. The Board is satisfied that they are independent to act in the best interest of the Company.

Time Commitment

The Board meets at least once quarterly to consider corporate proposals and review the quarterly results of the Group for announcement. The Board will also attend additional meetings to be convened on an ad-hoc basis as and when necessary to consider business issues that require urgent decision of the Board.

Board meetings for each year are scheduled in advance to ensure sufficient time for the Directors to plan their meeting schedule.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Time Commitment (cont'd)

During the FY2020, the attendance of the directors at Board and Committee meetings is shown in the table below:

Name of Directors	Board	AC	NC	RC
Koh Hong Muan @ Koh Gak Siong Executive Chairman *(Retired on 16 July 2020)*	5/5			1/1
Koh Chie Jooi Executive Director/Group Chief Operating Officer	5/5			
Tan Lay Ching Independent Non-Executive Director *(Resigned on 1 July 2020)*	5/5	5/5	1/1	1/1
Ihsan Bin Ismail Independent Non-Executive Director	3/5	3/5	1/1	1/1
Low Tuck Meng Independent Non-Executive Director *(Resigned on 1 July 2020)*	5/5	5/5	1/1	1/1
Teh Foo Hock Independent Non-Executive Director *(Appointed on 15 October 2019)*	2/2			

Board Training and Development

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities and to be apprised of the changes to regulatory requirements and the impact such regulatory requirements will have on the Group. The Company Secretaries circulate and brief the relevant guidelines on statutory and regulatory requirements from time to time and for the Board's reference.

During the financial year under review, the Directors have completed the Mandatory Accreditation Programme as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Directors attended trainings, workshops, briefing and seminars conducted by relevant regulatory authorities and professional bodies. Details of the training programmes attended/ participated by the Directors are as follows:

Directors	Courses/Seminar/Conference
Mr. Koh Hong Muan @ Koh Gak Siong	• Judicial Management : A Corporate Rescue Mechanism in Malaysia
Mr. Koh Chie Jooi	• Judicial Management : A Corporate Rescue Mechanism in Malaysia
Ms. Tan Lay Ching	• Sustainability Reporting • 2020 Budget Seminar – Shared Prosperity : Sustainable and Inclusive Growth Towards High Income Economy
Mr. Low Tuck Meng	• MFRS 15 Revenue from Contracts with Customers, Plus Tax Consideration
En. Ihsan Bin Ismail	• Judicial Management : A Corporate Rescue Mechanism in Malaysia • Corporate Liability Provision Talk : Overview of the new Malaysian Anti-Corruption Commission (Amendment) Act 2018 • The Future of AGMs – Fully Virtual/Hybrid AGMs
Mr. Teh Foo Hock	• The Board of Directors of 21st Century : When Disruption meets Tradition • Cyber Security in the Boardroom • Managing Volatility via Self Insurance • Say on Pay – What do Boards need to know? • Bursa Advocacy on Diversity • Directors' dialogue with Jonathan Labrey on Integrated Reporting • Evaluating Effectiveness of Internal Audit Function • Future of Audit

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nomination Committee ("NC")

Board Appointments

The NC plays a role in the Board appointment process. The process of nomination and selection of directors involves identification of potential candidate(s), evaluation of suitability of candidates based on the agreed upon criteria, followed by deliberation by NC and recommendation to the Board for its final approval. The NC will continuously take measures to strengthen the nomination process and, may consider utilising independent sources such as directors' registry, advertisement or recruitment agency to identify qualified candidates when necessary. The NC may also engage external independent consultancy services to conduct searches for potential candidates where appropriate.

The NC comprises three (3) members, all of them are Independent Non-Executive Directors.

Board Evaluation

The Board through its NC undertakes an annual review of performance and effectiveness of the Board and Board Committees as well as the contribution of each Director to the Board and Board Committees. The review was led by the NC on June 2020.

The results of the Board evaluation indicated that the performance of the Board, Board Committees and individual Directors had been satisfactory and they have been effective in discharging their roles and duties.

Diversity

The Board is committed to provide fair and equal opportunities and to nurture diversity (including gender, age and ethnicity) within the Group. The candidates to the Board appointment are made based on the merits, taking into account, a range of diversity perspectives, including gender, cultural, competency, skills, character, time commitment, integrity and experience to ensure effectiveness of the Board. The Board has formalised a Diversity Policy.

During the financial year under review, the Board has one (1) female Non-Independent Executive Director which accounts for 17% of the Board members. The Board will continue sourcing for suitable women candidates to be appointed as Directors.

Remuneration Committee ("RC")

The RC is responsible to develop and review remuneration packages for the Board and Board Committees as well as the Senior Management of the Company to ensure that the Group attracts and retains Directors and Senior Management of calibre to provide the necessary skills and experience as required and commensurate with the responsibilities for the effective management and operations of the Group. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Senior Management.

For the financial year under review, the RC comprises an Executive Chairman and three (3) Independent Non-Executive Directors.

The remuneration packages for the Executive Directors and key Senior Management personnel comprises basic salary, benefits in kind and bonuses. The basic salaries are reviewed annually taking into account a number of factors, including individual responsibilities, performance and experience, and practice at other companies of similar size. Bonuses are determined based on performance against financial performance of the Company. To ensure that the overall remuneration package is competitive, Executive Directors receive other benefits in kind in the form of company car and car allowances.

Each of the Director receives a director's fee and meeting allowance for each Board and general meetings that they attend. The level of Directors fee reflects their experience and level of responsibilities. Chairman of the AC, RC and NC receives higher fees in respect of their services as a chairman of the respective committee. The Directors will receive an additional fee if they are members of the Board Committee. The fees for Directors are determined by the Board with approval from shareholders at AGM.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee ("RC") (cont'd)

During the financial year under review, the RC reviewed and recommended the remuneration of the Executive Directors of the Company for Board's approval pursuant to the TOR of RC. The Non-Executive Directors' fees and benefits payable to Directors have also been reviewed and recommended by the RC to the Board to seek shareholders' approval at the Company's forthcoming AGM pursuant to the Constitution of the Company. No Director is involved in deciding his own remuneration.

The interested Directors abstained from deliberation and voting on their own remuneration at the Board meetings.

The RC has on June 2020 carried out an annual review of the Executive Directors' remuneration, whereupon recommendations were made to the Board for approval.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

In assisting the Board to discharge its duties on financial reporting, the Board has established an AC, which comprises three (3) members, all of whom are Independent Non-Executive Directors. Collectively, the AC members are financially literate, have commercial expertise skills, knowledge and understanding of the matters under the purview of the AC including the principles and developments of financial reporting. They constantly keep abreast of relevant changes to financial reporting standards and issues which have a significant impact on the financial statements through regular updates from the External Auditors and the Executive Directors.

All the AC members undertake training and continuous professional developments as set out in this Statement on page 27.

The composition, roles and responsibilities of the AC are set out on pages 36 to 38 under the AC Report in this Annual Report. The duties and responsibilities of the AC are also available in the AC's TOR.

Under its TOR, the AC assists the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management and compliance systems and practice, financial statements, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business.

The AC is responsible in ensuring that the financial statements of the Company are in accordance with the applicable accounting standards in Malaysia and in compliance with relevant rules and regulation. In this regard, the AC reviewed the scope of the audit set out in the audit planning memorandum, work plan, areas of audit emphasis, fee proposal, issues arising from the audit and remedial actions to rectify the issues, audit judgements, level of errors identified during the audit and recommendations made by the External Auditors. The AC also meets with the External Auditors without the presence of the executive directors and management once a year to discuss key matters within their responsibilities.

The TOR of the AC requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC.

The AC has on 29 June 2020 reviewed the independence and suitability of the External Auditors based on the relevant criteria set out in the Listing Requirements and External Auditor Assessment Policy which was approved by the Board on 28 June 2018. The AC has also reviewed the nature and extent of non-audit services provided by the External Auditors for FY2020 and recommends to the Board on the reappointment of the External Auditors.

The External Auditors have confirmed in writing that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants ("MIA"). In compliance with the MIA requirements, the lead partner is rotated every five (5) years to ensure independence and effectiveness.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Sound Risk Management and Internal Control

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The AC assists the Board in overseeing the risk management framework and reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group. The internal Risk Management Working Committee is responsible to manage business risks, including developing, implementing and monitoring mitigating measures to manage such risks to acceptable levels.

The AC processes are designed to establish a proactive framework and dialogue in which the AC, the management and the external and internal auditors review and assess the risk management framework. The Company Internal Risk Management Working Committee reports to the AC quarterly.

The Group has outsourced the internal audit function to a professional service firm which is independent of the activities and operations of the Group. The outsourced Internal Auditors report directly to the AC.

Details on the risk management and internal control system of the Group are set out in the AC report and Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communications with Stakeholders

The Board always recognizes that an effective communication with stakeholders is an essential requirement of the Group's sustainability. In view thereof, stakeholders are informed of all material business events and risks of the Group in a factual, timely and widely available manner. A corporate disclosure policies and procedures has been formalized to enable comprehensive, accurate and timely information relating to the Group are disclosed to the shareholders and other stakeholders not only to comply with the disclosure requirements as stipulated in the Listing Requirements, but also set out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders in compliance with the Listing Requirements of Bursa Securities.

The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences.

The Company also attended queries from shareholders via post, telephone, facsimile or email.

The Group is committed to a policy which provides accurate, balanced, clear, timely and complete disclosure of corporate

The Group is mindful of the importance of timely and equal dissemination of material information to the stakeholders, media and regulators. In this respect, the Group has in place a Corporate Disclosure Policy to ensure that comprehensive, accurate and timely disclosures are provided to shareholders and stakeholders.

Significant matters relating to development of the business, reporting requirements etc are disseminated by way of announcements via Bursa Securities and press releases. Interim and full results are announced in a mandatory period.

The Company has established a website at www.komark.com.my from which shareholders and members of the public may access the latest information on the operations and activities of the Group as well as relevant information required by Bursa Securities.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

General Meetings

The last Annual General Meeting ("AGM") was held on 9 October 2019. The AGM is the principal forum for dialogue with shareholders. AGM provides an opportunity for shareholders to understand the financial and operational performance of the Company and to pose questions to the Chairman, other Directors and key management.

The Chairman allocated sufficient time to encourage the shareholders, proxies and the corporate representatives to ask questions pertaining to the matters tabled at general meetings or voice any concerns. The Board, Management team and the Company's External Auditors were present at the meetings to answer questions raised and provide clarification as required by the shareholders, proxies and corporate representatives.

Notice of AGM sets out the resolutions together with the Company's Annual Report will be sent to shareholders at least twenty-eight (28) days prior to the meeting to provide shareholders with sufficient time for considerations and to make informed decisions. Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf.

Pursuant to Paragraph 8.29A of Listing Requirements, the Company must ensure that any resolution set out in the Notice of any general meeting is to be voted by poll. The Company has implemented poll voting for all resolutions via electronic means.

The Board will continue to adopt poll voting for all resolutions set out in the Notice of the AGM of which the votes cast will be validated by an independent scrutineer. The outcome of all resolutions proposed at the AGM is to be announced to Bursa Securities at the end of the meeting day while a summary of the key matters discussed at the AGM shall be published on the Company's website as soon as practicable after the conclusion of the AGM.

The Company will continue to observe the development of technology available in the market to facilitate participation of shareholders, including voting in absentia, in general meetings at remote areas.

This Statement was approved by the Board on 17 August 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers, the Board of Directors (the “Board”) is pleased to present its Statement on Risk Management and Internal Control. This Statement outlines the nature and scope of the Group’s internal control and risk management for the financial year ended 30 April 2020.

BOARD’S RESPONSIBILITY

The Board has an overall responsibility to establish and maintain a sound risk management and internal control system for the Group and to continually review the adequacy and effectiveness of the system in order to achieve the corporate objectives and to safeguard the shareholders’ investment and the Group’s assets.

Nevertheless, the Board is aware that due to the limitations inherent in any such system, the internal control system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss, as it is designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve the Group’s business objectives.

KEY ELEMENTS OF INTERNAL CONTROL

(a) The Group maintains a formal organisation structure with clear lines of accountability and responsibility. The daily running of the businesses is entrusted to the Executive Directors and the Senior Management team. The heads of each operating subsidiary and department within the Group are empowered with the responsibilities of managing their respective operations. The structure provides for a clear reporting line to facilitate the review and approval process within the Group.

(b) Ad-hoc and scheduled meetings are held if required at operational and management levels to identify operational issues, discuss and review business plans, budgets, financial and operational performances of the Group. Information is provided to the Senior Management for reporting to the Board during quarterly meetings. This is to ensure that matters that require the Senior Management and Board’s attention are highlighted for review, deliberation and decision.

    Senior Management will report the quarterly financial statements to the Audit Committee and Board at the quarterly meetings for review and approval before making announcements to the authorities.

(c) Audit Committee and Board meetings are held quarterly to review quarterly financial results, annual financial statements, business plans and development and significant risks highlighted by the RMC or any other matters reserved for Board consideration.

(d) The Group’s Internal Auditor performs regular review of business processes against policies and guidelines, identify areas for improvement to assess overall effectiveness and efficiency of internal control system. Internal audit reports are reviewed by the Audit Committee at its quarterly meetings.

(e) Significant transactions involving commitment of Group’s assets, acquisition or disposal of assets or business, joint venture, related party transactions and capital investment will be reviewed and approved by the Audit Committee and Board. Post implementation reviews are also conducted and reported to the Audit Committee and Board.

RISK MANAGEMENT FRAMEWORK AND PROCESS

The Board is aware that the Group’s business activities will expose the Group to a range of risks, including operating and financial risks. As such, the Group has established a Risk Management Framework (“RMF”) which sets out the objectives and risk management approach to identify, evaluate and report risk events. The RMF sets out to ensure a diverse set of risks faced by the various business & non-business units are managed appropriately to ensure that the Group continuously creates value for all its stakeholders whilst managing the effects of identified risks on the Group’s performance and position.

RISK MANAGEMENT FRAMEWORK AND PROCESS (CONT'D)

As part of the RMF, a Risk Management Committee ("RMC"), which comprised of representatives from business and non-business units has been established and is responsible for ensuring the implementation of appropriate systems to manage the overall risk exposures of the Group. The RMC is primarily responsible for the monitoring of the Group's risk policy and standards, maintaining the register of risks, monitoring the risk profile and risk tolerance of the Group and developing appropriate strategies and plans to mitigate material risks.

The overall responsibility for risk management resides at all levels within the Group and the day-to-day risks are managed at the business and non-business units level. The respective units constantly identify significant existing or potential risks affecting the Group's operations and appropriate actions will be taken to manage these risks.

These are then regularly documented and updated in a Risk Register which is reported for review and deliberated by the RMC during its quarterly meetings. The RMC, together with unit heads, measures the risk impact and likelihood as guided by the risk parameters in the Risk Register; evaluates and determines whether the level of risk is acceptable or unacceptable taking into consideration the risk appetite of the Group; and determines measures to manage these risks appropriately.

The Risk Register outlines the identified risks, root causes and consequences, ranking of each risk based on its likelihood of occurrence, and the extent of impact on the Group businesses. Control measures and action plans taken to manage the risks will also be documented in the Risk Register. The RMC will subsequently apprise the Audit Committee on the matters and issues deliberated in the quarterly meetings.

The on-going internal control and risk management processes have been integrated and embedded into the Group structure and conduct of business for the achievement of the Group's objectives and strategies. The Board will continue to review these processes to ensure adequacy and effectiveness of the system.

MANAGING RISKS

The Group maintains a comprehensive set of Risk Register, in which the input comes from the various departments pertinent to the Group's businesses. The register is reviewed regularly by the Risk Management Committee and reported to the Board on the assessment of each risk and where possible, the measures that has been taken to address or mitigate the risks.

Some of the key area of risks and mitigative measures taken are as follows:

1. Business continuity

The Group incurred operational loss of RM 10.45 million with accumulated losses of RM 51.77 million as at 30 April 2020.

To mitigate the losses and enhance business continuity, the Group has embarked rationalization scheme by cutting costs and divesting of non-profit generating operations while exploring, expanding and acquisition of the new businesses with strong revenue bases which may have synergistical effects on the existing Group's operations.

In addition, the Group has called for private placement for new share capital, ESOS and has also embarked into new business activities such as the manufacturing of face mask.

2. Keen competition

The Group faces keen competition in the label printing industry with aggressive margin pressure from both local and international competitors. Extra efforts have been spent in strengthening good client relationship, prompt response to customers' needs, developing new product design and cutting cost by adopting more cost focus and customer friendly approaches.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MANAGING RISKS (CONT'D)

3. Loss of key customer risk

During the financial year under review, the Group lost a single large customer who accounted for 8.62% (2019: 15.33%) of the Group's sales despite there is a long term relationship being established with that customer. Thus, the Group faces challenges in maintaining the market share in this competitive market. To mitigate the loss of key customers risk, the Group has focused on maintaining good relationship with existing customers; developing more new customers, re-engaging with the previous customers, strengthening on timely delivery, improvement in product quality and improving operational effectiveness and efficiency

4. Catastrophic event risks

There is always a threat of fire, flood, riot, information system and major equipment failures and outburst of pandemic that can affect the smooth operations of the Group's businesses. To contain catastrophic event risks, the Group has insured adequately its assets and regularly reviewed the insurance coverage on economically acceptable terms to minimize its adverse financial impacts. The Group's operation is a fully backed-up by having other factories or alternatives that can be temporarily supporting the affected operations.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is outsourced to a professional services firm which reviews and evaluates the adequacy and effectiveness of the Group's risk management and internal control system and reports directly to the Audit Committee. The Internal Auditor provides independent advisory services and reasonable assurance of the orderly and effective conduct of the operations of the Group.

The Internal Auditor reviews the internal control processes of various key functions of the Group's businesses in accordance with an annual audit plan approved by the Audit Committee. Based on results of the reviews, discussions are held with the Management to deliberate the risk areas identified, control gaps and recommendations for improvement actions to be undertaken by the Management to address the internal control weaknesses. The internal audit reports together with Management responses and proposed corrective actions are then presented for review by the Audit Committee at the quarterly meetings. Significant issues highlighted on the internal control of the Group are reported to the Board during their quarterly meetings. The Audit Committee also ensures that follow up actions and control measures are carried out by the Management to address the control weaknesses raised. None of the weaknesses have resulted in any material losses that would require a separate disclosure in this annual report.

During financial year under review, the internal auditors have carried out the audit on the following areas:-

1. Production management of Pt Komark Labels & Labelling Indonesia;
2. Asset management of Komark International (M) Sdn Bhd ("KI") and General Labels & Labelling (M) Sdn Bhd ("GLM'); and
3. Payment management of KI and GLM

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised) Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the year ended 30 April 2020 and reported to the Board that nothing has come to their attention that cause them to believe that the statement is intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

REVIEW OF STATEMENT BY EXTERNAL AUDITOR (CONT'D)

RPG 5 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board has received assurance from the Executive Chairman and Executive Directors that the Group's risk management and internal control system have been operating adequately and effectively, in all material aspects, based on the risk management and internal control of the Group. For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets.

The Board recognises the fact that the system of internal control and risk management practices should be documented and will evolve with the ever changing and challenging business environment in order to support the Group's operations. The Board, assisted by the Management, will put in place appropriate action plans to rectify and improve internal control weaknesses in the forthcoming financial years.

This statement was approved by the Board of Directors on 17 August 2020.

AUDIT COMMITTEE REPORT

COMPOSITION

Chairman
Teh Foo Hock*
(Independent Non-Executive Director)
(Re-designated on 17 August 2020)

Tan Lay Ching*
(Independent Non-Executive Director)
(Resigned on 1 July 2020)

Members
Roy Ho Yew Kee
(Independent Non-Executive Director)
(Appointed on 1 July 2020)

Ihsan Bin Ismail
(Independent Non-Executive Director)

Low Tuck Meng*
(Independent Non-Executive Director)
(Resigned on 1 July 2020)

* Member of the Malaysian Institute of Accountants (MIA).

During the financial year under review, the Audit Committee ("AC") comprises three (3) members, all of whom are independent non-executive directors. The AC meets the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires that at least one member of the AC must fulfil the financial expertise requisite of paragraph 15.09(1)(c) of Bursa Securities Listing Requirements. The AC Chairperson and a member of AC are members of the MIA.

TERMS OF REFERENCE

The terms of reference of the AC are published on the Company's website at www.komark.com.my.

MEETINGS

The AC held five (5) meetings during the financial year ended 30 April 2020 ("FY2020") and the attendance of the AC members were as follows:

Name	Attendance
Tan Lay Ching#	5/5
Low Tuck Meng#	5/5
Ihsan Bin Ismail	3/5
Teh Foo Hock**^	-
Roy Ho Yew Kee**	-

Ms. Tan Lay Ching and Mr. Low Tuck Meng ceased to be the Chairperson and a member of the AC respectively, upon their resignations as Independent Non-Executive Director of the Company on 1 July 2020.
** Mr. Teh Foo Hock and Mr. Roy Ho Yew Kee are appointed as a member of the AC on 1 July 2020.
^ Mr. Teh Foo Hock was re-designated from member to Chairman of the AC on 17 August 2020.

The quorum for each meeting shall be two (2) members.

MEETINGS (CONT'D)

The Executive Chairman, Group Chief Operating Officer, Chief Financial Officer, Company Secretaries and other Senior Management were invited to attend the AC meetings whenever required. The Internal Auditors and External Auditors also attended the AC meetings to provide updates and developments on issues arising from the audit reports.

Discussion, deliberations made at the AC meetings are recorded in the minutes of the AC meetings. Minutes of the AC meetings would be submitted to the Board members for notification and further discussion during the Board meetings. The AC Chairperson will report and update the Board on significant matters discussed during the AC meetings.

SUMMARY OF WORK

Following were the activities of the AC during the financial year under review: -

Financial Reporting

- The AC reviewed the quarterly reports FY2020 and the annual audited financial statements of Komark for the FY2019 to ensure that the financial statements were prepared in compliance with the Malaysian Financial Reporting Standard (MFRS) before recommending to the Board for approval prior to their release to Bursa Securities.

External Audit

- The AC evaluated the performance, independence and objectivity of Messrs. KC Chia & Noor in relation to its reappointment as External Auditors for the FY2020 and therefore recommended to the Board for its reappointment.

- The AC reviewed the audit report and findings of the External Auditors. The AC had one (1) private meeting with the External Auditors without the presence of the Executive Directors and Management to allow them to express concerns and issues arising from the audit.

- The AC assessed the objectivity and independence of the External Auditors prior to making any recommendation for non-audit services.

- The AC reviewed and recommended the non-audit services and respective fee for Board's approval.

- The AC reviewed the External Auditor's Audit Planning Memorandum including the audit approach to the current audit, scope of work, audit strategy and timetable for the financial audit.

Internal Audit ("IA")

- The AC approved the IA plan and reviewed the adequacy of the IA and resources of the IA function as well as the competency of the Internal Auditors to ensure the IA carry out its function effectively;

- The AC reviewed the audit reports on the audits performed based on the approved IA plan.

- The AC reviewed the progress reports of the IA and discussed the progress reports on the reported issues on a quarterly basis to ensure that all key risks and control weaknesses were properly and timely addressed.

- The AC evaluated the independence, efficiency and effectiveness of the IA.

Risk Management and Internal Control

- The AC oversees the internal control and risk management of the Group. The AC continues to monitor and review the effectiveness of the system of control and risk management with the support from the IA and internal risk management working committee.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK (CONT'D)

Related Party Transaction ("RPT")

- The AC conducted quarterly reviews of the RPT entered into by the Group and the disclosure of such transaction in the annual report of the Company, if any.

Compliance

- The AC reviewed and recommended for the Board's approval on the Corporate Governance Overview Statement, AC Report, Management Discussion and Analysis, Sustainability Statement and Statement on Risk Management and Internal Control.

- Reported to the Board on significant issues and concerns discussed during the AC meetings together with applicable recommendations. Minutes of the AC meetings were tabled and noted by the Board.

- Conducted a self-assessment exercise to evaluate their own effectiveness in discharging their duties and responsibilities for FY2020.

- Reviewed and sought clarifications with Chief Financial Officer in relation to six-month Share-Buy Back declaration of Solvency Statement before recommending for the Board's approval.

INTERNAL AUDIT FUNCTION

The internal audit function of Komark is outsourced to Messrs. Indah Corporate Governance Sdn. Bhd. The Internal Auditors assists the AC on discharging its duties and responsibilities and reports directly to the AC.

The IA engagement was headed by Ms. Tay Lee Hoon who has diverse professional experience in IA, risk management and corporate governance advisory. She is a Member of the Malaysian Institute of Accountants and a Member of the Chartered Tax Institute of Malaysia.

The IA for the financial year were conducted by 3 to 4 staff. The staff who performed the IA reviews have professional qualifications and/or university degree. Most of them are members of the Institute of Internal Auditors Malaysia. They are free from any relationships or conflict of interest, which could impair their objectivity and independence.

During the FY2020, the internal audit function carried out the following: -

a) Executed internal control reviews in accordance with the approved risk based internal audit plan. The business processes reviewed are as follows: -

   - Compliance of Production Management Flow
   - Segregation of Duty
   - Internal Control Review of Production Planning, Control and Process
   - Internal Control Review of Quality Control
   - Internal Control Review of Scrap Management (wastage & rejection goods)
   - Internal Control Review of Machine Maintenance
   - Safeguarding of Documentation and Book Keeping
   - Associated Business Risks
   - Findings & Recommendations

b) Performed follow-up review to ensure that corrective actions have been taken in a timely manner.

The results of the abovementioned work carried out by the internal audit function were tabled to the AC at their scheduled meetings.

The total fees incurred for outsourcing the internal audit function of Komark for the FY2020 was RM22,500.

An overview of the internal control within the Company is set out in the Statement on Risk Management and Internal Control on page 32 of this Annual Report.

OTHER INFORMATION

In compliance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the following additional information is provided:

1. Non-Audit Fees

The amount of non-audit fee paid or payable to External Auditors and their affiliated company for the financial year ended 30 April 2020 was RM22,000.

2. Material Contracts

During the financial year, there were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interest.

3. Utilisation of Proceeds

There was no fund raising exercise during the financial year.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2020.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and providing management services to its subsidiaries within the Group.

The Group is principally involved in manufacturing and trading of self-adhesive labels and stickers and related products. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the year	(10,706)	(33,655)
Loss attributable to:		
- Owners of the Company	(10,706)	(33,655)
- Non-controlling interests	-	-
	(10,706)	(33,655)

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, no dividend has been declared or paid by the Company.

The directors do not recommend the payment of any dividend in respect of the current financial year.

TREASURY SHARES

During the financial year, the Company repurchased 10,000 units of its issued ordinary shares from the open market at an average price of RM0.35 per share totaling RM3,547.

The shares repurchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act, 2016.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM48,425,658 to RM57,809,822 by an issuance of 41,152,889 units of new ordinary shares pursuant to the exercise of 41,152,889 units of warrants at RM0.23 each. The cash proceeds of RM9,465,164 arising therefrom are to provide working capital for the Company.

Other than the above, there was no issuance of debentures during the financial year. Further details of the issue of shares are disclosed in Note 13 to the financial statements.

DIRECTORS' REPORT

WARRANT 2015/2020

During the financial year, the movement of the outstanding warrants of the Company is as follows:-

		Number of warrants outstanding			
Date granted	**Exercise price**	**At 1.5.2019**	**Exercised**	**Lapsed**	**At30.4.2020**
21.1.2015	RM0.23	50,551,921	(41,152,889)	(9,399,032)	-

Further details and the salient terms of Warrants 2015/2020 are disclosed in Note 14 to the financial statements.

SHARE OPTIONS

No option was granted by the Company to any parties to take up unissued shares of the Company during the financial year.

On 5 August 2020, the shareholders of the Company at an Extra-ordinary general meeting, inter alia, approved an Employee Share Option Scheme ("Proposed ESOS") to be granted to eligible persons of the companies within the Group (excluding subsidiaries that are dormant) to subscribe for unissued new ordinary shares in the Company. Further details of the Proposed ESOS are disclosed in Note 15 to the financial statements.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	(Appointed as Chairman and Director on 11 August 2020)
Koh Hong Muan @ Koh Gak Siong*	(Retired as Chairman and Director on 16 July 2020)
Koh Chie Jooi*	
Ihsan Bin Ismail	
Teh Foo Hock	(Appointed on 15 October 2019)
Roy Ho Yew Kee	(Appointed on 25 June 2020)
Koo Kien Keat	(Appointed on 11 August 2020)
Tan Lay Ching (f)	(Resigned on 1 July 2020)
Low Tuck Meng	(Resigned on 1 July 2020)

* As director of the Company and certain subsidiaries within the Group

Pursuant to Section 253 of the Companies Act 2016, the list of directors of the subsidiaries who served since the beginning of the financial year to the date of this report, not including those directors mentioned above is as follows:

Ong Ann Boon	
Karnrawee Cherdchai	
Koh Chee Hao	(Resigned on 17 August 2020)
Koh Chee Kian	(Resigned on 9 July 2020)
Koh Soo Choo (f)	(Resigned on 6 July 2020)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 29(b) to the financial statements.

DIRECTORS' REMUNERATION

Included in the analysis below is remuneration for directors of the Company and its subsidiaries in accordance with the requirements of Companies Act 2016.

	Group RM' 000	Company RM' 000
Salaries and other emoluments	1,566	132
Defined contribution plan	125	-
Fees	992	155
Gratuity	160	160
	2,843	447

Further details of the directors' remuneration are disclosed in Note 26 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares			
	Balance at 1.5.2019	Bought	Sold	Balance at 30.4.2020
Direct Interests				
Koh Hong Muan @ Koh Gak Siong	26,159,466	-	-	26,159,466
Indirect Interests				
Koh Hong Muan @ Koh Gak Siong	21,813,777[1]	-	-	21,813,777[1]
Koh Chie Jooi	47,973,243[1][2]	-	-	47,973,243[1][2]

[1] Deemed interested in the shares by virtue of shares held by a company in which the director has interest.
[2] Deemed interested in the shares held by connected persons under Section 8 of the Companies Act, 2016.

By virtue of their interests in the shares of the Company, Koh Hong Muan @ Koh Gak Siong and Koh Chie Jooi are also deemed to have an interest in the shares of all the subsidiaries of the Company to the extent the Company has interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of the outbreak of Covid-19 pandemic, which may have significant impact on certain values attributed to current assets and the existing method of valuation of assets or liabilities adopted by the Group and of the Company.

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

(e) At the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group or of the Company for the financial year in which this report is made.

(g) As Note 35(a) to the financial statements discussed steps taken by the management to counter the current impact of the Covid-19 pandemic, the Board of Directors is confident that based on the existing mitigating measures and related action plans, the Group is poised to weather through the current challenging environment.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 34 to the financial statements.

MATERIAL SUBSEQUENT EVENTS

Material subsequent events subsequent to the financial year are disclosed in Note 35 to the financial statements.

SUBSIDIARIES

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

The auditors' reports on the financial statements of the subsidiaries within the Group did not contain any qualification.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for the directors, officers or auditors of the Group and of the Company during the financial year.

AUDITORS

The auditors, KC Chia & Noor, have expressed their willingness to continue in office.

Auditors' remunerations are disclosed in Note 24 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors

ROY HO YEW KEE **KOH CHIE JOOI**

Kuala Lumpur
Dated: 17 August 2020

STATEMENT BY DIRECTORS

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

We, ROY HO YEW KEE and KOH CHIE JOOI, being two of the directors of Komarkcorp Berhad do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 52 to 124 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 then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

ROY HO YEW KEE

KOH CHIE JOOI

Kuala Lumpur
Dated: 17 August 2020

STATUTORY DECLARATION

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

I, CHONG JIUN SHYANG (MIA membership No.: CA 20291), being the officer primarily responsible for the financial management of Komarkcorp Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 52 to 124, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed CHONG JIUN SHYANG
(NRIC No.: 650319-05-5519) at
Kuala Lumpur in the State of Wilayah
Persekutuan on 17 August 2020

CHONG JIUN SHYANG

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KOMARKCORP BERHAD
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Komarkcorp Berhad, which comprise the statements of financial position as at 30 April 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 124.

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 their cash flows for the 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 audit 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") (Ref: Note (a)), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters ("KAM")

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 year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

KAM - Revenue recognition
(Refer to Note 2.21 and 22 to the financial statements)

The Group recognised revenue from sale of goods amounting to approximately RM39.55 million during the year. Given the nature of the operations of the Group, we identified revenue recognition in respect of sale of goods to be an area of audit focus as we consider the high volume of transactions for numerous types of finished goods produced and traded by the Group to be a possible cause of higher risk of material misstatements in respect of the timing and amount of revenue recognised.

Furthermore, the key performance indicators for the key management personnel are measured based on the financial performance of the Group (revenue is one of the key determinants of the overall financial performance).

Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

Key Audit Matters ("KAM") (cont'd)

Our Response

In addressing this risk, amongst others:

(i) We tested the Group's internal controls over the timing and amount of revenue recognised;

(ii) We inspected the terms of significant sales transactions to determine the transaction price and the point of customer obtains control of the goods and assessed whether revenue was recognised in accordance with the terms;

(iii) We inspected documents which evidenced the delivery of goods to customers;

(iv) We also focused on testing the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period; and

(v) Using data analytics, we performed correlation analysis between revenue, trade receivables and cash and bank balances.

KAM - Impairment review of investment in subsidiaries and amounts due from subsidiaries

(a) Cost of investment in subsidiaries
(Refer to Note 6 to the financial statements)

The Company is required to perform impairment test of its investments whenever there is an indication that the investments may be impaired. The history of continued losses and depleting shareholders' funds reported by the subsidiaries of the Company indicate that the carrying amounts of the investment in subsidiaries may be impaired.

The Company estimated the recoverable amounts of the costs of investment in subsidiaries based on the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU").

Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the investments and discounting them at an appropriate discount rate. Such estimations are highly subjective and accordingly we consider this to be an area of audit focus.

Our Response

In addressing this area of audit focus, amongst others:

(i) We obtained an understanding of the relevant internal controls of the Company over the estimation of recoverable amounts of investments in subsidiaries.

(ii) We evaluated the assumptions used in the determination of discounted cash flows (such as sales contracts or orders secured, selling prices, discounts given, as well as the expenses related to the respective revenue streams to the agreements with purchasers) by making comparisons to historical trends;

(iii) We assessed whether the rates used in discounting the future cash flows to its present value by comparing with prevailing market rates.

(b) Amounts due from subsidiaries
(Refer to Note 11 to the financial statements)

The Company performed impairment reviews in respect of the amounts due from subsidiaries by comparing the assets' carrying amounts and the present value of estimated future cash flows receivable from the subsidiaries. The estimated future cash flows that are included in the impairment reviews are the contractual cash of the financial assets, reduced or delayed based on the current expectations of the amounts and timing of these cash flows as a result of losses incurred at the reporting date. Those cash flows are discounted at the original effective interest rate of the financial assets.

The aforementioned estimation of future cash flows involves significant judgment and estimates which are highly subjective and accordingly we consider this to be an area of audit focus.

Key Audit Matters (cont'd.)

KAM - Impairment review of investment in subsidiaries and amounts due from subsidiaries (cont'd)

(b) Amounts due from subsidiaries (cont'd)
(Refer to Note 11 to the financial statements)

Our Response

In addressing this area of concern, amongst others:

(i) We obtained an understanding of the relevant internal controls of the Company over the estimation of recoverable amounts due from subsidiaries; and

(ii) We evaluated the assumptions applied in the determination of the amounts and timing of receipts from the subsidiaries in light of the estimation of profits and the resulting cash flows to be derived from the operations of the subsidiaries.

Information Other than the Financial Statements and Auditors' Report

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 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.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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 judgment and maintain professional skepticism 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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 threads 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

KC CHIA & NOOR
AF: 0922
Chartered Accountants

CHIA KWONG CHOW
01027/01/2022 (J)
Chartered Accountant

Kuala Lumpur
Dated: 17 August 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM' 000	RM' 000	RM' 000	RM' 000
ASSETS					
Non-current assets					
Property, plant and equipment	4	65,942	65,532	-	-
Rights-of-use of assets	5	1,207	-	-	-
Investment in subsidiaries	6	-	-	30,272	1,615
Investment in associate	7	-	-	-	-
Deferred tax assets	8	55	74	-	-
Goodwill on consolidation	9	1,750	1,750	-	-
Total non-current assets		68,954	67,356	30,272	1,615
Current assets					
Inventories	10	3,624	3,534	-	-
Trade and other receivables	11	8,935	9,290	4,130	57,362
Tax recoverable		174	317	9	13
Cash and bank balances	12	2,846	2,938	736	224
Total current assets		15,579	16,079	4,875	57,599
TOTAL ASSETS		84,533	83,435	35,147	59,214

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2020 (CONT'D)

		Group		Company	
		2020	2019	2020	2019
	Note	RM' 000	RM' 000	RM' 000	RM' 000
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	13	62,789	48,425	62,789	48,425
Treasury shares	13	(4)	-	(4)	-
Warrant reserve	14	-	6,017	-	6,017
Other reserves	16	(5,855)	28	(30,219)	2,317
Total equity		56,930	54,470	32,566	56,759
LIABILITIES					
Non-current liabilities					
Post employment benefit	17	1,033	714	-	-
Loans and borrowings	18	5,840	6,947	-	-
Lease liabilities	19	718	-	-	-
Hire purchase payables	20	4,601	7,085	-	-
Deferred tax liabilities	8	767	248	-	-
Total non-current liabilities		12,959	14,994	-	-
Current liabilities					
Trade and other payables	21	8,781	8,533	2,581	2,455
Loans and borrowings	18	2,810	2,683	-	-
Lease liabilities	19	501	-	-	-
Hire purchase payables	20	2,547	2,719	-	-
Tax payable		5	36	-	-
Total current liabilities		14,644	13,971	2,581	2,455
TOTAL LIABILITIES		27,603	28,965	2,581	2,455
TOTAL EQUITY AND LIABILITIES		84,533	83,435	35,147	59,214

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM' 000**	**RM' 000**	**RM' 000**	**RM' 000**
Revenue	22	39,547	47,743	-	300
Cost of sales		(36,416)	(43,050)	-	-
Gross profit		3,131	4,693	-	300
Other operating income		1,928	2,655	6	23
Other operating expenses		(13,924)	(17,122)	(33,666)	(30,494)
Finance costs	23	(1,492)	(1,316)	-	-
Loss before taxation	24	(10,357)	(11,090)	(33,660)	(30,171)
Tax expense	27	(349)	1,243	5	-
Loss for the financial year		(10,706)	(9,847)	(33,655)	(30,171)
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to profit of loss:					
- Gain on revaluation		3,800	-	-	-
- Deferred tax on revaluation gain		(380)	-	-	-
- Deferred tax on gain of defined benefit plan		(20)	(8)	-	-
- Remeasurement gain on defined benefit plan		78	62	-	-
- Reversal of deferred tax on revaluation gain		-	567	-	-
- Reversal of remeasurement gain on derivative financial instrument		-	(40)	-	-
		3,478	581	-	-
Items that will be reclassified subsequently to profit of loss:					
- Exchange differences on translating foreign operation		226	405	-	-
		226	405	-	-

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONT'D)

		Group		Company	
		2020	2019	2020	2019
	Note	RM' 000	RM' 000	RM' 000	RM' 000
Total comprehensive loss for the financial year		(7,002)	(8,861)	(33,655)	(30,171)
Loss for the financial year attributable to:					
Owners of the Company		(10,706)	(9,847)	(33,655)	(30,171)
Non-controlling interests		-	-	-	-
		(10,706)	(9,847)	(33,655)	(30,171)
Total comprehensive loss attributable to:					
Owners of the Company		(7,002)	(8,861)	(33,655)	(30,171)
Non-controlling interests		-	-	-	-
		(7,002)	(8,861)	(33,655)	(30,171)
Loss per ordinary share (sen):					
- Basic	28	(4.78)	(4.59)		
- Diluted	28	(4.78)	- *		

* Anti-dilutive in nature

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

		Attributable to Owners of the Company												
					Non-Distributable						Distributable			
GROUP	Note	Share Capital RM' 000	Treasury Shares RM' 000	Share Premium RM' 000	General Reserve RM' 000	Foreign Currency Translation Reserve RM' 000	Revaluation Reserve RM' 000	Capital Redemption Reserve RM' 000	Capital Reserve RM' 000	Warrant Reserve RM' 000	Retained Profits/ (Accumulated Losses) RM' 000	Total RM' 000	Non-Controlling Interest RM' 000	Total Equity RM' 000
At 1 May 2018														
- As previously reported		48,425	(2,027)	-	361	28	11,287	-	33,882	6,017	(36,037)	61,936	-	61,936
- Effect on adoption of MFRS 9		-	-	-	-	-	-	-	-	-	(173)	(173)	-	(173)
As restated		48,425	(2,027)	-	361	28	11,287	-	33,882	6,017	(36,210)	61,763	-	61,763
Exchange translation differences		-	-	-	-	405	-	-	-	-	-	405	-	405
Loss for the year		-	-	-	-	-	-	-	-	-	(9,847)	(9,847)	-	(9,847)
Reversal of remeasurement gain on derivative financial instruments		-	-	-	-	-	-	-	-	-	(40)	(40)	-	(40)
Remeasurement gain on defined benefit plan	17	-	-	-	-	-	-	-	-	-	62	62	-	62
Reversal of deferred tax on revaluation gain	8			-	-	-	567	-	-	-	-	567	-	567
Deferred tax on gain of defined benefit plan		-	-	-	-	-	-	-	-	-	(8)	(8)	-	(8)
Total comprehensive loss for the financial year		-	-	-	-	405	567	-	-	-	(9,833)	(8,861)	-	(8,861)
Transactions with owners:														
Acquisition of treasury shares	13	-	(554)	-	-	-	-	-	-	-	-	(554)	-	(554)
Disposal of treasury shares	13	-	2,581	-	-	-	-	-	-	-	(459)	2,122	-	2,122
Total transactions with owners		-	2,027	-	-	-	-	-	-	-	(459)	1,568	-	1,568
At 30 April 2019		48,425	-	-	361	433	11,854	-	33,882	6,017	(46,502)	54,470	-	54,470

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONT'D)

		Attributable to Owners of the Company												
					Non-Distributable						Distributable			
GROUP	Note	Share Capital RM' 000	Treasury Shares RM' 000	Share Premium RM' 000	General Reserve RM' 000	Foreign Currency Translation Reserve RM' 000	Revaluation Reserve RM' 000	Capital Redemption Reserve RM' 000	Capital Reserve RM' 000	Warrant Reserve RM' 000	Retained Profits/ (Accumulated Losses) RM' 000	Total RM' 000	Non-Controlling Interest RM' 000	Total Equity RM' 000
At 30 April 2019		48,425	-	-	361	433	11,854	-	33,882	6,017	(46,502)	54,470	-	54,470
Exchange translation differences		-	-	-	-	226	-	-	-	-	-	226	-	226
Loss for the year		-	-	-	-	-	-	-	-	-	(10,706)	(10,706)	-	(10,706)
Gain on revaluation	16 (c)	-	-	-	-	-	3,800	-	-	-	-	3,800	-	3,800
Remeasurement gain on defined benefit plan	17	-	-	-	-	-	-	-	-	-	78	78	-	78
Deferred tax on revaluation gain	8	-	-	-	-	-	(380)	-	-	-	-	(380)	-	(380)
Deferred tax on gain of defined benefit plan		-	-	-	-	-	-	-	-	-	(20)	(20)	-	(20)
Total comprehensive loss for the financial year		-	-	-	-	226	3,420	-	-	-	(10,648)	(7,002)	-	(7,002)
Transactions with owners:														
Acquisition of treasury shares	13	-	(4)	-	-	-	-	-	-	-	-	(4)	-	(4)
Issuance of new ordinary shares pursuant to exercise of warrants	13	9,466	-	-	-	-	-	-	-	-	-	9,466	-	9,466
Exercise of outstanding warrants	14	4,898	-	-	-	-	-	-	-	(4,898)	-	-	-	-
Lapse of outstanding warrants	14	-	-	-	-	-	-	-	-	(1,119)	1,119	-	-	-
Total transactions with owners		14,364	(4)	-	-	-	-	-	-	(6,017)	1,119	9,462	-	9,462
At 30 April 2020		62,789	(4)	-	361	659	15,274	-	33,882	-	(56,031)	56,930	-	56,930

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONT'D)

		Attributable to Owners of the Company					
				Non-Distributable		Distributable	
COMPANY	**Note**	**Share Capital RM' 000**	**Treasury Shares RM' 000**	**Capital Reserve RM' 000**	**Warrant Reserve RM' 000**	**Retained Profits/ (Accumulated Losses) RM' 000**	**Total RM' 000**
At 1 May 2018							
- As previously stated		48,425	(2,027)	33,882	6,017	(758)	85,539
- Effect on adoption of MFRS 9		-	-	-	-	(177)	(177)
As restated		48,425	(2,027)	33,882	6,017	(935)	85,362
Total comprehensive loss for the financial year		-	-	-	-	(30,171)	(30,171)
Transactions with owners:							
Acquisition of treasury shares	13	-	(554)	-	-	-	(554)
Disposal of treasury shares	13	-	2,581	-	-	(459)	2,122
Total transactions with owners		-	2,027	-	-	(459)	1,568
At 30 April 2019		48,425	-	33,882	6,017	(31,565)	56,759
Total comprehensive loss for the financial year		-	-	-	-	(33,655)	(33,655)
Transactions with owners:							
Acquisition of treasury shares	13	-	(4)	-	-	-	(4)
Issuance of new ordinary shares pursuant to exercise of warrants	13	9,466	-	-	-	-	9,466
Exercise of outstanding warrants	14	4,898	-	-	(4,898)	-	-
Lapse of outstanding warrants	14	-	-	-	(1,119)	1,119	-
Total transactions with owners		14,364	(4)	-	(6,017)	1,119	9,462
At 30 April 2020		62,789	(4)	33,882	-	(64,101)	32,566

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM' 000**	**RM' 000**	**RM' 000**	**RM' 000**
OPERATING ACTIVITIES					
Loss before tax		(10,357)	(11,090)	(33,660)	(30,171)
Adjustments for :-					
Allowance/(reversal) for slow-moving inventories and obsolescence		180	171	-	-
Amortisation of right-of-use assets		239	-	-	-
Bad debt written off		15	3	-	-
Allowance/(reversal) for impairment loss on:-					
- Amount due from associate		35	407	-	-
- Amount due from subsidiaries		-	-	7,130	-
- Trade receivables		(20)	(275)	217	176
- Other receivable		-	7	-	7
- Investment in subsidiaries		-	-	24,055	28,722
Allowance/(reversal) for expected credit loss on:-					
- Trade receivables		-	(21)	1,081	-
Depreciation of property, plant and equipment					
- Current year		4,135	4,458	-	-
- Over provided in prior year		-	(56)	-	-
Interest expense		1,493	1,316	-	-
Interest income		(40)	(65)	(4)	(23)
Inventories written off		248	259	-	-
Property, plant and equipment written off		-	1,685	-	-
Unrealised loss on foreign exchange, net		(563)	4	8	197
Operating loss before working capital changes		(4,635)	(3,197)	(1,173)	(1,092)
Changes in Working Capital:-					
Inventories		(532)	660	-	-
Receivables		888	2,903	(7,908)	(3,670)
Payables		567	296	117	227
		(3,712)	662	(8,964)	(4,535)
Income tax (paid)/refund - net		(30)	(159)	10	(8)
Interest paid		(1,493)	(1,316)	-	-
Interest received		40	65	4	23
Net cash used in operating activities		(5,195)	(748)	(8,950)	(4,520)
Balance Carried Forward		(5,195)	(748)	(8,950)	(4,520)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONT'D)

		Group		Company	
		2020	2019	2020	2019
	Note	RM' 000	RM' 000	RM' 000	RM' 000
Balance Brought Forward		(5,195)	(748)	(8,950)	(4,520)
INVESTING ACTIVITY					
Purchases of property, plant and equipment	A	(492)	(3,521)	-	-
Net cash used in investing activity		(492)	(3,521)	-	-
FINANCING ACTIVITIES					
Drawdown of facilities		1,691	3,080	-	-
Placement of deposits pledged to a licensed bank		(29)	(87)	-	-
Proceeds from disposal of treasury shares		-	2,122	-	2,122
Proceeds from disposal of financial currency asset		-	40	-	-
Proceeds from issuance of shares capital		9,466	-	9,466	-
Repayment of hire purchase liabilities		(2,656)	(613)	-	-
Repayment of lease liabilities		(227)	-	-	-
Repayment of term loans and other borrowings		(3,412)	(3,344)	-	-
Repurchase of treasury shares		(4)	(554)	(4)	(554)
Net cash generated from financing activities		4,829	644	9,462	1,568
CASH AND CASH EQUIVALENTS					
Net changes		(858)	(3,625)	512	(2,952)
Effect of changes in foreign exchange rate		(4)	(38)	-	-
Cash and cash equivalents					
- at beginning of year		1,279	4,942	224	3,176
- at end of year	B	417	1,279	736	224

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

Reconciliation of movements of liabilities to cash flows arising from financial activities:

	Note	Loans and borrowings RM' 000	Lease liabilities RM' 000	Total RM' 000
Group				
At 1 May 2018	18	9,051	-	9,051
Drawdown of borrowings		3,080	-	3,080
Repayment of borrowings		(3,344)	-	(3,344)
At 30 April 2019 and 1 May 2019	18	8,787	-	8,787
Acquisition of new leases	19	-	1,446	1,446
Repayment of lease liabilities	19	-	(227)	(227)
Drawdown of borrowings		1,691	-	1,691
Repayment of borrowings		(3,412)	-	(3,412)
At 30 April 2020	18	7,066	1,219	(3,412)

NOTES

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company purchased the property, plant and equipment by way of:

	Group		Company	
	2020 RM' 000	2019 RM' 000	2020 RM' 000	2019 RM' 000
Cash	492	3,521	-	-
Hire purchase arrangements	-	2,861	-	-
	492	6,382	-	-
Less: Leasing arrangements	-	-	-	-
Total cash payments during the financial year	492	6,382	-	-

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group		Company	
	2020 RM' 000	2019 RM' 000	2020 RM' 000	2019 RM' 000
Deposits with licensed banks	1,614	902	680	-
Cash and bank balances	1,232	2,036	54	224
Bank overdrafts	(1,584)	(843)	-	-
	1,262	2,095	736	224
Less: Deposits pledged with licensed banks	(845)	(816)	-	-
	417	1,279	736	224

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The registered office is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan whilst the principal place of business of the Company is located at Lot 132, Jalan 16/1, Kawasan Perindustrian Cheras Jaya, Balakong, 43200 Cheras, Selangor Darul Ehsan.

The Group is principally involved in manufacturing and trading of self-adhesive labels and stickers and related products. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements for the year ended 30 April 2020 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group and the Company have adopted all the MFRS listed below, that are effective for annual financial periods beginning on or after 1 May 2019.

- IC Interpretation 23: Uncertainty over Income Tax Treatments
- MFRS 16: Leases
- Annual Improvements to MFRSs 2015 – 2017 Cycle
  (i) Amendments to MFRS 3: Business Combinations
  (ii) Amendments to MFRS 11: Joint Arrangements
  (iii) Amendments to MFRS 112: Income Taxes
  (iv) Amendments to MFRS 123: Borrowing Costs
- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
- Amendments to MFRS 119: Employee Benefits - Plan Amendment, Curtailment or Settlement

Except for the effects arising from the adoption of MFRS 16 as described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

MFRS 16: Leases

(a) Definition of a lease

On transition to MFRS 16, the Group and the Company have elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, determining whether an arrangement contains a lease were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 May 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

MFRS 16: Leases (cont'd)

(b) As a lessee

Where the Group and the Company are lessees, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 May 2019.

At 1 May 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's and the Company's weighted-average incremental borrowing rate as at l May 2019 of 5%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at l January 2020; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group and the Company used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 May 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At 1 May 2019, all freehold land under property, plant and equipment and prepaid land lease payments that meet the definition of a lease are reclassified as right-of-use assets. For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 May 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

The Group and the Company have applied commercial judgement to determine the lease term for those leases with renewal options and this in turn will impact on the amount of right-to-use assets and lease liabilities recognised. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for low value assets and short-term leases. The lease payments for these leases are expensed on a straight-line basis over the lease term.

(c) As a lessor

The Group leases some of its properties which were classified as operating lease. The accounting policies for the Group as a lessor remained the same as in MFRS 117. Hence, no adjustment is required for the transition to MFRS 16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards and Amendments issued but not yet effective

The Standards and Amendments that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these Standards and Amendments, if applicable, when they become effective.

Description	Effective for annual period beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to references to the Conceptual Framework In MFRS Standards	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of assets between an Investor and its Associate or Joint Venture	Deferred

The directors are of opinion that the Standards and Amendments above would not have any material impact on the financial statements in the year of initial adoption other than as discussed below:

(a) Amendments to MFRS 101 and MFRS 108 - Definition of Material

Under MFRS 101 and MFRS 108, the amendments were made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

(b) Revised Conceptual Framework for Financial Reporting

On 30 April 2019, MASB issued a revised Conceptual Framework for Financial Reporting. The purpose of the Conceptual Framework is, amongst others, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards and Amendments issued but not yet effective (cont'd)

(c) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Group and the Company do not expect the clarifications of the above would result in any material changes when determining whether a liability is current or non-current.

2.4 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Group has the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Basis of consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.6 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. All other contingent consideration shall be measured at fair value and such changes shall be recognised in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Business combinations (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.7 Subsidiaries

A subsidiary is an entity over which the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(b) exposure, or rights, to variable returns from its investment with the investee; and

(c) the ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.8 Investment in associate

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

Under the equity method, on initial recognition the investment in an associate is recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 9 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136: Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investment in associate (cont'd)

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.9 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into Ringgit Malaysia (RM) at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognized in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognized in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.10 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, plant and equipment and depreciation (cont'd)

Subsequent to recognition, property, plant and equipment except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Certain freehold and leasehold properties are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

The Group intends to perform revaluation review on all the freehold land and building for all subsidiaries every 5 years.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the following estimated useful lives of the assets:

Freehold buildings	10 to 50 years
Plant and machinery	4 to 20 years
Office equipment, furniture and fittings	4 to 20 years
Motor vehicles	5 to 10 years
Mould and die cutters	5 to 10 years
Renovation	5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method of each asset are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

A contract which involves the use of an item of property, plant and equipment that meets the definition of a lease is recognised as a right-of-use asset.

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Intangible assets (cont'd)

(a) Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.9.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(b) Development expenditure

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives, which are over three (3) to five (5) years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2.12 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGU")).

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the earning amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in the statement of profit or loss expense categories consistent with the function of the impaired assets.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Materials and component parts, spares and tools and consumables: purchase costs on a first-in-first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. These costs are assigned on a first-in-first-out basis.

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

2.14 Financial instruments

(a) Initial recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(b) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(ii) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised costs as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss is subsequently measured at their fair value. Net gain or losses, including any interest or dividend income, are recognised in the profit or loss. All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment.

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(i) Fair value through profit or loss ("FVTPL")

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(b) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

The categories of financial liabilities at initial recognition are as follows:

(i) Fair value through profit or loss ("FVTPL") (cont'd)

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- A group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- If a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(ii) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss is subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of awards of ownership of the financial asset are transferred to another party. On derecognition of financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash asset transferred or liabilities assumed, is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(d) Offseting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amount and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2.15 Impairment of financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at the amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt instruments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flow of the financial assets have occurred.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Fair value measurement

Fair value of an asset or a liability is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use calculation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and the Company's cash management.

2.18 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Borrowing costs (cont'd)

Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and the activities to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period they are incurred.

2.20 Leases

Current financial year

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are classified within the same line item as the corresponding underlying assets would be presented if they were owned. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset is transferred to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset instead of the lease term.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

Current financial year (cont'd)

(a) As a lessee (cont'd)

(ii) Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). They also apply the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) As a lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Previous financial year

(a) As a lessee

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

Previous financial year (cont'd)

(b) As a lessor

Leases where the Group and the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.21 Revenue

Revenue is measured based on the consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sale of goods is measured based on the consideration specified in a contract with a customer in exchange for transferring goods to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product to customer. An asset is transferred when (or as) the customer obtains control over the asset, customer, generally upon the transfer of significant risk and rewards of ownership of the goods to the customer.

The Group transfers control of a good at a point in time unless one of the following over time criteria is met:

- the customer simultaneously receives and consumes the benefits provided as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to-date.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

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

(c) Management fees

The performance obligation is satisfied over time upon services being rendered to the customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax items in relation to the underlying transaction that do not affect profit or loss are recognised either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes (cont'd)

(c) Sales and Services Tax ("SST")

Revenues, expenses and assets are recognised net of the amount of SST except:

- Where the amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.23 Employee benefits

(a) Short term benefits

Wages, salaries, allowances and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees. Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group and Company make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plan and other long-term employee benefits

Post-employment benefits and other long-term employee benefits such as long service leave and awards are accrued and recognised as expense when services have been rendered by qualified employees.

The post-employment benefits and other long-term employee benefits are actuarially determined using the Projected Unit Credit Method. The estimated benefit liability at statements of financial position date represents the present value of the defined benefits obligation at statements of financial position date, less the fair value of plan assets, and adjusted for unrecognised actuarial gains, non-vested past service costs, termination costs and curtailment gain or loss.

The post-employment benefits expense recognised during the current year consists of current service cost, interest on obligation, actuarial gain or losses and past service costs and reduced by employees' contributions and expected return on plan assets.

Provisions made pertaining to past service costs are deferred and amortised over the expected average service years of the qualified employee. Furthermore, provisions for current service costs are directly charged to operations of the current year. Actuarial gains or losses arising from adjustments and changes in actuarial assumptions are recognised as income or expense when the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligations or 10% of the fair value of plan assets, as that date. The actuarial gains or losses in excess of the aforementioned 10% threshold are recognised on a straight-line method over the expected average remaining service years of the qualified employees.

Actuarial gains or losses and past service costs from other long-term employee benefits are recognised directly in the statement of comprehensive income of the current-period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(a) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(b) Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(c) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in retained earnings.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.1 Judgements made in applying accounting policies

There were no critical judgements made by management in the process of applying accounting policies that have significant effect on the amount recognised in the financial statements during the current year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful life of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life the expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The carrying amount of the Group and the Company's property, plant and equipment at the reporting date is disclosed in Note 4 to the financial statements.

(b) Impairment of property, plant and equipment

The Group and the Company test non-financial assets for impairment when there are indications that the assets may be impaired.

During the financial year, the Group and the Company carried out the impairment test based on estimation of the value in use ("VIU") of the CGU to which the property, plant and equipment are allocated. Estimating the VIU requires the Group and the Company to make an estimate of the expected future cash flows from the CGU and apply a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in VIU calculations are disclosed in Note 4 to the financial statements.

(c) Impairment of investment in subsidiaries

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows and in some cases, based on current market indicators and estimates that provide reasonable approximations to detailed computation or based on total shareholders' equity of the subsidiaries.

The carrying amount at the reporting date for investments in subsidiaries is disclosed in Note 6 to the financial statements.

(d) Impairment of investment in Associate

The Group reviews its investments in associate when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows and in some cases, based on current market indicators and estimates that provide reasonable approximations to detailed computation or based on total shareholders' equity of the associate.

The carrying amount at the reporting date for investments in associate is disclosed in Note 7 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(e) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated.

When value in use calculation is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 9 to the financial statements.

(f) Allowance for expected credit losses of trade and other receivables

The Group uses simplified approach to calculate ECLs for trade receivables, contract assets and other investments. The provision rates are based on various customers' historical observed default rates.

The Group will consider and assess the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables is disclosed in Note 11 to the financial statements.

(g) Allowance for impairment loss of trade and other receivables

The allowance for impairment loss of trade and other receivables are based on the evaluation of the trade and other receivables on an individual basis and the amount of allowances already provided. The customer's credit worthiness is evaluated by reviewing, amongst others, the Group's and the Company's historical collection experience.

The information on allowance for impairment loss of loans and receivables is disclosed in Note 11 to the financial statements.

(h) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation.

These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences. Further details of recognised and unrecognised deferred tax assets are disclosed in Note 8 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(i) Income taxes

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

(j) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM' 000	Freehold buildings RM' 000	Plant and machinery RM' 000	Office equipment, and furniture and fittings RM' 000	Motor vehicles RM' 000	Mould and die cutters RM' 000	Renovation RM' 000	Total RM' 000
Group								
30.04.2020								
Cost/Valuation								
At 1 May 2019	18,700	14,400	64,001	2,250	1,761	540	2,088	103,740
Additions	-	-	364	48	-	80	-	492
Written off	-	-	-	-	-	(447)	(23)	(470)
Gain on revaluation	200	3,600	-	-	-	-	-	3,800
Foreign exchange differences	-	-	627	44	9	-	38	718
At 30 April 2020	18,900	18,000	64,992	2,342	1,770	173	2,103	108,280
Accumulated depreciation								
At 1 May 2019	-	1,440	31,581	1,615	1,215	386	1,611	37,848
Charge for the year	-	307	3,303	134	175	158	58	4,135
Written off	-	-	-	-	-	(447)	(23)	(470)
Foreign exchange differences	-	-	389	34	6	-	36	465
At 30 April 2020	-	1,747	35,273	1,783	1,396	97	1,682	41,978
Accumulated impairment losses								
At 1 May 2019 and 30 April 2020	-	-	360	-	-	-	-	360
Net carrying amount								
At 30 April 2020	18,900	16,253	29,359	559	374	76	421	65,942

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Office equipment, and furniture and fittings RM'000	Motor vehicles RM'000	Mould and die cutters RM'000	Renovation RM'000	Total RM'000
Group								
30.04.2019								
Cost/valuation								
At 1 May 2018	18,000	14,995	65,678	7,574	2,199	1,893	4,046	114,385
Reclassification	700	(595)	(53)	(2,216)	72	447	48	(1,597)
	18,700	14,400	65,625	5,358	2,271	2,340	4,094	112,788
Additions	-	-	6,111	49	-	97	125	6,382
Written off	-	-	(8,964)	(3,227)	(218)	(1,897)	(2,200)	(16,506)
Disposal	-	-	-	-	(317)	-	-	(317)
Foreign exchange differences	-	-	1,229	70	25	-	69	1,393
At 30 April 2019	18,700	14,400	64,001	2,250	1,761	540	2,088	103,740
Accumulated depreciation								
At 1 May 2018	-	1,232	36,034	5,975	1,468	1,179	3,327	49,215
Reclassification	-	(24)	(1,254)	(1,327)	55	643	329	(1,578)
	-	1,208	34,780	4,648	1,523	1,822	3,656	47,637
Additions	-	288	3,353	139	205	377	96	4,458
Written off	-	-	(7,280)	(3,226)	(218)	(1,813)	(2,200)	(14,737)
Disposal	-	-	-	-	(317)	-	-	(317)
Foreign exchange differences	-	-	728	54	22	-	59	863
Rectification	-	(56)	-	-	-	-	-	(56)
At 30 April 2019	-	1,440	31,581	1,615	1,215	386	1,611	37,848

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Office equipment, and furniture and fittings RM'000	Motor vehicles RM'000	Mould and die cutters RM'000	Renovation RM'000	Total RM'000
Group								
30.04.2019								
Accumulated impairment losses								
At 1 May 2018	-	-	379	-	-	84	-	463
Reclassification	-	-	(19)	-	-	-	-	(19)
	-	-	360	-	-	84	-	444
Written off	-	-	-	-	-	(84)	-	(84)
At 30 April 2019	-	-	360	-	-	-	-	360
Net carrying amount								
At 30 April 2019	18,700	12,960	32,060	635	546	154	477	65,532

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Assets acquired under hire-purchase arrangements

Property, plant and equipment held under hire purchase arrangements are as follows:

	Group	
	2020 RM'000	2019 RM'000
Net carrying amount		
Motor vehicles	321	544
Plant and machinery	15,620	16,343
	15,941	16,887

(b) Assets charged

Properties pledged to licensed banks and financial institutions as securities for borrowings granted to the Company and its certain subsidiaries as disclosed in Note 18 to the financial statements.

	Group	
	2020 RM'000	2019 RM'000
Net carrying amount		
Freehold land and buildings	33,803	30,600

5. RIGHTS-OF-USE OF ASSETS

	Group	
	2020	2019
	RM'000	RM'000
Net carrying amount		
At 1 May 2019/2018	-	-
Additions	1,446	-
	1,446	-
Accumulated amortisation	(239)	-
At 30 April 2020/2019	1,207	-

The movement in the accumulated amortisation during the year is as follow:

	Group	
	2020	2019
	RM'000	RM'000
Accumulated amortisation		
At 1 May 2019/2018	-	-
Amortisation charge for the year	239	-
At 30 April 2020/2019	239	-

The Group has lease contracts for various items of land, factory and hostel used in its operations.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective lease.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost		
At 1 May 2019/2018	30,337	30,337
Additions during the year	52,712	-
	83,049	30,337
Accumulated impairment losses	(52,777)	(28,722)
At 30 April 2020/2019	30,272	1,615

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

The movement of accumulated impairment losses is as follows:-

	Company 2020 RM'000	Company 2019 RM'000
Accumulated impairment losses		
At 1 May 2019/2018	28,722	-
Additions during the year	24,055	28,722
At 30 April 2020/2019	52,777	28,722

The Company has recognised impairment loss on investment in subsidiaries to the extent of the difference between the Company's share in net assets of the subsidiaries and its cost of investment.

The details of the subsidiaries are as follows:-

Name of company	Country of incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
General Labels & Labelling (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing of self-adhesive labels and stickers, and labelling machines and trading of related products
Komark International (M) Sdn. Bhd	Malaysia	100	100	Manufacturing of self-adhesive labels
General Labels & Labelling (JB) Sdn. Bhd.	Malaysia	100	100	Manufacturing of self-adhesive labels and stickers, and trading of related products.
General Labels & Labelling Pte. Ltd. *+	Singapore	100	100	Printer of labels and stickers
Komark (Thailand) Co,. Ltd *+	Thailand	100	100	Manufacturing and selling of self-adhesive labels

The details of the subsidiary of Komark International (M) Sdn. Bhd. are as follows:

Name of company	Country of incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
PT Komark Labels and Labelling Indonesia *+	Indonesia	84	100	Manufacturing and trading of self-adhesive labels

* Audited by another firm of auditors.
+ The financial statements of the subsidiary are prepared on a going concern basis.

7. INVESTMENT IN ASSOCIATE

	Group 2020 RM'000	Group 2019 RM'000
Unquoted shares, at cost	2	2
Accumulated impairment losses	(2)	(2)
	-	-
Represented by:		
Group's share in net assets	-	-

The details of the associate of Komark International (M) Sdn. Bhd. are as follows:

Name of company	Country of incorporation	Effective equity interest 2020 %	Effective equity interest 2019 %	Principal activities
Komark Enterprise Co. Ltd. *	Thailand	49	49	Trading of self-adhesive labels and related tools and equipment.

* Audited by another firm of auditors.

Financial information of the associate

The following table summarises the financial information of the associates (not the Group's share of those amounts):

	2020 RM'000	2019 RM'000
As at 30 April		
Current assets	315	309
Current liabilities	(2,737)	(2,632)
Net liabilities	(2,422)	(2,323)
Year ended 30 April		
Revenue	10	22
Loss for the year	(36)	(51)

7. INVESTMENT IN ASSOCIATE (CONT'D)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associate.

	Komark Enterprise Co. Ltd. RM'000
As at 30 April 2020	
Net liabilities	(2,422)
Non-controlling interests	(1,235)
	(1,187)
As at 30 April 2019	
Net liabilities	(2,323)
Non-controlling interests	(1,185)
	(1,138)
Group's share of results not accounted for:	
For the year ended	
30 April 2020	(18)
30 April 2019	(25)

8. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2020 RM'000	2019 RM'000
Deferred tax assets/(liabilities)		
Balance as at 1 May 2019/2018	(174)	(1,912)
Transferred to statements of profit or loss and other comprehensive income	(538)	1,736
Exchange translation difference	-	2
At 30 April 2020/2019	(712)	(174)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		(Liabilities)		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Provision)/reversal of revaluation surplus	-	567	(380)	-	(380)	567
Temporary timing differences	-	-	(387)	(841)	(387)	(841)
Others	55	100	-	-	55	100
Net tax assets/(liabilities)	55	667	(767)	(841)	(712)	(174)

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 income taxes relate to the same tax authority and same entity.

As at 30 April 2020, the Group has not recognised the estimated deferred tax assets/(liabilities) computed at their respective current tax rates for the following items:

	Group	
	2020 RM'000	2019 RM'000
Deferred tax assets/(liabilities) not recognized		
Temporary timing differences	(503)	(2,094)
Unabsorbed capital allowances	3,425	7,556
Unutilised tax losses	11,107	7,817
Unutilised reinvestment allowances	10,828	7,835
At 30 April 2020/2019	24,857	21,114

At the reporting date, the Group has losses and allowances as shown above that are available for offset against future taxable profits of the Group in which the losses and allowances arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability and they may not be used to offset taxable profits elsewhere in the Group.

The availability of unutilised tax losses and unutilized reinvestment allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to a time limit of 7 consecutive years of assessment effective from the year of assessment of 2019.

9. GOODWILL ON CONSOLIDATION

	Group	
	2020	**2019**
	RM'000	**RM'000**
Amount recognised on acquisitions	2,413	2,413
Accumulated amortisation	(663)	(663)
Net carrying value	1,750	1,750

Negative goodwill amounting to RM7,195,813 had been fully amortised and recognised in the statements of profit or loss and other comprehensive income in the previous financial years. Goodwill on consolidation is no longer amortised since financial year 2007, instead it is subject to impairment assessment by the management at end of the financial year.

There is no provision for impairment loss at the end of current financial year.

10. INVENTORIES

	Group	
	2020	**2019**
	RM'000	**RM'000**
At cost:		
Raw materials	4,579	4,137
Work-in-progress	290	218
Finished goods	2,243	2,473
	7,112	6,828
Less : Allowance for slow-moving inventories and obsolescence	(3,488)	(3.294)
At 30 April 2020/2019	3,624	3,534

The movement of allowance for slow-moving inventories and obsolescence is as follows:-

	Group	
	2020	**2019**
	RM'000	**RM'000**
At 1 May 2019/2018	3,294	3,123
Additions	180	171
Exchange translation difference	14	(3,294)
At 30 April 2020/2019	3,488	3,294

(a) During the year, the amount inventories recognised as cost of sales in the profit or loss is RM 31,517,901 (2019: RM 38,548,976).

(b) Raw materials, amongst others, consist of papers, ink, plates, films, die cutters and other consumables.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables				
- Third parties	7,950	7,898	-	-
- Associate	1,233	1,233	-	-
- Subsidiaries	-	-	570	591
	9,183	9,131	570	591
Less: Allowance for impairment loss				
- Third parties	(76)	(96)	-	-
- Associate	(1,233)	(1,233)	-	-
- Subsidiaries	-	-	(570)	(353)
	(1,309)	(1,329)	(570)	(353)
Less: Allowance for expected credit loss				
- Third parties	(152)	(152)	-	-
Total net trade receivables	7,722	7,650	-	238
Other receivables				
Other receivables, deposits and prepayments	1,220	1,647	34	7
Amount due from associate	1,325	1,290	-	-
Amount due from subsidiaries	-	-	12,314	57,124
	2,545	2,937	12,348	57,131
Less: Allowance for Impairment loss				
- Amount due from associate	(1,325)	(1,290)	-	-
- Amount due from subsidiaries	-	-	(7,130)	-
- Third party	(7)	(7)	(7)	(7)
	(1,332)	(1,297)	(7,137)	(7)
Less: Allowance for expected credit loss				
- Amount due from subsidiaries	-	-	(1,081)	-
Total net other receivables	1,213	1,640	4,130	57,124
Total trade and other receivables	8,935	9,290	4,130	57,362

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

(i) Credit terms of trade receivables

Trade receivables are non-interest bearing and are generally on 30 - 120 (2019: 30 - 120) days credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(ii) Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Current (not past due)	4,941	4,600
Past due:		
1 - 30 days	1,321	2,220
31 - 60 days	886	542
61 - 90 days	308	184
More than 90 days	418	256
	7,874	7,802
Amount impaired	1,309	1,329
At 30 April 2020	9,183	9,131

(iii) Receivables that are not impaired

Trade receivables that are not impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are not impaired have been renegotiated during the year.

(iii) Receivables that are impaired

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The expected credit losses on trade receivables are estimated using provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

(iii) Receivables that are impaired (cont'd)

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the expected credit loss and impairment are as follows:

	2020 Trade receivables Lifetime ECL RM'000	2020 Trade receivables Credit impaired RM'000	Total RM'000
Group			
At 1 May 2019	152	1,329	1,481
Reversal of impairment losses	-	(20)	(20)
At 30 April 2020	152	1,309	1,461

The movement in the allowance for impairment losses of trade receivables during the financial year 2019 is as follows:

	2019 Trade receivables Lifetime ECL RM'000	2019 Trade receivables Credit impaired RM'000	Total RM'000
Group			
At 1 May 2018 under MFRS 9	173	1,604	1,777
Reversal of impairment losses	-	(275)	(275)
Reversal of loss allowance	(21)	-	(21)
At 30 April 2019	152	1,329	1,481

Trade receivables that are collectively and individually determined to be impaired at the reporting date mainly relate to balances which have been significantly long outstanding. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

(i) Amounts due from associate

The amount due from an associate is unsecured, non-interest bearing and are repayable upon demand and such amounts are to be settled by cash.

(ii) Amounts due from subsidiaries

The amounts due from subsidiaries of the Company are unsecured, non-interest bearing and are repayable upon demand and such amounts are to be settled by cash.

12. CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	1,613	902	680	-
Cash in hand and at banks	1,233	2,036	56	224
	2,846	2,938	736	224
Less: Bank overdraft	(1,584)	(843)	-	-
Total cash and bank balances	1,262	2,095	736	224

Included in deposits with licensed banks for the Group is an amount of RM 845,095 (2019: RM816,915) pledged as security for banking facilities extended to its subsidiaries (Note 18).

13. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2020	2019	2020	2019
	Unit	Unit	RM'000	RM'000
Issued and fully paid shares classified as equity instruments				
Ordinary shares:				
At 1 May 2019/2018	164,433,704	164,433,704	48,425	48,425
Issuance of new shares pursuant to exercise of warrants	41,152,889	-	14,364	-
At 30 April 2020/2019	205,586,593	164,433,704	62,789	48,425
Treasury Shares:				
At 1 May 2019/2018	-	7,673,000	-	2,027
Acquisition	10,000	3,631,000	4	554
Disposals	-	(11,304,000)	-	(2,581)
At 30 April 2020/2019	10,000	-	4	-

(a) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

13. SHARE CAPITAL (CONT'D)

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. Treasury shares have no rights to voting, dividends and participation in other distribution. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase scheme can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds and the shares repurchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act 2016.

During the financial year, the Company repurchased 10,000 units of its issued ordinary shares from the open market at an average price of RM0.35 per share totalling RM3,547.

None of the treasury shares held was resold or cancelled during the financial year. As at 30 April 2020, the number of treasury shares was 10,000 units with the acquisition cost of RM3,547.

14. WARRANTS 2015/2020

On 22 January 2015, the Company issued a renounceable rights issue of 40,637,005 new ordinary shares of RM0.25 each with 40,637,005 free detachable new warrants on the basis of one (1) rights share and one (1) warrant for every two (2) existing ordinary shares of RM0.25 each held in the Company at an issue price of RM0.30 per rights share. These rights shares and warrants were listed and quoted on the Bursa Malaysia on 29 January 2015. The issuance resulted in net proceeds of RM11,655,132 received by the Company.

Arising from the issue of 40,637,005 warrants with the rights shares in previous year, the amount of RM6,449,093 had been allocated as warrant reserve based on the theoretical fair value of RM0.1587 per warrant with a corresponding debit amount taken to "Accumulated Loss" account. The warrant reserve will be transferred to the "Accumulated Loss" account upon the exercise of warrant and the warrant reserve in relation to the unexercised warrants, on expiry of the exercise period, shall remain in equity.

The salient terms of the warrants are as follows:

(a) The exercise period commenced on the date of issue of the warrants and will expire five years from the date of issuance. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid.

(b) The warrants were issued in registered form and constituted by a Deed Poll dated 15 December 2014.

(c) The exercise price is RM0.30 payable in full in respect of each new share of the Company issued upon the exercise of the warrant. Each warrant carries the entitlement to subscribe for one (1) new ordinary share of the Company.

The exercise price was adjusted from RM0.30 to RM0.23 with the additional 12,637,749 warrants issued arising from the adjustment of the effects from the bonus issue of shares on 4 January 2018. These additional issued warrants were listed and quoted on the Main Market of Bursa Malaysia on 5 January 2018.

14. WARRANTS 2015/2020 (CONT'D)

The movement of the outstanding warrants is as follows:

	Group and Company			
	Number of warrants		Warrant reserve	
	2020	2019	2020	2019
	Unit	Unit	RM'000	RM'000
At 1 May 2019/2018	50,551,921	50,551,921	6,017	6,017
Exercised	(41,152,889)	-	(4,898)	-
Lapsed	(9,399,032)	-	(1,119)	-
At 30 April 2020/2019	-	50,551,921	-	6,017

15. PROPOSED EMPLOYEE SHARE OPTION SCHEME ("Propose ESOS")

On 5 August 2020, the shareholders of the Company at an Extraordinary General Meeting, inter alia, approved the proposed ESOS to be granted to eligible persons of the companies within the Group (excluding subsidiaries that are dormant) to subscribe for unissued new ordinary shares in the Company.

The salient features of the Proposed ESOS are as follows:

a. The Scheme will be administered by the ESOS Committee, the composition of which is yet to be decided by the Board.

b. The maximum number of new shares of the Company, which may be available under the ESOS shall not exceed in aggregate 10% of the total issued and paid-up capital of the Company at any one time during the duration of the ESOS.

c. The ESOS will be made available for participation by eligible persons of the Group who meet the following criteria on the Date of Offer:

   - has attained the age of at least 18 years old and not an undischareged bankrupt;
   - who is in full time of service in a company within the Group;
   - who has been in a fixed duration of continuous service within the Group for such period yet to be determined by the ESOS Committee; and/or
   - be under such categories and criteria that the Option Committee may decide at its absolute discretion from time to time.

   Notwithstanding the above, the eligibility and number of options to be offered to an eligible person under the scheme shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

d. The maximum number of new shares of the Company that may be offered under the Scheme and allotted to an eligible person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of the eligible person and such other factors that the ESOS Committee may deem relevant, shall be allocated to any eligible person who, either singly or collectively through persons connected with such eligible person, holds 20% or more of issued capital of the Company (excluding treasury shares, if any), shall not exceed 10% of the total number of new Company shares to be issued under the Scheme.

   Not more than 70% of the Options available under the Scheme shall be allocated in aggregate to the Executive Directors and senior management personnel of the companies in the Group.

15. PROPOSED EMPLOYEE SHARE OPTION SCHEME ("Propose ESOS") (CONT'D)

The salient features of the Proposed ESOS are as follows: (cont'd)

e. The ESOS shall be in force for a period of 5 years from the effective date and may be extended or renewed (as the case may be), at the sole and absolute discretion of the Board of Directors of the Company upon the recommendation by the ESOS Committee, provided always that the initial ESOS period stipulated above and such extension of the ESOS made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from the effective date.

f. The option price payable for each new share of the Company upon exercise of the options shall be based on the 5-day weighted average market price of the Company's shares at the time the options are offered, with a discount of not more than 10%;

   The Exercise Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees.

g. A Grantee shall be allowed to exercise the Options granted to him/her either in whole or part in multiples of 100 Shares as the Grantee may be entitled under the Options at any time during the Option Period whilst he/she is in the employment of any company within the Group (which are not dormant).

   There will be no restriction to the Grantee on the percentage of Options exercisable by him/her during the Option Period.

16. OTHER RESERVES

	General reserve Note (a) RM'000	Translation reserve Note (b) RM'000	Revaluation reserve Note (c) RM'000	Capital reserve Note (d) RM'000	Total RM'000
Group					
At 1 May 2019	361	433	11,854	33,882	46,530
Gain on revaluation	-	-	3,800	-	3,800
Other comprehensive income/(expenses)	-	226	(380)	-	(154)
At 30 April 2020	361	659	15,274	33,882	50,176
At 1 May 2018	361	28	11,287	33,882	45,558
Other comprehensive income	-	405	567	-	972
At 30 April 2019	361	433	11,854	33,882	46,530
Company					
At 1 May 2019 and at 30 April 2020	-	-	-	33,882	33,882
At 1 May 2018 and at 30 April 2019	-	-	-	33,882	33,882

16. OTHER RESERVES (CONT'D)

(a) General Reserve

General reserve of the Group is maintained by an associate in compliance with Section 1202 of the Thai Civil and Commercial Code, that at each distribution of dividend, at least 5% of the profit or more must be appropriated to a reserve fund until such appropriations reach 10% of the registered capital of the associate.

(b) Translation Reserve

Translation reserve of the Group represents foreign exchange differences arising from the translation of the financial statements of a foreign subsidiary and an associate whose functional currencies are different from that of the Group's functional currency.

(c) Revaluation Reserve

Revaluation reserve of the Group represents the gain on revaluation arising from the revaluation of certain freehold land and buildings of the Group by various firms of independent valuers in the financial years of 2015 and 2020.

(d) Capital Reserve

Capital reserve of the Group and of the Company relates to the excess credit arising from par value reduction of the then issued and paid-up share capital in previous financial year.

17. POST EMPLOYMENT BENEFITS

The total post-employment benefits are as follows:

		Group	
	Note	2020 RM'000	2019 RM'000
Post employment benefits of subsidiary:			
- PT Komark Labels and Labelling Indonesia	(a)	288	295
- Komark (Thailand) Co,. Ltd	(b)	745	419
		1,033	714

(a) PT Komark Label and Labelling Indonesia

The liability for post-employment benefits consists of service payments, severance and termination benefits based on Indonesia Labour Law No. 13/2003 and other compensations.

The actuarial valuation of other long-term employee benefits for the years ended 30 April 2020 and 2019 was performed by a registered actuarial consulting firm, PT Gemma Aktuaria, using the "Projected Unit Credit" method.

Employee benefit expenses are recognised in its statements of comprehensive income as follows:

	2020 RM'000	2019 RM'000
Current service cost	48	94
Interest cost	25	20
Actuarial profit/(loss)	(1)	(28)
	72	86

17. POST EMPLOYMENT BENEFITS (CONT'D)

(a) PT Komark Label and Labelling Indonesia (cont'd)

Reconciliation of prepaid expenses/(reserves) is as follows:

	2020 RM'000	2019 RM'000
At 1 May 2019/2018	295	263
Payment of benefits	(1)	(28)
Expenses	48	94
Measurement of defined benefit	25	20
Recognised to OCI of actuarial loss/(gain)	(78)	(62)
Effects of foreign exchange rates	(1)	8
At 30 April 2020/2019	288	295

(b) Komark (Thailand) Co,. Ltd

The liability for post-employment benefits represents the obligations payable to the employees when they reach retirement age. The provision amounts are based on the employee's age, length of employment services, salary increase rate and other relevant assumptions.

The valuation of other long-term employee benefits for the years ended 30 April 2020 and 2019 was generally based on management's discretion and no registered actuarial consulting firm was engaged in calculating the post-employment benefits.

As the amount involved is insignificant, the directors are of the opinion the cost may outweigh the benefits and such amount has immaterial impact on the Group's results and financial position.

Employee benefit expenses are recognised in its statements of comprehensive income as follows:

	2020 RM'000	2019 RM'000
Current service cost		
- Current year	319	39
- Prior year	-	368
	319	407

Reconciliation of prepaid expenses/(reserves) is as follows:

	2020 RM'000	2019 RM'000
At 1 May 2019/2018	419	-
Recognised to statement of comprehensive income	319	407
Effects of foreign exchange rates	7	12
At 30 April 2020/2019	745	419

18. LOANS AND BORROWINGS

	Group	
	2020	**2019**
	RM'000	**RM'000**
Current		
Secured:		
Bank overdrafts	1,584	843
Bankers' acceptance	851	1,580
Term loans	375	260
Total current loans and borrowings	2,810	2,683
Non-current		
Secured:		
Term loans	5,840	5,447
Unsecured:		
Loans from a credit company	-	1,500
Total non-current loans and borrowings	5,840	6,947
Total loans and borrowings	8,650	9,630

The remaining maturities of the loans and borrowings were as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
On demand or within 1 year	2,810	4,183
Between 1 year and 2 years	375	260
Between 2 and 5 years	1,125	778
More than 5 years	4,340	4,409
	8,650	9,630

(a) The interest rates of the loans and borrowings of the Group were as follows:

	Group	
	2020	**2019**
	%	**%**
Bank overdraft	4.73	1.75
Bankers' acceptance	5.25	5.45
Term loans	6.85	5.60
Loans from a credit company	-	18.0

18. LOANS AND BORROWINGS (CONT'D)

(b) The bank overdrafts, bankers' acceptance and term loans are secured by a legal charge over freehold land and building of a subsidiary with a carrying value of RM33,802,500 (2019: RM30,600,000) and also corporate guarantee from the Company.

19. LEASE LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Current		
Lease liabilities	501	-
Non-current		
Lease liabilities	718	-
Total lease liabilities	1,219	-

The movement of lease liabilities during the financial year is as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 May 2019/2018	-	-
Additions	1,446	-
Accretion of interest charged (Note 23)	33	-
Payment of:		
- principal	(227)	-
- interest	(33)	-
At 30 April 2020/2019	1,219	-

The expenses relating to payments not included in the measurement of the lease liabilities are as follows:

	Group	
	2020 RM'000	2019 RM'000
Amortisation of right-of-use of assets	239	-
Interest expense on lease liabilities	33	-

The Group had total cash outflows for leases amounted to RM 258,641 in 2020.

There were no leases with residual value guarantee or leases not yet commenced to which the Group and the Company are committed.

20. HIRE PURCHASE PAYABLES

	Group	
	2020	2019
	RM'000	RM'000
Minimum payment		
- not later than one year	2,968	3,101
- later than one year and not later than five years	4,901	8,053
	7,869	11,154
Future finance charges on hire purchase	(721)	(1,350)
Present value of hire purchase payables	7,148	9,804
Current	2,547	2,719
Non-current	4,601	7,085
	7,148	9,804
Present value of hire purchase payables		
- not later than one year	2,547	2,719
- later than one year and not later than five years	4,601	7,085
	7,148	9,804

Hire purchase payables are subject to effective interest rates ranging from 3.58% to 4.83% (2019: 3.86% to 8.08%).

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade payables	6,584	6,170	-	-
Other payables, accruals and deposits received	2,197	2,217	781	737
Amount due to subsidiaries	-	-	1,800	1,718
Amount due to directors	-	146	-	-
	8,781	8,533	2,581	2,455

(a) Trade Payables

Trade payables are unsecured, non-interest bearing and are normally settled on an average term 60 - 120 days (2019: 60 - 120 days) credit term.

(b) Other Payables

Other payables are unsecured, non-interest bearing and are repayable on demand. Other payables are normally settled on an average term of 90 days (2019:90 days) credit term.

(c) Amount due to subsidiaries and directors

Amount due to subsidiaries and directors are unsecured, non-interest bearing and are repayable on demand.

22. REVENUE

Revenue consists of the following:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
- Sales of adhesive labels and stickers and related products	39,547	47,743	-	-
Revenue from other sources:				
- Management fees from subsidiaries	-	-	-	300
Total revenue	39,547	47,743	-	300
Timing of revenue recognition:				
- At a point in time	39,547	47,743	-	-
- Over the service period	-	-	-	300

Significant terms of sales is as follows:

(i) Sale of goods - Credit period of 30 to 120 days (2019: 30 to 120 days) from the invoicing date.

(ii) Rendering of services - Credit period of 30 days (2019: 30 days) from the invoicing date.

23. FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest expense for financial liabilities:				
- Bank overdrafts interest	69	72	-	-
- Bankers' acceptance interest	59	124	-	-
- Hire purchase and finance lease interest	626	696	-	-
- Lease interest	33	-	-	-
- Term loan interest	352	319	-	-
- Interest on loan from a credit company	353	105	-	-

24. LOSS BEFORE TAXATION

The following amounts have been charging in arriving at loss before taxation:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Allowance for obsolete inventories	180	171	-	-
Allowance/(reversal) for impairment losses on:				
- Trade receivables	(20)	(275)	217	176
- Amount due from associate	35	407	-	-
- Other receivables	-	7	-	7
- Investment in subsidiaries	-	-	24,055	28,722
Amortisation of right-of-use assets	239	-	-	-
Auditors' remuneration				
- Current year's provision	210	186	41	44
- Under provision in prior years	25	31	23	25
Bad debts written off	15	3	-	-
Depreciation of property, plant and equipment				
- Current year	4,135	4,458	-	-
- Over provision in prior years	-	(56)	-	-
Directors' remuneration (Note 26)	2,843	2,718	447	464
Employee benefit expense (Note 25)	10,909	11,828	323	409
Allowance/(reversal) for expected credit loss on:				
- Trade receivables	-	(21)	1,081	-
Inventories written off	248	259	-	-
Loss/(gain) on foreign exchange				
- Realised	406	156	-	-
- Unrealised	(563)	4	8	197
Property, plant and equipment written off	-	1,685	-	-
Rental of hostel	22	30	-	-
Rental of premises	317	839	-	-

The following amounts have been crediting in arriving at loss before taxation:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(40)	(65)	(4)	(22)
Management fee charged to subsidiaries	-	-	-	(300)
Rental income	(171)	(170)	-	-

25. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries, allowances and others	9,129	9,999	285	361
Contributions to a defined contribution plan	750	772	35	44
Contributions to social security plans	155	145	3	4
Overtimes	632	793	-	-
Incentives	5	4	-	-
Bonuses	238	115	-	-
	10,909	11,828	323	409

26. DIRECTORS' REMUNERATION

The remuneration received and receivable by directors of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company:				
Executive				
Fees	728	722	-	-
Salaries and other emoluments	664	496	118	112
Defined contribution and social security plans	48	70	-	41
Gratuity	160	160	160	160
Total short-term employee benefits	1,600	1,448	278	313
Non-Executive				
Fees	155	132	155	132
Other emoluments	14	19	14	19
Total short-term employee benefits	169	151	169	151
Total remuneration of the directors of the Company	1,769	1,599	447	464
Other directors:				
Executive				
Fees	109	114	-	-
Salaries and other emoluments	888	927	-	-
Defined contribution and social security plans	77	78	-	-
Total short-term employee benefits	1,074	1,119	-	-
Total directors' remuneration	2,843	2,718	447	464

27. TAX EXPENSE

Statements of profit or loss and other comprehensive income:	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current income tax				
- Current year	193	-	-	-
- Under/(over) provision in prior year	18	(85)	(5)	-
	211	(85)	(5)	-
Deferred taxation				
- Current year's provision/(reversal)	138	(1,158)	-	-
Income tax expense recognised in statement of profit or loss and other comprehensive income	349	(1,243)	(5)	-

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Loss before taxation	(10,357)	(11,090)	(33,660)	(30,171)
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	(2,486)	(2,661)	(8,078)	(7,241)
Effect of different tax rates in foreign jurisdictions	(10,291)	(8,773)	-	-
Non-deductible expenses	11,951	9,923	8,078	7,241
Income not subject to tax	(772)	(662)	-	-
Deferred tax assets not recognised	1,930	1,015	-	-
	332	(1,158)	-	-
Under/(over) provision of income tax in prior year	18	(85)	(5)	-
Others	(1)	-	-	-
Tax expense	349	(1,243)	(5)	-

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

In the previous financial year, the Malaysian corporate tax rate was reduced to a range of 20% to 24% from the tax rate of 24%. The reduction in income tax rate is based on the percentage of increase in chargeable income as compared to immediate preceding year of assessment.

(b) Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

27. TAX EXPENSE (CONT'D)

(c) Tax savings during the financial year arising from:

	Group	
	2020	**2019**
	RM' 000	**RM' 000**
Utilisation of current year tax losses	-	7
Utilisation of current tax incentives	182	-
	182	7

(d) At the reporting date, subject to the agreement of the tax authority, the Group has the following tax losses and allowances to offset against future taxable income.

	Group	
	2020	**2019**
	RM' 000	**RM' 000**
Unutilised tax losses	50,738	44,597
Unabsorbed capital allowances	14,531	16,931
Reinvestment allowances	45,115	45,115

(e) Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses and unutilised reinvestment allowances that can only be carried forward until the following years of assessment:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Unutilised tax losses to be carried forward until:		
- Year of assessment 2025	29,882	30,189
- Year of assessment 2026	2,807	-
	32,689	30,189
Reinvestment allowances to be carried forward until:		
- Year of assessment 2025	45,115	45,115

28. LOSS PER SHARE

Basic loss per share amounts is calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	2019
	RM'000	RM'000
Loss net of tax attributable to owners of the Company	(10,706)	(9,847)

	Group	
	2020	2019
	Unit' 000	Unit' 000
Number of ordinary shares in issue at 1 May 2020/2019	205,587	164,434
Effect of repurchase of treasury shares	(7)	(2,047)
Effect of disposal of treasury shares	-	1,444
Warrants exercised	18,487	-
Weighted average number of ordinary shares in issue for basic earnings per share	224,067	163,831
Effects of dilution :		
- Unexercised warrants	-	50,552
Weighted average number of ordinary shares in issue for diluted earnings per share computation	224,067	214,383
Basic loss per share (sen)	(4.78)	(4.59)
Diluted loss per share (sen)	(4.78)#	- *

* Anti-dilutive in nature

As there are no dilutive potential ordinary shares at end of the financial year, the diluted loss per share of the Group is same as the basic loss per share.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place at terms agreed between the parties during the financial year:-

(a) Sale and purchase of goods and services

	Company	
	2020	2019
	RM'000	RM'000
Transactions with subsidiaries		
- Management fee income	-	300

Information regarding outstanding balance arising from related party transactions as at 30 April 2020 is disclosed in Note 11 and Note 21.

(b) Compensation of key management personnel

The remuneration of directors of the Group and of the Company and other key management personnel during the year was as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Key management personnel				
Directors (Note 26)				
- Fees	992	968	155	132
- Other emoluments (including defined contribution and social security plans)	1,691	1,590	132	172
- Gratuity	160	160	160	160
Total key management personnel benefits	2,843	2,718	447	464

30. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and market risk (equity price risk). It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts as the Group had no substantial long-term interest-bearing assets as at 30 April 2020. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amount as at reporting date was:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial Assets				
- Deposits with licensed banks	1,613	902	680	-
Financial Liabilities				
- Bank overdraft	(1,584)	(843)	-	-
- Hire purchase payables	(7,148)	(9,804)	-	-
- Term loans	(6,215)	(5,707)	-	-
- Loan from a credit company	-	(1,500)	-	-
- Lease liabilities	(1,219)	-	-	-
	(14,553)	(16,952)	680	-
Floating rate instruments				
Financial Liabilities				
- Bankers' acceptance	(851)	(1,580)	-	-
	(851)	(1,580)	-	-

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's loss net of tax and total equity would have been RM38,510 (2019: RM46,330) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Foreign currency risk

The Group is exposed to various currencies, mainly United States Dollar ("USD"), Singapore Dollar ("SGD"), Indonesian Rupiah ("IDR"), Thai Baht ("THB"), Euro ("Euro") and a small percentage in other foreign currencies. Foreign currencies denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currency of the Company and its subsidiaries are kept to an acceptable level. As at 30 April 2020 and 30 April 2019, the Group and the Company have not entered into any forward foreign currency contracts.

	Group	
	2020	**2019**
	RM'000	**RM'000**
Net unhedged financial assets/(liabilities):		
United States Dollar ("USD")	282	81
Singapore Dollar ("SGD")	746	1,667
Thailand Baht ("THB")	(166)	1,279
Euro Dollar ("EUR")	(12)	-
Indonesian Rupiah ("IDR")	(308)	496
	(542)	3,523

Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible change in the USD, SGD, THB, EUR and IDR exchange rates against the respective functional currencies of the Group component entities, with all other variables held constant.

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign currency risk (cont'd)

		Group	
		2020	2019
		RM'000	RM'000
USD/RM	- strengthened 10% (2019: 10%)	28	8
	- weakened 10% (2019: 10%)	(28)	(8)
SGD/RM	- strengthened 10% (2019: 10%)	75	167
	- weakened 10% (2019: 10%)	(75)	(167)
THB/RM	- strengthened 10% (2019: 10%)	17	128
	- weakened 10% (2019: 10%)	(17)	(128)
EUR/RM	- strengthened 10% (2019: 10%)	1	-
	- weakened 10% (2019: 10%)	(1)	-
IDR/RM	- strengthened 10% (2019: 10%)	31	50
	- weakened 10% (2019: 10%)	(31)	(50)

(d) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposures of the Group and of the Company to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company adopt a prudent approach to manage their liquidity risk. It is the objective of the Group and of the company to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

30. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

		Cash Flow			
	Carrying amount RM'000	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Group					
At 30 April 2020					
Financial Liabilities:					
- Trade and other payables	8,781	8,781	-	-	8,781
- Borrowings	8,650	2,810	1,500	4,340	8,650
- Hire purchase payables	7,148	2,547	4,601	-	7,148
- Lease liabilities	1,219	501	718	-	1,219
	25,798	14,639	6,819	4,340	25,798
At 30 April 2019					
Financial Liabilities:					
- Trade and other payables	8,533	8,533	-	-	8,533
- Borrowings	9,630	4,183	1,038	4,409	9,630
- Hire purchase payables	9,804	2,719	7,085	-	9,804
	27,967	15,435	8,123	4,409	27,967
Company					
At 30 April 2020					
Financial Liabilities:					
- Trade and other payables	781	781	-	-	781
- Amount due to subsidiaries	1,800	1,800	-	-	1,800
	2,581	2,581	-	-	2,581
At 30 April 2019					
Financial Liabilities:					
- Trade and other payables	737	737	-	-	737
- Amount due to subsidiaries	1,718	1,718	-	-	1,718
	2,455	2,455	-	-	2,455

30. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash), the Group minimizes credit risk by dealing exclusively with high credit rating counterparties.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimize credit risk, the Group has developed and maintained the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is a significant difficulty of the debtor
- A breach of contract such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

30. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit Risk (cont'd)

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is > 60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	12-month or lifetime ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
30 April 2020					
Trade receivables	11	Lifetime ECL (simplified)	9,183	(1,461)	7,722
Other receivables	11	Lifetime ECL (simplified)	2,545	(1,332)	1,213
				(2,780)	
30 April 2019					
Trade receivables	11	Lifetime ECL (simplified)	9,131	(1,481)	7,650
Other receivables	11	Lifetime ECL (simplified)	2,937	(1,297)	1,640
				(2,778)	

For trade receivables and other receivables, the Group has applied the simplified approach in MFRS 139 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect the current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade and other receivables is presented based on their past due status in terms of the provision matrix.

30. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit Risk (cont'd)

	Trade receivables					
		Past due				
	Not past due RM'000	1 - 30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	> 90 days RM'000	Total RM'000
30 April 2020						
ECL rate	0.25%	2.5%	1.2% - 5%	1.9% - 10%	2.5% - 15%	
Estimated total gross carrying amount at default	4,941	1,321	886	332	1,703	9,183
ECL – not credit-impaired	(13)	(27)	(32)	(27)	(53)	(152)
ECL – credit- impaired	-	-	-	(24)	(1,285)	(1,309)
						7,722
30 April 2019						
ECL rate	-	2.5%	5.0%	10.0%	15.0%	
Estimated total gross carrying amount at default	4,600	2,220	542	184	1,585	9,131
ECL – not credit-impaired	-	(55)	(27)	(19)	(51)	(152)
ECL – credit-impaired	-	-	-	-	(1,329)	(1,329)
						7,650

	Other receivables					
		Past due				
	Not past due RM'000	1 - 30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	> 90 days RM'000	Total RM'000
30 April 2020						
Estimated total gross carrying amount at default	1,213	-	-	-	1,332	2,545
ECL – credit-impaired	-	-	-	-	(1,332)	(1,332)
						1,213
30 April 2019						
Estimated total gross carrying amount at default	1,640	-	-	-	1,297	2,937
ECL – credit-impaired	-	-	-	-	(1,297)	(1,297)
						1,640

30. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit Risk (cont'd)

Information regarding loss allowance movement of trade and other receivables is disclosed in Note 11 to the financial statements.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Exposure to credit risk

The Group has no significant concentration of credit risk other than those balances with associate comprising 13% (2019: 13%) of trade receivables. The Group has credit policies and procedures in place to minimize and mitigate its credit risk exposure.

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that they maintain healthy capital ratios to support their businesses and maximise shareholder value. No changes were made in the objectives, policies and processes during the years ended 30 April 2020 and 30 April 2019.

The Group reviews their capital structure and makes adjustments to reflect economic conditions, business strategies and future commitments on a continuous basis.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the statement of financial position, plus net debts.

The Group is not required to comply with all externally imposed capital requirements in respect of their external borrowings.

	Group	
	2020	**2019**
	RM'000	**RM'000**
Borrowings (Note 18)	8,650	9,630
Lease liabilities (Note 19)	1,219	-
Trade and other payables (Note 21)	8,781	8,533
	18,650	18,163
Less: Cash and cash equivalents	(417)	(1,279)
Net debts	18,233	16,884
Total equity attributable to the owners of the Company	56,930	54,470
Total capital	75,163	71,354
Gearing ratio (times)	0.24	0.24

32. SEGMENT INFORMATION

Segmental information is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity.

For each of the operating segments, the Group Chief Operation Officer reviews the internal management reports on a monthly basis and conducts performance dialogues with the divisions on a regular basis. The Group assesses the performance of the operating segments based on measure of revenue and profit /(loss) before tax.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities, income and expenses.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These transfers are eliminated on consolidation.

(a) Operating segment

For management purposes, the Group is organised into business units based on their activities, and the Group has only one reportable operating segment, that is the self-adhesive labels and stickers manufacturing segment is in the business of manufacture and trading of sales of self-adhesive labels and stickers.

Segment analysis by operating segments has not been presented as the Group's operations are predominantly conducted in one single core segment as mentioned above.

(b) Geographical segment

Segmental information is presented in respect of the Group's geographical segments based on the Group's management and internal reporting structure.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on location of the assets. The non-current assets do not include financial instruments, investment in associate and deferred tax assets.

Geographical information

	External revenue RM'000	Non-current assets RM'000
Group		
2020		
Malaysia	17,077	53,502
Singapore	9,170	135
Thailand	17,491	7,898
Others	1,699	4,540
	45,437	66,075
Inter geographical location elimination	(5,890)	(133)
	39,547	65,942

32. SEGMENT INFORMATION (CONT'D)

Geographical information (cont'd)

	External revenue RM'000	Non-current assets RM'000
Group		
2019		
Malaysia	19,935	51,506
Singapore	8,961	168
Thailand	20,412	8,893
Others	3,094	5,432
	52,402	65,999
Inter geographical location elimination	(4,659)	(467)
	47,743	65,532

33. CONTINGENT LIABILITIES

	Group and Company	
	2020 RM'000	2019 RM'000
Secured		
Corporate guarantees granted in respect of the banking facilities extended to subsidiaries	15,988	18,447

34. SIGNIFICANT EVENTS

Subscription of new ordinary shares in subsidiaries

During the financial year, the Company subscribed for new ordinary shares in two of its subsidiaries:

(i) 24,054,374 units of new ordinary shares at RM1.00 per share in General Labels & Labelling (M) Sdn. Bhd. ("GLLMSB") by offsetting against the amount due from GLLMSB to the Company; and

(ii) 28,657,142 units of new ordinary shares at RM1.00 per share in Komark International (M) Sdn. Bhd. ("KIMSB") also by offsetting against the amount due from KIMSB to the Company.

35. MATERIAL SUBSEQUENT EVENTS

(a) Outbreak of Covid-19 virus ("Covid-19")

On 11 March 2020, the World Health Organisation (WHO) declared the Covid-19 outbreak as a global health pandemic. To curb the spread of Covid-19 in Malaysia, the Malaysian Government has issued the Movement Control Order effective from 18 March 2020 to 31 August 2020. Many other countries have also imposed various forms of restrictive measures such as travel restriction, lockdown and other precautionary measures imposed on business operations. These restrictive measures will cause uncertainties and have disruptive impact on the business environment in which the Group operates.

The Group considers the Covid-19 outbreak to be an adjusting subsequent event. Up to the date of these financial statements, the Group has taken into consideration of the Covid-19 outbreak in the assumptions applied in the property, plant and equipment impairment assessment and inputs used in the expected credit losses model and considered the impacts, if any.

The Group noted that the Group's revenue for the 3 month period ended 30 April 2020 has not changed materially despite the temporary workplace disruption and disruptions in the supply chains. Given the dynamic nature of these circumstances, the Group will continue to monitor the developments of Covid-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. However, the Group will also be taking various appropriate and necessary measures to minimise the adverse impact of the outbreak of Covid-19 on the Group's operations.

(b) Corporate proposals

(i) On 15 June 2020, the Company announced that the Company incorporated a wholly-owned subsidiary known as Komark Mask (M) Sdn. Bhd. whose intended principal activities are the manufacturing and sale of face masks.("Proposed diversification")

(ii) On 16 June 2020, the Company announced that the Company proposed to undertake a Proposed private placement of up to 61,675,000 new ordinary shares in the Company, representing 30% of the total number of issued shares of the Company, to independent third party investors to be identified later at an issue price to be determined later. ("Proposed private placement")

(iii) On 3 July 2020, the Company announced that the Company proposed to undertake Multiple Proposals, which inter alia, comprise the following:

(1) Proposed diversification;
(2) Proposed private placement; and
(3) Proposed Employee Share Option Scheme ("Proposed ESOS")
(collectively referred to as "the Proposals")

(iv) On 5 August 2020, the shareholders of the Company at an Extraordinary General Meeting of the Company approved the Proposals which comprise the Proposed diversification, Proposed private placement and Proposed ESOS to be granted to eligible persons of the companies within the Group (excluding subsidiaries that are dormant) to subscribe for unissued new ordinary shares in the Company.

The salient features of the Proposed ESOS are disclosed in Note 15 to the financial statements.

36. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 30 April 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 17 August 2020.

ANALYSIS OF SHAREHOLDINGS

AS PER RECORD OF DEPOSITORS AS AT 11 AUGUST 2020

Issued share capital	:	RM57,890,822.47 comprising 205,586,593 Ordinary Shares (including 10,000 Treasury Shares)
Class of shares	:	Ordinary Shares
Voting rights	:	One (1) vote per Ordinary share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	727	11.80	32,314	0.01
100 - 1,000	532	8.64	293,856	0.14
1,001 - 10,000	3,175	51.53	15,759,564	7.67
10,001 - 100,00	1,547	25.11	44,927,274	21.85
100,001 - 10,278,829 [1]	179	2.91	103,683,585	50.44
10,278,830 and above [2]	1	0.01	40,880,000	19.89
Total	6,161	100.00	205,576,593	100.00

Notes:
[1] Less than 5% of issued shares
[2] 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 11 AUGUST 2020

	Direct		Indirect	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Asiabio Capital Sdn Bhd	40,880,000	19.886	-	-
Fintec Global Berhad	-	-	40,880,000 [1]	19.886

Note:
[1] interested in the shares by virtue of the shareholdings of its wholly-owned subsidiary, Asiabio Capital Sdn Bhd.

DIRECTORS' INTERESTS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 11 AUGUST 2020

	Direct		Indirect	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	-	-	-	-
Koh Chie Jooi	-	-	143 [1]	- [2]
Roy Ho Yew Kee	-	-	-	-
Teh Foo Hock	-	-	-	-
Ihsan Bin Ismail	-	-	-	-
Koo Kien Keat	-	-	-	-

Notes:
[1] Deemed interested in the shares by virtue of his interest held through his parent, Koh Hong Muan @ Koh Gak Siong and Aimas Enterprise Sdn Bhd, who holds 66 and 77 ordinary shares respectively.
[2] Negligible.

ANALYSIS OF SHAREHOLDINGS

AS PER RECORD OF DEPOSITORS AS AT 11 AUGUST 2020

THIRTY LARGEST SHAREHOLDERS AS AT 11 AUGUST 2020

No.	Name of Shareholders	No. of Shares	%
1.	UOBM NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED*	40,880,000	19.89
2.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CAROL VUN ON NEI (8078831)*	10,000,000	4.86
3.	CGS-CIMB NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CGS-CIMB SECURITIES (HONG KONG) LIMITED (FOREIGN CLIENT)*	10,000,000	4.86
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PANG CHOW HUAT*	8,958,200	4.36
5.	M & A NOMINEE (TEMPATAN) SDN BHD *EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)*	5,800,000	2.82
6.	LIEW SEE KIM	5,150,000	2.51
7.	M & A SECURITIES SDN.BHD. *EXEMPT AN CLR FOR SANSTON FINANCIAL GROUP LIMITED*	3,856,900	1.88
8.	WANG TSUN SIANG	2,662,000	1.30
9.	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)*	2,387,000	1.16
10.	SJ SEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SOON FOO MUN (SMT)*	2,100,000	1.02
11.	LIM KAY KEONG	2,000,000	0.97
12.	WONG NGIE TIEN	1,705,033	0.83
13.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD *EXEMPT AN FOR MAYBANK KIM ENG SECURITIES PTE LTD (A/C 648849)*	1,674,300	0.81
14.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEO KER-WEI (MARGIN)*	1,662,000	0.81
15.	VICTOR CHAI CHENG WAH	1,600,000	0.78
16.	CHEW CHEN HONG	1,500,000	0.73
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SOH KOK LEONG (E-BPJ)*	1,439,400	0.70
18.	SIM WING THONG	1,400,000	0.68
19.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEONG HO LENG (MY0083)*	1,000,000	0.49
20.	LIM SENG TEE	1,000,000	0.49
21.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD *EXEMPT AN FOR NOMURA PB NOMINEES LTD*	843,000	0.41
22.	EE SIOW CHOY	745,500	0.36
23.	PAKIRISAMY BASKARAN A/L P THANGAVELU	709,000	0.35
24.	HENG MOK KOOI	600,000	0.29
25.	TEOH ENG SIA	600,000	0.29
26.	YEE CHIN CHIN	600,000	0.29
27.	NG HONG BOON	550,000	0.27
28.	CHING ENG SEONG	500,000	0.24
29.	NGUI CHIN HUAY	500,000	0.24
30.	TEO CHIN WEI	500,000	0.24
		112,922,333	54.93

LIST OF PROPERTIES

Owner	Title No/Location	Existing usage	Expiry Date	Land Area/ Build Up Area Sq. Ft	Age Of Building (Year)	Tenure	Date of last revaluation/ acquisition	Net book Value as at 30.04.2020 RM ('000)
Komark International (M) Sdn. Bhd	GM No. 439,Lot 132, Mukim of Kajang District, Hulu Langat, Selangor.	Factory Cum Office (HQ)	-	L-147,756 B-150,000	17	Freehold	6/3/2020	33,802
General Labels & Labelling (M) Sdn. Bhd	Lot PTD 112290, Mukim of Plentong District, Johor Bahru.	Factory Cum Office	-	L-10,200 B-5,394	23	Freehold	14/5/2019	1,350

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KOMARKCORP BERHAD
Registration No. 199601001919 (374265-A)

PROXY FORM

No. of Shares held	
CDS Account No.	

I/We, ____ Tel No: ______________________

(Full name in block and NRIC No. / Registration No.)

of ____

(Address)

being a member of **KOMARKCORP BERHAD** hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Email Address	Contact No.	No. of Shares	%

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Email Address	Contact No.	No. of Shares	%

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth ("24th") Annual General Meeting ("AGM") of the Company to be conducted virtually at broadcast venue at Meeting Room TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 22 October 2020 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

NO.	RESOLUTIONS		FOR	AGAINST
1.	To approve the Directors' fees and benefits payable to the Directors of the Company of up to RM600,000 from 22 October 2020 until the conclusion of the next AGM of the Company	Ordinary Resolution 1		
2.	Re-election of Mr. Koh Chie Jooi	Ordinary Resolution 2		
3.	Re-election of YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	Ordinary Resolution 3		
4.	Re-election of Mr. Roy Ho Yew Kee	Ordinary Resolution 4		
5.	Re-election of Mr. Teh Foo Hock	Ordinary Resolution 5		
6.	Re-election of Mr. Koo Kien Keat	Ordinary Resolution 6		
7.	Re-appointment of Messrs. KC Chia & Noor as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 7		
8.	Proposed Amendment to the Company's Constitution	Special Resolution		
9.	Authority under Sections 75 and 76 of the Companies Act, 2016 for the Directors to allot and issue shares	Ordinary Resolution 8		
10.	Authority for Encik Ihsan Bin Ismail to continue in office as an Independent Non-Executive Director	Ordinary Resolution 9		
11.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares	Ordinary Resolution 10		
12.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 11		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this ....

____
Signature*
Member

Notes:

(1) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. **NO SHAREHOLDERS/PROXY(IES)** from the public will be physically present at the broadcast venue.
Shareholders are to attend, speak and vote remotely at the 24th AGM using online Remote voting via Remote Participation and Electronic Voting facilities.
PLEASE READ THESE NOTES CAREFULLY AND FOLLOW THE PROCEDURES IN THE ADMINISTRATIVE GUIDE ON 24TH AGM IN ORDER TO PARTICIPATE REMOTELY.

(2) For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **RECORD OF DEPOSITORS AS AT 15 OCTOBER 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.

(3) A member entitled to participate and vote at this meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

(4) A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(5) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

(6) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.

(7) The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:

(I) IN HARD COPY FORM
The original instrument appointing a proxy ("Proxy Form") must be deposited at the Company's Share Registrar's Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(II) BY ELECTRONIC MEANS
The Proxy Form can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at www.boardroomlimited.my or email to bsr.helpdesk@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide for the AGM in order to deposit the Proxy Form electronically.

(8) If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.

(9) Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

PERSONAL DATA PRIVACY:
BY SUBMITTING AN INSTRUMENT APPOINTING A PROXY(IES) AND /OR REPRESENTATIVE(S), THE MEMBER ACCEPTS AND AGREES TO THE PERSONAL DATA PRIVACY TERMS SET OUT IN THE NOTICE OF AGM DATED 28 AUGUST 2020.

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AFFIX
STAMP

KOMARKCORP BERHAD
Registration No. 199601001919 (374265-A)
c/o 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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KOMARKCORP BERHAD
Registration No. 199601001919 (374265-A)

Lot 132, Jalan 16/1
Kawasan Perindustrian Cheras Jaya, Balakong
43200 Cheras, Selangor Darul Ehsan, Malaysia.
Tel: [603] 9080 3333   Fax: [603] 9080 5233
Email: enquiry@komark.com.my

www.komark.com.my