

# KOMARK

Registration No. 199601001919 (374265-A)

## Embracing the Challenge



Annual Report 2022



Becoming a world class total solution provider of premium labels, flexible packaging and largest face mask manufacturer in Southeast Asia delivering sustainable shareholder value to all stakeholders.

- 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.

We identify the **8 Core Values** of Komarkcorp Berhad are:



**Trustability**



**Responsibility**



**Innovation**



**Commitment**



**Passion**



**Integrity**



**Compliance**



**Speed**

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## 26TH ANNUAL GENERAL MEETING



**Date** : 21 September 2022 | **Time** : 10.30 A.M.

**Broadcast venue** : Lot 18.2, 18th Floor, Menara Lien Hoe, No.8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.



For more information visit our website : [www.komark.com.my](http://www.komark.com.my)

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**YM Tengku Ezuan Ismara  
Bin Tengku Nun Ahmad**  
(Independent Non-Executive  
Chairman)

**Roy Ho Yew Kee**  
(Executive Director)

**Ihsan Bin Ismail**  
(Independent Non-Executive  
Director)

**Koo Kien Keat**  
(Independent Non-Executive  
Director)

**Chan Jee Peng**  
(Independent Non-Executive  
Director)

### AUDIT COMMITTEE

**Chan Jee Peng**  
Chairman

**YM Tengku Ezuan Ismara  
Bin Tengku Nun Ahmad**  
Member

**Ihsan Bin Ismail**  
Member

### 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

### PRINCIPAL PLACE OF BUSINESS

Lot 132, Jalan 16/1,  
Kawasan Perindustrian Cheras  
Jaya, Balakong, 43200 Cheras,  
Selangor Darul Ehsan, Malaysia.

Tel: 03-9080 3333  
Fax: 03-9080 5233  
Website: <https://komark.com.my/>  
Email: [enquiry@komark.com.my](mailto:enquiry@komark.com.my)

### NOMINATION COMMITTEE

**Ihsan Bin Ismail**  
Chairman

**YM Tengku Ezuan Ismara  
Bin Tengku Nun Ahmad**  
Member

**Chan Jee Peng**  
Member

### REGISTERED OFFICE

Level 5, Block B, Dataran PHB,  
Saujana Resort, Section U2,  
40150 Shah Alam,  
Selangor.

Tel: 03-7890 0638  
Fax: 03-7890 1032

### SHARE REGISTRAR

**Aldpro Corporate Services  
Sdn Bhd [Registration No.  
202101043817 (1444117-M)]**

Level 5, Block B, Dataran PHB,  
Saujana Resort, Section U2,  
40150 Shah Alam,  
Selangor

Tel: 03-7890 0638  
Fax: 03-7890 1032

### REMUNERATION COMMITTEE

**YM Tengku Ezuan Ismara  
Bin Tengku Nun Ahmad**  
Chairman

**Ihsan Bin Ismail**  
Member

**Chan Jee Peng**  
Member

### COMPANY SECRETARY

**Tan Tong Lang**  
(SSM PC NO. 202208000250 &  
MAICSA 7045482)

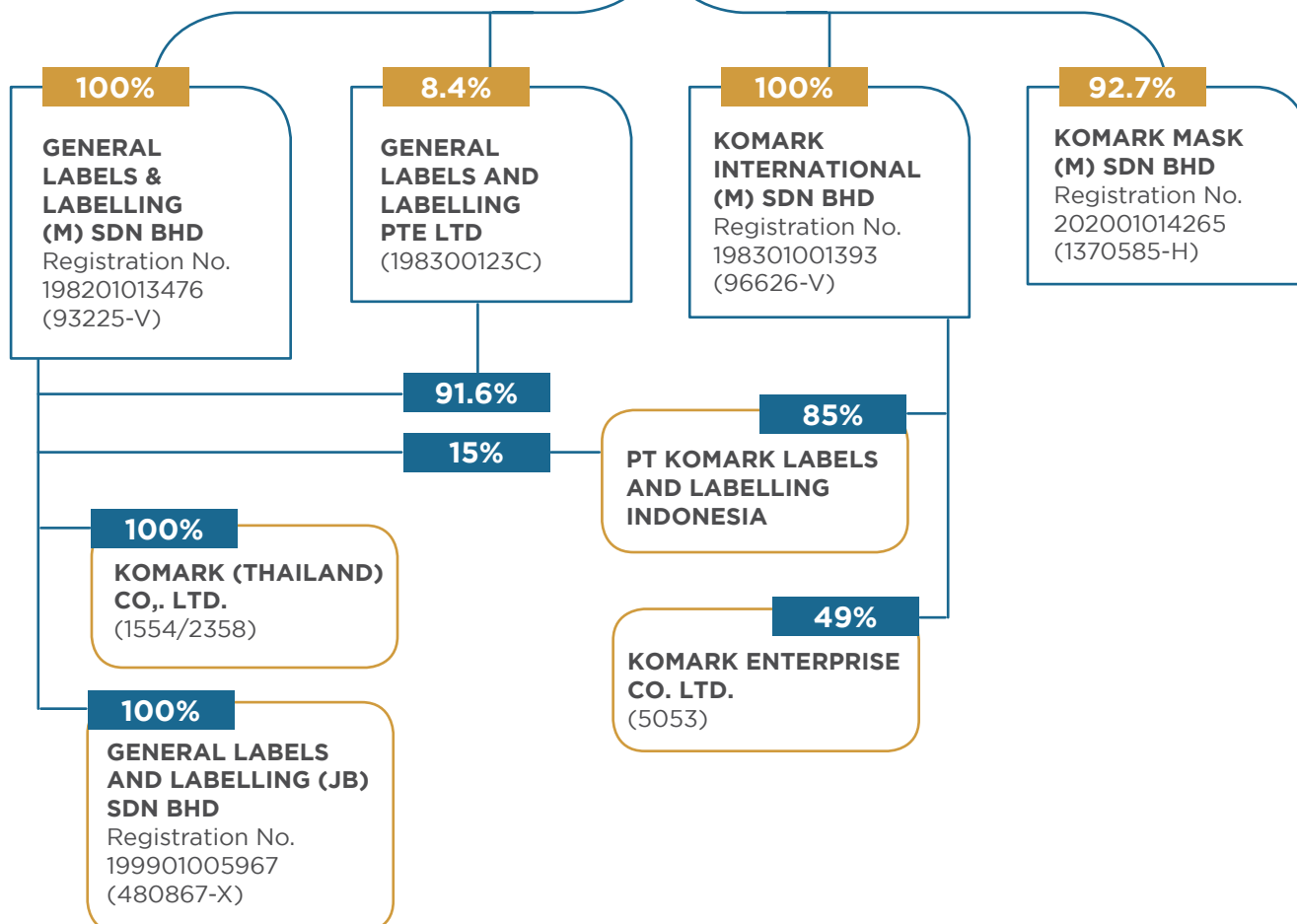
### STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia  
Securities Berhad**  
Stock Name: KOMARK  
Stock Code: 7017  
Sector: Industrial Products &  
Services



# CORPORATE STRUCTURE

**IKOMARK**  
Registration No. 199601001919 (374265-A)



# FIVE-YEARS GROUP FINANCIAL HIGHLIGHTS

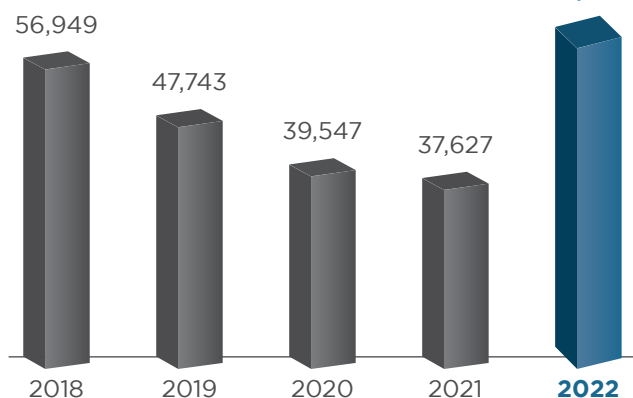
	2018	2019	2020	2021	2022
<b>Operating Result (RM'000)</b>					
Revenue	56,949	47,743	39,547	37,627	<b>62,742</b>
Loss Before Tax	(20,942)^	(11,090)	(10,357)	(16,131)	<b>(10,331)</b>
Loss After Tax	(21,669)^	(9,847)	(10,706)	(15,955)	<b>(10,190)</b>
Total Comprehensive Loss	(21,734)^	(8,861)	(7,002)	(15,943)	<b>(9,964)</b>
<b>Key Balance Sheet Data (RM'000)</b>					
Total Assets	90,559^	83,435	84,533	127,157	<b>132,546</b>
Total Interest Bearing Borrowings	17,182	19,434	17,017	14,047	<b>12,845</b>
Total Liabilities	28,796^	28,965	27,603	28,621	<b>31,213</b>
Paid-Up Capital	48,425^	48,425	62,789	120,166	<b>132,927</b>
Shareholders' Equity	61,763^	54,470	56,930	98,485	<b>101,419</b>
<b>Share Information</b>					
No of shares in issued ('000)	164,434	164,434	205,577	481,116	<b>577,339</b>
<b>Per share (sen)</b>					
Basic LPS	(10.31)	(4.59)	(4.78)	(6.05)	<b>(1.74)</b>
Diluted LPS	_*	_*	_*	_*	<b>_*</b>
Gross Dividend (Recommended)	0.00	0.00	0.00	0.00	<b>0.00</b>
Gross Dividend Paid	0.00	0.00	0.00	0.00	<b>0.00</b>
Net Assets	37.56	33.13	27.69	20.48	<b>17.57</b>
<b>Financial Ratio (%)</b>					
Return on Equity	(35.08)	(18.08)	(18.81)	(16.20)	<b>(10.05)</b>
Return on Total Assets	(23.93)	(11.80)	(12.66)	(12.55)	<b>(7.69)</b>
Gearing ratio	27.82	35.68	29.89	14.26	<b>12.67</b>

^ Restated

\* Anti-dilutive in nature

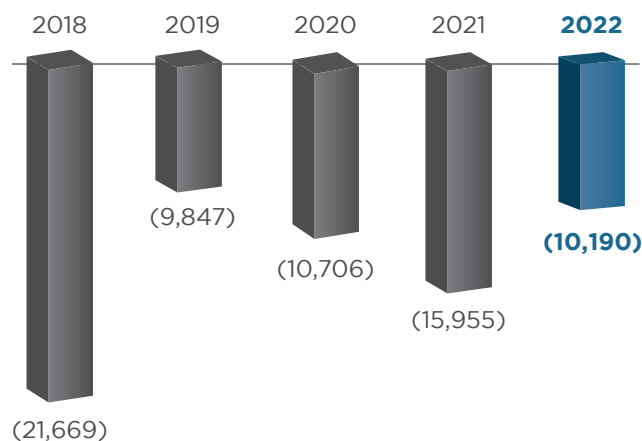
Revenue (RM'000)

62,742



Loss After Tax (RM'000)

(10,190)



# DIRECTORS' PROFILE

## YM TENGKU EZUAN ISMARA BIN TENGKU NUN AHMAD

Independent Non-Executive Chairman



YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad was appointed to the Board as Independent Non-Executive Chairman on 11 August 2020. YM Tengku Ezuan is the Chairman of Remuneration Committee and a member of the Audit Committee and Nomination Committee.

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.

He 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 dealt with Petronas, HESS Petroleum and GL Noble Denton.

Presently, he sits on the Board of Macpie Berhad as Independent Non-Executive Chairman, Uzma Berhad as Independent Non-Executive Director and Key Alliance Group Berhad as Non-Independent Non-Executive Director.

He has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.



## DIRECTORS' PROFILE (CONT'D)



### ROY HO YEW KEE

Executive Director



Mr. Roy Ho Yew Kee was appointed to the Board as Independent Non-Executive Director of the Company on 25 June 2020. Subsequently, he was redesignated as Executive Director on 3 November 2020.

Mr. Roy obtained his Bachelor of Commerce from the Griffith University, Brisbane, Australia. Mr. Roy 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 redesignated as Managing Director of Key Alliance Group Berhad.

Currently, Mr. Roy sits on the Board of XOX Bhd and Cheetah Holdings Berhad as Executive Director and Key Alliance Group Berhad as Managing Director.

He has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.



## DIRECTORS' PROFILE (CONT'D)

### IHSAN BIN ISMAIL

Independent Non-Executive Director

MY



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Encik Ihsan Bin Ismail was re-appointed to the Board as Independent Non-Executive Director on 23 September 2013 after his first appointment from 1 January 2009 to 16 August 2013. He is the Chairman of Nomination Committee and also a member of the Audit 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. He has wide experience in investment management and project evaluations.

He does not hold any directorship in other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.





## DIRECTORS' PROFILE (CONT'D)



### KOO KIEN KEAT

Independent Non-Executive Director



Mr. Koo Kien Keat was appointed to the Board on 11 August 2020 as Independent Non-Executive Director.

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.

Presently, he sits on the Board of Cheetah Holdings Berhad as Independent Non-Executive Director and Macpie Berhad as Executive Director.

He has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

## DIRECTORS' PROFILE (CONT'D)

### CHAN JEE PENG

Independent Non-Executive Director

MY



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Mr. Chan Jee Peng was appointed to the Board as Independent Non-Executive Director on 1 May 2021. He is the Chairman of Audit Committee and a member of Nomination Committee and Remuneration Committee of the Company.

Mr. Chan has close to twenty (20) years of audit and financial management experience. He started his career with two (2) of the Big Four accounting firms and has held senior financial position in public listed companies. Subsequently, he joined a mid-tier accounting firm and rose to the ranks of an Executive Director and then joined UHY Malaysia as their Audit Partner. He was involved in various audit of public listed companies, multinational companies and local government agencies. He was in charge of many reporting accountants' assignments for various corporate exercise of public listed companies including initial public offering, restructuring and due diligence assignment. Currently, he is the Managing Partner of SFAI Malaysia which provides assurance, tax and advisory services.

Mr. Chan currently sits on the Board of Tex Cycle Technology (M) Berhad and LKL International Berhad as Independent and Non-Executive Director.

He has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies during financial year.



## KEY SENIOR MANAGEMENT PROFILE

### WOO LAI YUAN

Financial Controller

MY



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Ms. Woo Lai Yuan is graduated in year 2009 with a Bachelor of Degree in Accounting from the University Putra Malaysia. She is also a Chartered Accountant of the Malaysian Institute of Accountants.

Ms. Woo has 13 years of working experience in the areas of auditing, accounting, commercial business, finance and taxation. She began her career in 2009 with Ernst & Young as an Audit Assistant. She then joined Schlumberger as a Management Accountant serving Africa region in 2014 and progressed her profession as a Finance Manager for the subsidiary of Gabungan AQRS Berhad towards late year 2015 and she was later promoted to Senior Finance Manager in 2019.

Presently, she is the Financial Controller of the Group and overseeing Finance, Taxation, Human Resource and Administration Department.

She has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

### GONG DENG HUNG

General Manager for Middle Office

MY



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Mr. Gong obtained his Bachelor of Science with Education (Hons) – Mathematics from Universiti Putra Malaysia in year 2002. He started his career in year 2002 with a forwarding & logistics company in Singapore. After the relocation decision, Mr. Gong started his career back in Malaysia in year 2003 with a US based global leading logistics and transportation provider, servicing the key account customer. In year 2006, he was attached with a British based specialty chemicals company, taking care on the trading business covering the APAC and Middle East region. In year 2009, he continued his career path as Customer Service Manager with an Australian company which manufactures protective industrial and medical gloves. In year 2016, Mr. Gong changed his portfolio as a Demand Planning & Supply Chain Manager, with Ecolex Sdn Bhd, a local company who producing the animal nutrition, food ingredients and home & personal care products. Prior to be part of Komark, he joined Markem-Imaje Sdn Bhd, the trading entity of a global manufacturer and distributor of specialized traceability, variable data and product identification equipment, covering the Malaysia and Singapore market under the position of CRM Logistics Manager.

Presently, he is the General Manager under Middle Office, handling various Department under his capacity, such as Quality Control, Assurance, Procurement, Maintenance, IT, Planning & Customer Service and Warehouse.

He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

## KEY SENIOR MANAGEMENT PROFILE (CONT'D)

### KIO CHIN LIT

Operation Manager for  
Production Label and Packaging

MY



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Mr. Kio Chin Lit obtained his Bachelor in Math Modeling & Minor in Computer Science from University Science of Malaysia in year 2008. He has passed his iNarte Certified ESD Associate Engineer exam in year 2012 and passed Radiation Protection Officer exam in year 2020.

Mr. Kio has started his career as a Production Manager cum Sales Engineer in year 2009 with Innovative Shield Sdn Bhd. After 7 years tenure with Innovative Shield Sdn Bhd, Mr. Kio enhanced his career development with Wear Safe Sdn Bhd under Kossan Group as a Production Manager. In year 2019, Mr. Kio has joined Stellar Films Malaysia Sdn Bhd as an Operation Manager cum Radiation Protection Officer in year 2019.

Presently, Mr. Kio is the Operation Manager under Production Label and Packaging, handling various portfolio under him such as High End and Low-End printing, Digital Printing and Flexible Printing for Production Label and Packaging.

He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.



### YAP WEI SIN

Operation Manager for Production Mask

MY



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Mr. Yap Wei Sin has a Bachelor of Mechanical Engineering in year 2004 from University Tenaga Nasional. He has stated his career in year 2004 in Hoven Packaging Sdn Bhd as Manager. After serving the Company for 9 years, Mr. Yap enhance his job development and joined TC Module Integrator Sdn Bhd in year 2013 as a Project Manager. His biggest achievement is successfully setting up a new plant for Tan Chong Assembly and setup the operation for Logistic, Production and Quality Control Department. He pursues his career as Plant Manager in Hartalega in year 2016 and Stanta Mauser (M) Sdn Bhd as Plant Manager in year 2017.

Presently, Mr. Yap is the Operation Manager under Production Mask, handling various portfolio under him such as mask machine operation for head loop, ear loop and KN95, mask packing and mask inspection.

He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.





# MANAGEMENT DISCUSSION & ANALYSIS

## COMPANY BUSINESS OVERVIEW

Komarkcorp Berhad (“**KMC**” or “**Komark**” or “**the Group**”) is primarily involved in the manufacturing of self-adhesive labels, stickers, automatic labelling machinery and the trading of related products (“**label and packaging**”). The Group provides packaging solutions and self-adhesive labels to various industries such as chemical and agrochemical, food and beverage, home and personal care, industrial and lubricant oil and pharmaceutical industries.

To date, the Group operates 4 manufacturing facilities located in Selangor and Johor in Malaysia, Thailand and Singapore. The manufacturing of automatic labelling machinery is mainly undertaken in Malaysia, meanwhile the self-adhesive labels and stickers are manufactured overseas across Thailand and Singapore.

With 47 years of experience in providing labelling and packaging solutions, KMC has solidified its reputation as one of Malaysia’s top pioneers in the packaging industry, supplying premium labels to the domestic market as well as serving international customers, namely throughout Asia, SouthEast Asia and the Middle East region.

KMC saw the opportunities and rode the wave of the booming face masks segment arising from the Covid-19 pandemic. In June 2020, the Group had diversified its business and ventured into the manufacturing and sale of medical grade disposable face masks as well as OEM face masks, which includes 3-ply masks, 4-ply masks, KN95 and KN94 masks. In the coming years, the Group aims to expand its geographical footprint and become the largest face mask manufacturer in SouthEast Asia.

KMC has been successfully listed on the Main Market of Bursa Malaysia Securities Berhad since 1997.

# MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL PERFORMANCE

KMC had on 24 March 2022 changed its financial year end from 30 April 2022 to 31 March 2022 in order to realign the Company's period of quarters with the calendar year. The Group's financial statement presented in this annual report is for the cumulative 11 months period from 1 May 2021 to 31 March 2022 ("11MFY2022"). As a result, the corresponding 11 months period for the previous financial year (FY2021) are not presented in this annual report.

For the cumulative 11 months from 1 May 2021 to 31 March 2022, the Group recorded a total revenue of RM62.74 million. The Group's revenue for 11MFY2022 was mainly derived from the label and packaging segment, which involved the manufacturing of self-adhesive labels, OPP roll-fed and shrink sleeves, and other related products for large global and small-medium customers in Malaysia, Thailand and Singapore. Apart from that, mask segment had recorded RM24.81 million of sales during the period ended.



## Revenue By Geographical Locations

As KMC services customers in Malaysia as well as overseas, the Group's revenue is segmented by geographical locations.

For 11MFY2022, the Group recorded a total of RM62.74 million in total revenue, of which RM41.48 million was contributed by local sales, RM14.42 million was contributed by Thailand, RM6.31 million was contributed by Singapore and the balance was contributed by other countries.

## Gross Profit

Upon deduction of cost of sales, the Group recorded Gross Profit of RM4.61 million for 11MFY2022.

## Liquidity And Capital Resources

As at 31 March 2022, the Group reports cash and cash equivalents of RM5.36 million for 11MFY2022. While the Group generated cash flow as a result of its financing activities, the Group experienced higher expenditure in operating activities and investing activities, which includes the purchase of property, machinery and equipment for the Group's business expansion during 11MFY2022.

## Corporate Exercise

### Proposed Rights Issue with Warrants

On 18 August 2021, the Company announced that it proposed to undertake a renounceable rights issue of up to 817,817,238 new ordinary shares in Komarkcorp together with up to 272,605,748 free detachable warrants in Komarkcorp ("Warrant D") on the basis of 3 Rights Shares together with 1 free Warrant D for every 3 existing Shares held by entitled shareholders of Komarkcorp on an entitlement date to be determined later ("the Proposal").

Bursa Securities had, vide its letter dated 5 November 2021, approved the Proposal. The shareholders have approved the Proposals during the Extraordinary General Meetings held on 10 December 2021. On 5 April 2022, Bursa Securities had granted the Company an extension of time until 4 November 2022 to implement the Right Issue with Warrants. The Proposals is currently pending for price fix by the Company.

## Dividend

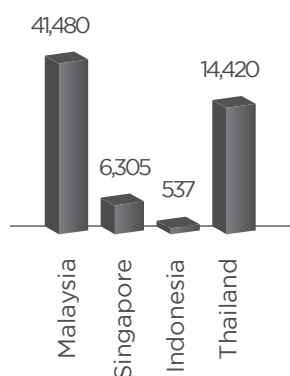
The Group maintains a prudent approach towards capital management as the Group is of the view that steady cash flow is needed to fund new capital investments and business expansion as well as to mitigate anticipated challenges that the Group and its business may potentially be exposed to. With that said, no dividend was declared for FYE 2022.



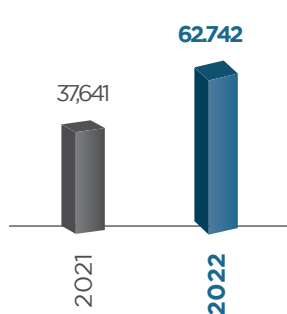
# MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

## FINANCIAL REVIEW

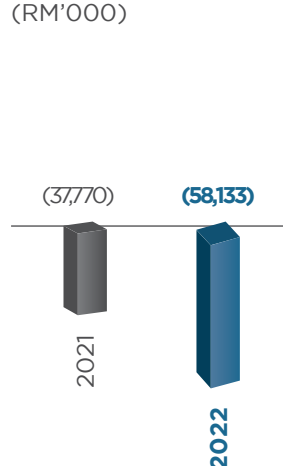
### REVENUE HIGHLIGHTS



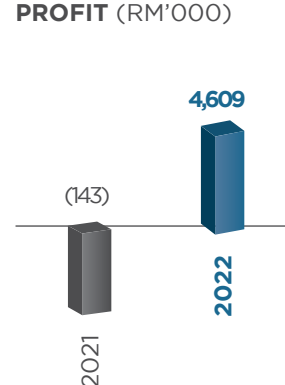
### REVENUE (RM'000)



### COST OF SALES (RM'000)



### GROSS (LOSS)/PROFIT (RM'000)



## REVENUE

REVENUE HIGHLIGHTS	
Branch	FYE 2021 (RM'000)
Malaysia	41,480
Singapore	6,305
Indonesia	537
Thailand	14,420
<b>TOTAL</b>	<b>62,742</b>

## GROSS PROFIT AND GROSS PROFIT MARGIN

	FYE 2021 (RM'000)	FYE 2022 (RM'000)	Variance+ (RM'000 %)
Revenue	37,627	62,742	25,115
Cost of Sales	(37,770)	58,133	20,363
Gross (Loss)/Profit	(143)	4,609	4,752

For the period ended 31 March 2022, the Group recorded a revenue of RM62.74 million and Gross Profit of RM4.609 million. The increase in revenue was mainly due to revenue generated from Mask Segment.

## LIQUIDITY AND CAPITAL RESOURCES

Net cash from/(used in)	FYE 2021 (RM'000)	FYE 2022 (RM'000)
Operating Activities	(12,787)	(8,731)
Investing Activities	(4,763)	(33,178)
Financing Activities	53,895	11,020
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>36,345</b>	<b>(30,889)</b>

## GEARING

	FYE 2021 (RM'000)	FYE 2022 (RM'000)
Total Borrowings	14,047	12,845
Total Equities	98,536	101,333
<b>Gearing Ratio</b>	<b>0.14</b>	<b>0.13</b>

# MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

## REVIEW OF OPERATING ACTIVITIES

### LABEL AND PACKAGING SEGMENT

During 11MFY2022, KMC presented new products and services within its label and packaging segment - flexible packaging, which includes pouch packaging, roll-fed form, foil lids, shrink sleeves, lidding film and recyclable packaging. The Group also saw increased orders from its existing customers in the label and packaging segment for 11MFY2022.

### FACE MASKS MANUFACTURING SEGMENT

KMC is gearing up for business expansion with high investment on machinery to enhance its production lines. The Group has set up a new manufacturing plant in Meru, Klang to cater for market demands for face masks. The manufacturing facility has a build-up area of 60,000 square feet. As at 31 March 2022, both plants are currently operating with 62 production lines.

The Group intends to expend its production capacity further by purchasing additional machineries to set up another 66 production lines.

The additional machines installed at KMC's face mask manufacturing plant not only amplifies the Group's production capacity, but also allows the Group to provide precision printing services for 3-ply disposable face masks and pad printing services that can be a replacement option for embossing on all mask materials.

The Group operates maintenance routines to maximise productivity and performance, which includes the re-tuning of the mask machines to maintain the machinery's consistency and increase its stability to operate at higher efficiency.



During the period of 11MFY2022, some notable challenges faced within the operating environment for the Group were as follows:

#### *Delayed Commissioning for Machineries*

Due to the travel ban imposed by China, it was a great challenge for the Group to install and commission the machineries that were purchased from China. As a result, the Group has spent more time than initially planned for the machinery set up, which had also led to a high rejection rate in the first few months of production.

#### *Supply Chain Disruption*

The global supply chain issue due to the surge in consumer demand and Covid-19 lockdown measures has resulted in port congestion with long queues of ships pending unloading of goods and a shortage in shipping containers, which includes Port Klang.

It is also expected that the supply chain disruption will likely continue as China has been shutting down cities and production facilities and tightening their lockdown measures, especially in Shanghai and Beijing.

Having said that, the Group was not spared from experiencing delays in shipment arrivals, which has affected production timelines throughout the operating period of 11MFY2022.

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**The Group has set up a new manufacturing plant in Meru, Klang to cater for market demands for face masks**

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# MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

## ANTICIPATED RISKS & MITIGATION PLAN

### Risks Relating to the Impact of the Covid-19 Pandemic on the Group's Operations

As a result of the Covid-19 pandemic, the Group has been taking stringent preventative measures to strengthen workplace safety and to safeguard the health and wellbeing of all employees. This has inevitably led to the increase in operating costs for the Group. Nevertheless, the Group continues to monitor closely the employees' compliance with the latest Ministry of Health (MOH) guidelines, such as the requirement to undergo a Covid-19 test before assuming their daily operational duties and individual login via MySejahtera system for contact tracing before entry into the KMC premises.

The Group ensures that all employees and visitors wear face masks and maintain appropriate social distance at all times. Cleaning, sanitisation and disinfection processes are undertaken regularly as well as sharing of the latest updates and preventive measures to employees to advocate for and to ensure good hygiene is practiced throughout the organisation.

In accordance with the Ministry of Health's guidelines, the Group continues to carry out prevention measures in efforts to control the spread of the Covid-19 virus within the workplace. We will maintain regular swab test routines for all employees of the Group.



### Shortage of Labour & High Turnover of Staff

The Covid-19 pandemic continued to slow down operations within the Group with the limitation of staff allowed at the workplace as a result of the movement control orders ("MCO") implemented from time to time.

The Group is hiring contract and part-time workers from recruitment agents to maintain work processes in order to meet deadlines and fulfill customers' orders. The Group also offers competitive remuneration and benefits within the industry to ensure better staff retention.

### Price Volatility for Raw Materials

The prices of raw materials are subject to fluctuations as a result of global demand and supply conditions.

The Group practices submitting Blanket Purchase Order (BPO) to secure better pricing and to maintain the movement of cash flow.

# MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



## FORWARD LOOKING STATEMENT

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The Group anticipates the economic landscape for consumer packaging and printing services to remain challenging in the near future but slowly picking up as more tenders are opening. The Group will continue to remain active in participating in these tenders to secure more jobs and expand our customer base.

Therefore, the Group will be placing more focus on developing the face mask business in order to cushion any adverse impacts from the consumer packaging and printing services industry. We also believe that face masks will remain essential within our daily lives despite the lenient mandate for face masks as Malaysians will continue to be cautious and more vigilant for their own safety.

Having said, the Group will gradually expand our production capacity to up to 102 manufacturing lines for 3-ply face masks and 26 manufacturing lines to be installed for the production of respirator face masks by 2023. We will also be investing in new machinery for the manufacturing of surgical masks for hospitals in preparation to cater to the medical industry.

For the upcoming financial year ending 31 March 2023 ("FY2023"), we will be working on increasing our efficiency and have better cost control in order to remain competitive in the market. The Group will be eyeing to penetrate into export markets to enlarge our market capitalisation through greater participation in upcoming medical expositions.

We will be streamlining our manufacturing processes to reduce the higher operating costs and focus on sourcing good quality raw materials at reasonable prices in order to achieve sustainable profitability for the Group.

While the operating environment continues to be challenging in the near future, KMC maintains an optimistic view of our future prospects in the coming financial year. The Group believes that the synergies between both business segments can be leveraged upon to create distinctive opportunities for business growth and in return generate greater and sustainable value for all our stakeholders.



# SUSTAINABILITY STATEMENT

## INTRODUCTION

“

Komarkcorp Berhad (“KMC” or “the Group”) is pleased to present its FYE 2022 Sustainability Statement to cover our sustainability performance for the operations in Malaysia. This sustainability statement serves as a mechanism for communicating our efforts to address sustainability issues related to our economic, environmental, and social (“EES”) aspects. We have prepared this Statement with reference to the Sustainability Reporting Guide and Toolkits (2nd Edition) and Main Market Listing Requirements from Bursa Securities.

”

# SUSTAINABILITY STATEMENT (CONT'D)

## SUSTAINABILITY GOVERNANCE

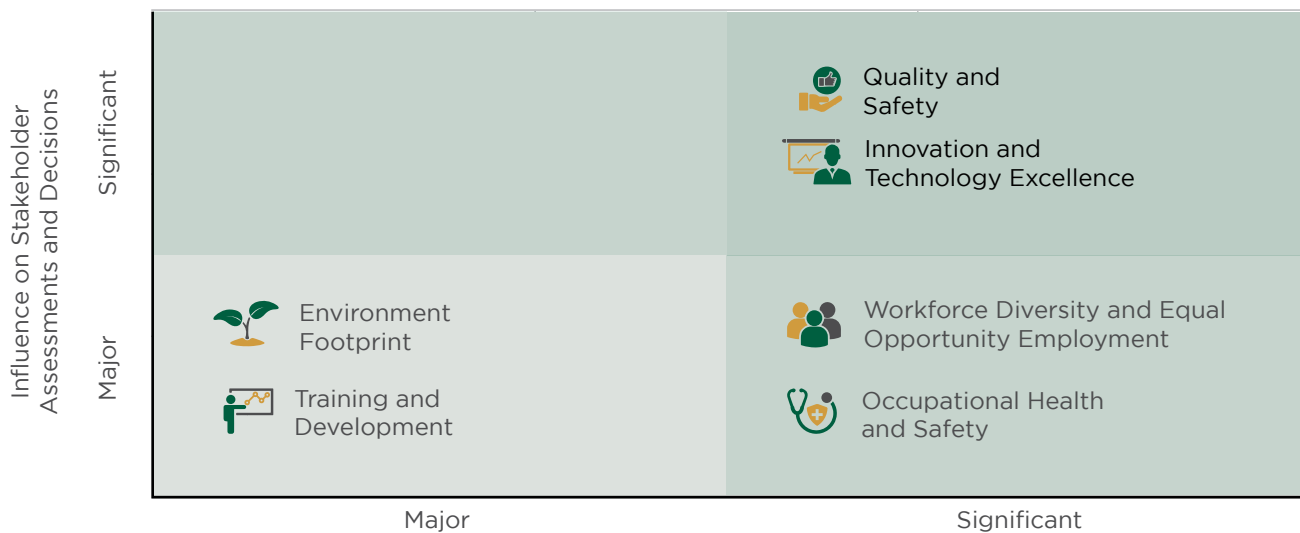
The Board recognizes the importance of governance in driving the Group to achieve its objectives and hence, plays a pivotal role in embedding sustainability into the Group's business strategy, to account for, oversee, and review all sustainability matters and performance. The Board ensures that adequate resources, systems, and processes are in place for managing sustainability matters. The Group's commitment to sustainable business practices is instilled at every level of its organization.

## MATERIAL ASSESSMENT

KMC conducts a comprehensive materiality assessment to identify the EES issues that matter most to our business and stakeholders.

We have identified a list of EES issues through internal and external sources. The internal sources are derived from relevant internal analysis of trends; the external sources are obtained from concerns raised by stakeholders during stakeholder engagements, Annual General Meetings, examination of emerging and development of relevant laws and regulations, and the overall business environment.

In FYE 2022, KMC identified six material issues influence the key stakeholders and their associated economic, environmental, and social impacts on KMC.



Significant



Quality and Safety



Workforce Diversity and Equal Opportunity Employment

Major



Environment Footprint



Innovation and Technology Excellence



Occupational Health and Safety










Training and Development



# SUSTAINABILITY STATEMENT (CONT'D)

## STAKEHOLDER ENGAGEMENT

In identifying and prioritizing material sustainability matters, KMC engages with different stakeholder groups. These interactions are crucial to identifying, prioritizing, and addressing material sustainability matters. For effective engagement with its stakeholders, various methods are employed, including but not limited to the following:

Stakeholder	Engagement Objective	Methods of Engagement
 <b>Employees</b>	<ul style="list-style-type: none"> <li>To retain competent employees</li> <li>To ensure safe working environment</li> <li>Continuing professional development</li> </ul>	<ul style="list-style-type: none"> <li>Professional development</li> <li>Staff performance appraisal</li> <li>Circulation of internal policies/memo</li> <li>Management &amp; committee meetings</li> </ul>
 <b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>To enhance shareholders' and investors' confidence</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>KMC's website updates</li> <li>Annual Reports</li> <li>Quarterly Reports</li> <li>Announcements to Bursa Securities</li> </ul>
 <b>Financial Institutions</b>	<ul style="list-style-type: none"> <li>To ensure continuous financial support</li> </ul>	<ul style="list-style-type: none"> <li>Annual Reports</li> <li>Quarterly Reports</li> <li>Meetings</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>To ensure continuous supply of quality materials and services</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Written communication</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>To enhance the relationship</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>To fulfil customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Customer satisfaction surveys</li> </ul>
 <b>Government and regulators</b>	<ul style="list-style-type: none"> <li>To ensure compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Reports</li> <li>Dialogues, seminars and meetings</li> </ul>

# SUSTAINABILITY

## STATEMENT (CONT'D)



### Quality and Safety

KMC has undergone ISO 9001 (14 to 15 February 2022) and FSSC 22000 audits (21 to 23 March 2022) and continuously monitors the Group's compliance with relevant requirements. KMC developed a Quality and Food Safety Policy to serve as the foundation of the culture and commitment to our customers and legal compliance. All employees are responsible for providing the best of our products and services.

We provide a framework for establishing and reviewing quality and food safety objectives which take their roots from the following basic principles:

We provide a framework for establishing and reviewing quality and food safety objectives which take their roots from the following basic principles:

- To improve production efficiency
- To deliver on time
- To produce quality and safe products

The registration with Medical Device Authority (MDA) was since 22 December 2020. KMC also has the United States of America Food and Drug Administration (FDA) and European Conformity (CE) certifications to produce medical-grade face masks. We ensure our products meet the quality requirements and are safe to use, and our manufacturing facilities meet ISO13485 standards.

Quality products help maintain customer satisfaction and loyalty and reduce the risk and cost of replacing faulty goods. We have built a solid reputation by gaining accreditation with a recognized quality standard.

### Innovation and Technology Excellence

The Group has also implemented a cloud-based server for data and email storage to minimize the potential data loss from unprecedented events.

# SUSTAINABILITY STATEMENT (CONT'D)

## ENVIRONMENT IMPACT



## Environment Footprint



### Environment Footprint

We continually review our waste generation to manage our environmental footprint. We ensure the implementation of control measures to comply with relevant regulations; we continually monitor the production process in managing the waste generation.

There was no waste-related incident in breach of any regulation in FY2022.

The Group's commitment to sustainable business practices is instilled in every single item in the organization. We started small by replacing old light bulbs, sealing or replacing leaky pipes, promoting proper water usage, printing on both sides of the paper, etc. We believe every single step will contribute to sustainability.

We aimed to reduce the reliance on natural resources and position the impact on the environment as a critical measurement of our success. The Group seeks a solution to optimize energy consumption on our premises by installing solar panels and is still in the progress of applying for the relevant licence to use them.

The Group's operations produce noise from high noise emitting machinery. We pay attention to it to reduce the noise exposure to workers through close monitoring of operating locations. We implemented several control measurements: to provide personal hearing protection, audiometric hearing tests, and training to workers who run machinery that emits high noise levels, displays warning signs at the production entrance, etc.

KMC appoints a certified consultant to perform Noise Risk Management periodically. The latest assessment was conducted on 7 August 2021 for mask production.

## SOCIAL IMPACT



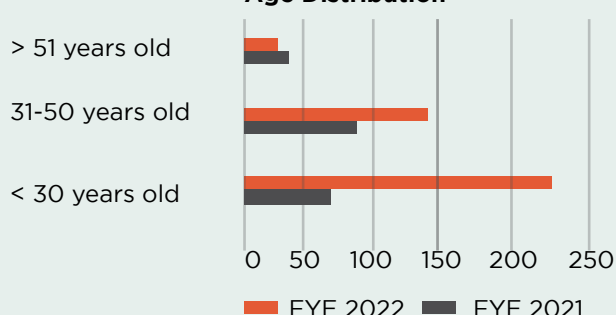
## Workforce Diversity and Equal Opportunity Employment



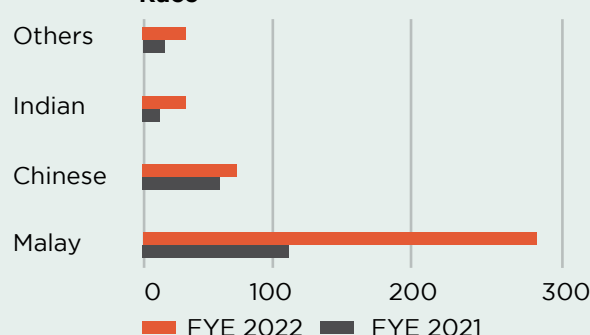
### Workforce Diversity and Equal Opportunity Employment

We believe in recruiting and diverse range of talents from a variety of backgrounds. KMC continually strengthens a work culture of equality, fairness of opportunity, and freedom from bias and discrimination. To achieve workforce diversity, we always ensure that our applicants have equal employment opportunities regardless of gender, age, and race. Overall, we have increased the number of employees by age category or race compared with last year. We have also shortened the gap between females and males in FY2022.

**Age Distribution**



**Race**



# SUSTAINABILITY STATEMENT (CONT'D)

## SOCIAL IMPACT

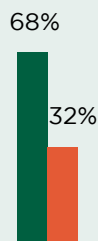


### Workforce Diversity and Equal Opportunity Employment (Cont'd)



#### Workforce Diversity and Equal Opportunity Employment (Cont'd)

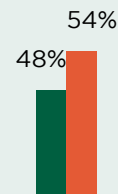
FYE 2021



MALE

FEMALE

FYE 2022



In addition, we have also created more employment opportunities shown by the increase of workers in our Group. We have 400 employees in FY2022 (FY2021: 190). More than 90% of our employees are local Malaysian citizen. We strive to create a better society and recognise the importance of social development while striving for business growth. We aimed to improve the well-being of society, preventing and reducing poverty.

## SOCIAL IMPACT



### Occupational Health and Safety



#### Occupational Health and Safety

We have an Occupational Safety and Health Committee (“OHSAS Committee”), which plays a pivotal role in managing and creating a healthy and safe workplace for our employees. The formation of the Committee and relevant policies comply with the Occupational Safety and Health (Safety and Health Committee) Regulation 1996 and Occupational Safety and Health Act 1994 [ACT 514].

In FY2022, we reported ten minor injuries.

The Group emphasizes strict management to create a safe working environment and thus, through the OHSAS Committee, implements strict monitoring of the type of accidents that happen on the premises, studies the root cause, and places preventive measures to reduce the injuries incidents.



# SUSTAINABILITY STATEMENT (CONT'D)

## SOCIAL IMPACT



## Occupational Health and Safety



### Occupational Health and Safety

Besides the above, although the business has started back to normal from lockdown and Movement Control Order, at KMC, we continued the Covid-19 Task Force for scheduled sanitation works and swab test arrangements. KMC emphasises preventing the COVID-19 spread in the workplace by continually investing in the test kit and sanitising the working premises. Our Group has spent over RM400,000 in this area.

		ITEM			
FYE 2021	21,890	Test Kit	420,636	FYE 2022	
	6,982	Sanitising	36,334		
	-	Vaccination	2,549		
TOTAL	28,872		459,519	TOTAL	

## SOCIAL IMPACT



## Training and Development



### Training and Development

Training and development help our Group to gain and retain talent, increase job satisfaction, and improve productivity. KMC value the career development and skills improvement of our employees. As such, we never underestimate the importance of employee training. The trainings carried out in the form of on-the-job training and classroom training to continually sharpen their skills and knowledge.

The average training hours per employee has increased to eight hours per employee in FY2022 (FY2021: four hours.)

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Komarkcorp Berhad (“the Company” or “KMC”) recognises the importance of good corporate governance practices within the Company and its subsidiary companies (“Group” or “KMC Group”) as a fundamental part of discharging its responsibilities to safeguard shareholders’ investments and to protect the interests of all stakeholders.

The Board is committed to ensure the applicable principles and recommendations as set out in the Malaysian Code on Corporate Governance (“MCCG”) and the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) respectively are applied throughout the Group so as to enhance the value to our shareholders and other stakeholders as well as to generate long term sustainability and growth. 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.

The Board is pleased to present the Corporate Governance Overview Statement (“CG Statement”), which provides key highlights on how the Company complies with the three (3) principles of MCCG during the financial period ended 31 March 2022 (“FYE 2022”), which are as follows:-

- Principle A : Board Leadership and Effectiveness;
- Principle B : Effective Audit and Risk Management; and
- Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement is to be read together with the Corporate Governance Report 2022 (“CG Report”) of the Company which is available on the Company’s website at [www.komark.com.my](http://www.komark.com.my). The detailed explanation on the application of the corporate governance practices is reported under the CG Report.

### Principle A: Board Leadership and Effectiveness

#### Board’s 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.

An effective Board is one that is made up of a combination of Executive Director with intimate knowledge of the business and Non-Executive Directors from diverse industry/business background to bring broad business and commercial experience to the Group. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgment. This offers a strong check and balance on the Board’s deliberations.

The responsibilities of the Board are stated in the Board Charter, which is available on the Company’s website at [www.komark.com.my](http://www.komark.com.my).

Broadly, the responsibilities of the Board are inclusive of but not limited to:

- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- ensure there is a sound framework for internal controls and risk management;
- ensuring that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- establishing and reviewing the policies and procedures on whistleblowing;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- ensuring that the Company’s financial statements are true and fair and conform with the accounting standards;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Principle A: Board Leadership and Effectiveness (Cont'd)

#### Board's Responsibilities (Cont'd)

Broadly, the responsibilities of the Board are inclusive of but not limited to (cont'd) :

- monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.

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") (collectively referred as "Board Committees"). The Board Committees are entrusted with the responsibility to oversee specific aspects of the Company's affairs in accordance with their respective terms of reference 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.

A copy of the Terms of Reference of the Board Committees is available on the Company's website at [www.komark.com.my](http://www.komark.com.my).

#### Separation of positions of the Chairman and Executive Director

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of the Chairman and Executive Director are separately held and each has a clear division and responsibilities between them to ensure the balance of control, power and authority. The roles and responsibilities of Chairman and Executive Director are clearly stated in the Board Charter to ensure a balance of power and authority.

The Chairman of the Board, YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad who is an Independent Non-Executive Chairman, plays an instrumental role in leading the Board by setting the tone at the top and managing Board effectiveness by focusing on strategy, governance and compliance. The Chairman also provides leadership at Board level and represents the Board to the shareholders and other stakeholders.

While the Executive Director of the Company, Mr Roy Ho Yew Kee is primarily responsible for the day-to-day management of the business as well as the implantation of Board policies and decisions. Mr Roy is also responsible to assess the potential business opportunities and report the same to the Board for their discussion.

#### Chairman of the Board should not be a member of the Board Committees

The Board endeavours to comply with the Practice 1.4 of the MCCG whereby the Chairman of the Board should not be a member of the Board Committees. The Board also acknowledges the risk of self-review and may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees.

However, the Chairman is not involved in management and operational matters of the Company, and he always provides constructive ideas and opinions to the Board and Board Committees respectively based on different perspectives as a Board Chairman and member of Board Committees. In addition, the presence of the two (2) Independent Directors from a total of the three (3) committees members are sufficient to provide the necessary checks and balances on the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Principle A: Board Leadership and Effectiveness (Cont'd)

#### Company's Policies

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.

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.

The Company has in place an Anti-Corruption Policy to incorporate the policies and procedures on anti-corruption to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption.

Following the amendments to the Listing Requirement, the Board adopted a Directors' Fit and Proper Policy to assess any person identified to be appointed as a Director or to continue holding the position as a Director within the group.

Details of the Board Charter, CoCE, Anti-Corruption Policy, Whistleblowing Policy and Directors' Fit and Proper Policy are available in the Company's website at [www.komark.com.my](http://www.komark.com.my).

Besides, the Board together with management acknowledges the importance in promoting sustainability strategies in the economic, environment, social and governance ("EESG") aspects as part of its broader responsibility to all the stakeholders and the communities in which it operates. The Company will continue to ramp up its effort in promoting sustainability initiatives for the communities in which it operates and the welfare of its employees. The details of the sustainability activities are set out in the Sustainability Statement on pages 18 to 24 of this Annual Report.

#### Qualified and Competent Company Secretary

The Board is supported by one (1) suitably qualified and competent Company Secretary. The Company Secretary play an advisory role to the Board and is responsible to ensure that Board policies and procedures are both followed and reviewed regularly and they have the responsibility to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities and powers. Every Director has readied and unrestricted access to the advice and the services of the Company Secretary to ensure the effective functioning of the Board. The Company Secretary also notify the Board of any corporate announcements released to Bursa Securities and the impending restriction on dealing with the securities of the Company prior to the announcement of the quarterly results.

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of their function.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Principle A: Board Leadership and Effectiveness (Cont'd)

#### Board and Board Committees Meetings

In discharging their responsibilities effectively, the Directors attended Board and Board Committee meetings to deliberate on matters under their review. During the FYE 2022, key activities undertaken by the Board include:

- Received reports and updates on operational and financial performance of the Group and other key matters;
- Considered corporate proposals;
- Approved the Company's full year and interim results;
- Discussed updates on corporate governance and regulatory matters;
- Received updates from the Chair of the Board Committees on the work undertaken by each committee;
- Considered and approved the re-appointment of the Company's 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

The Board is committed in ensuring that its composition not only reflects the diversity as recommended by MCCG, as best as it can, but also the right mix of skills and balance to contribute to the achievement of the Group's goal and business objectives.

Currently, the Board comprises five (5) members, comprising of one (1) Executive Director and four (4) Independent Non-Executive Directors.

The Company has complied with the Paragraph 15.02 of the Listing requirement of having at least two (2) or one third (1/3) of the Board comprising independent directors. In the event of any vacancy of the Board, resulting in non-compliance with Paragraph 15.02 of the Listing requirement, the Company will fill the vacancy within three (3) months.

The Board endeavours to fulfil the gender diversity provided by the latest MCCG and believes that with the current composition and size of the Board is adequate to discharge its duties and responsibilities efficiently and competently.

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 Nomination Committee conducts an annual review of its size and composition, gives due regard to skills, experience, gender and background. As part of the FYE2022 Board evaluation, the Nomination Committee 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.

In accordance with the Constitution and in compliance with the Listing Requirement, all the Directors are required to retire from office at least once in every three (3) years and shall be eligible for re-election. The Constitution also requires that at least one-third (1/3) of the Board shall retire at each Annual General Meeting ("AGM") and may offer themselves for re-election. In addition, the Constitution and Listing requirement also require the newly appointed Directors to hold office only until the next AGM and shall be eligible for re-election.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Principle A: Board Leadership and Effectiveness (Cont'd)

#### Board Composition (Cont'd)

As at the date of this CG Overview Statement, the Board has yet to adopt a policy at limiting the tenure of Independent Directors. Nevertheless, the Company took note of the recommendation by MCCG, that the tenure of an Independent Director should not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain such a Director as an Independent Director beyond nine (9) years, the Board will need to justify the decision and seek shareholders' approval at a general meeting through a two-tier voting process.

Currently, En Ihsan Bin Ismail, the Independent Director of the Company who had served the Board for a cumulative term of more than twelve (12) years, is going to retain as Independent Directors through a two-tier voting process at the forthcoming 26th AGM of the Company.

#### Time Commitment

The Board meets at least four (4) times a year to facilitate the discharge of its responsibilities. 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.

During the FYE 2022, a total of four (4) Board meetings were held and the attendance of the directors at Board and Committee meetings is shown in the table below:

Name of Directors	Board	AC	NC	RC
<b>YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad</b> Chairman and Independent Non-Executive Director	4/4	4/4	1/1	1/1
<b>Roy Ho Yew Kee</b> Executive Director	4/4	4/4		
<b>Ihsan bin Ismail</b> Independent Non-Executive Director	4/4	4/4	1/1	1/1
<b>Koo Kien Keat</b> Independent Non-Executive Director	4/4	4/4		
<b>Chan Jee Peng</b> Independent Non-Executive Director	4/4	4/4	1/1	1/1

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year as stipulated in Listing requirement with appropriate leave of absence be notified to the Chairman and/or Company Secretary, where applicable.

Based on the above, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section above.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Principle A: Board Leadership and Effectiveness (Cont'd)

#### 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 Secretary circulate and brief the relevant guidelines on statutory and regulatory requirements from time to time and for the Board's reference.

During the FYE 2022, the Directors have attended training, seminars, and conferences which they considered vital in keeping abreast with changes in laws and regulation, business environment, and corporate governance development. Details of the training programmes attended/ participated by the Directors are as follows:

Board members	Courses/Training Programmes Attended
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	Key Disclosure Obligations of a Listed Company
Mr Roy Ho Yew Kee	Key Disclosure Obligations of a Listed Company
En Ihsan Bin Ismail	Key Disclosure Obligations of a Listed Company
Mr Koo Kien Keat	Key Disclosure Obligations of a Listed Company
Mr Chan Jee Peng	<ul style="list-style-type: none"> <li>CTIM's 2022 Budget Seminar</li> <li>How to Apply Various Impairment Models to Different Classes of Assets Under Volatile Environments</li> <li>Audit Evidence and Sampling</li> </ul>

#### Nomination Committee

##### 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.

During the FYE 2022, the NC had undertaken the following activities:

- Assessed existing structure, size, composition and effectiveness of the Board as a whole and Board Committees.
- Conducted an annual assessment of the performance of the Board as a whole and made its recommendation to the Board; and
- Conducted an annual assessment of the Independent Directors and made its recommendation to the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Principle A: Board Leadership and Effectiveness (Cont'd)

#### Board Evaluation

The NC is responsible in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The evaluation process is led by the NC Chairman and supported by the Company Secretary via questionnaires.

The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities and composition, attendance record, the intensity of participation at meetings, quality of interventions and special contributions. Besides, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility as well as the effectiveness of the Chairman of the respective Board Committees.

Based on the annual assessment conducted during the financial year, the NC was satisfied with the existing Board composition and concluded that each Directors has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the financial year under review, and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. All assessments and evaluations carried out by the NC in discharge of its functions were properly documented.

#### Diversity of Board and Senior Management

The appointments of our Board members and Senior Management are made based on merit, in the context of diversity in skills, experience, age, background, gender, ethnicity and other factors which is in the best interests of our Group. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

The decision on new appointment of Directors and Senior Management rest with the Board after considering the recommendation of NC. In evaluating the suitability of candidates to the Board, NC will consider certain criteria such as skills, knowledge, expertise, experience, integrity, commitment, background, boardroom diversity and the ability of the candidate to discharge his/her duties as expected. For the appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in the Listing Requirement and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and AGM.

#### Remuneration Committee

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.

Currently, the RC comprises 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.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Principle A: Board Leadership and Effectiveness (Cont'd)

#### Remuneration Committee (Cont'd)

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.

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 Terms of Reference 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.

#### Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and its subsidiaries during the FYE 2022 are as follows:

Directors	Directors' Fees (RM)	Salary (RM)	Other Emoluments (RM)	Total (RM)
YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	84,000	-	5,000	89,000
Mr Roy Ho Yew Kee	72,000	355,046	5,000	432,046
En Ihsan Bin Ismail	48,000	-	5,000	53,000
Mr Koo Kien Keat	48,000	-	5,000	53,000
Mr Chan Jee Peng	60,000	-	5,000	65,000
Mr Koh Chie Jooi (Resigned w.e.f 23 July 2021)	-	397,553	-	397,553
<b>Total</b>				<b>1,089,599</b>

#### Remuneration of Key Senior Management

The Company notes the need for corporate transparency in the remuneration of its senior management executives, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Group's senior management personnel who are not directors of the Company.

The remuneration of the senior management personnel, which is a combination of annual salary, bonus and benefits-in-kinds are determined in a similar manner as other management employees of the Group. The basis of determination has been consistently applied and is based on individual performance and the overall performance of the Group. The aggregate remuneration of the top 4 senior management received for the FY2022 was RM762,812 representing 7% of the total employees' remuneration of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Principle B: Effective Audit and Risk Management

#### Audit Committee

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation.

The Board has established an AC, which comprises three (3) members, all of whom are Independent Non-Executive Directors. The AC is chaired by Mr Chan Jee Peng, who is not the Chairman of the Board. 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 30.

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 also 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 Group recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. The AC took note on the Practice 9.2 of the MCCG to have a policy that requires a former audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

For the financial year, the AC performs an assessment on the suitability and independence of the External Auditors before making recommendation to the Board for the reappointment of the External Auditors. The AC was satisfied with the results of the aforesaid assessment and was unanimous in their decision to recommend to the Board the re-appointment of the external auditors of the Company for the financial year ending 31 March 2023. The AC has also reviewed the nature and extent of non-audit services provided by the external auditors for FYE 2022 and recommends to the Board on the reappointment of the external auditor.

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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### 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 is set out in the 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Cont'd)

#### Communications with Stakeholders (Cont'd)

The Company has established a website at [www.komark.com.my](http://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.

#### Annual General Meetings

The Board has oversight that the General meetings are a crucial mechanism as it provides the Board an important forum for shareholders communication. At each AGM, the Board encourages shareholders to participate in question-and-answer session in order to communicate their views and seek clarifications. The Executive Director, members of the Board, Company Secretary, senior management and external auditors are present to address queries during the meeting.

The COVID-19 pandemic has prompted the Company to leverage technology to facilitate hosting virtual AGM via remote participation and electronic voting since year 2020. Shareholders had direct access to the Board during the AGM proceedings and to participate in the question-and-answer session on the resolutions being proposed or on the Group's operation.

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.

#### Compliance Statement

The Board has deliberated, reviewed and approved this Statement, and considers that this overview statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG, Listing Requirement and all applicable laws and regulations throughout the FYE 2022.

This Statement was approved by the Board of Directors of the Company on 18 July 2022.



# AUDIT COMMITTEE REPORT

The Board of Directors (“**Board**”) of Komarkcorp Berhad (“**Komarkcorp**” or “**the Company**”) is pleased to present the Audit Committee (“**AC**”) Report for the financial period ended 31 March 2022 (“**FYE 2022**”).

The AC with delegated oversight responsibilities assists the Board in ensuring that the paramount interest of the shareholders and other stakeholders of the Company and its subsidiaries (“**Group**”) are well protected.

## A. COMPOSITION

The AC of the Company consists of three (3) members, all of whom are Independent Non-Executive Directors. The AC comprises the following members:

**Chairman:** Mr Chan Jee Peng, *Independent Non-Executive Director*

**Members:** YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad, *Independent Non-Executive Chairman*  
En Ihsan Bin Ismail, *Independent Non-Executive Director*

The Chairman of the AC, Mr Chan Jee Peng is a member of the Malaysian Institute of Accountants. The current composition of the AC is in compliance with Paragraph 15.09 of the Main Market Listing Requirements (“**Listing Requirement**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and Malaysian Code on Corporate Governance.

The Company recognizes the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the AC members were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate who was an audit partner of the external auditors of the Group to be appointed as a member of AC.

## B. TERM OF REFERENCE

The principal objective of the AC is to assist the Board in meeting its responsibilities relating to accounting and reporting practices of the group. The duties and responsibilities of the AC is as set out in the Terms of Reference of the AC which can be found on the Company’s website at [www.komark.com.my](http://www.komark.com.my).

The AC’s Terms of Reference was last reviewed on 18 July 2022.

## C. MEETINGS AND ATTENDANCE

The AC conducted four (4) meetings during the FYE 2022 and the attendance of the AC members is set out as below:-

Name of Directors		Attendance
(a)	Mr Chan Jee Peng	4/4
(b)	YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	4/4
(c)	En Ihsan Bin Ismail	4/4

The meetings were structured through the use of agendas which were distributed to the AC with sufficient notification. The AC members are provided with notices and agenda about seven (7) days before the meeting. The meetings were of adequate length to allow the AC to accomplish its agenda with sufficient time to discuss emerging issues.

# AUDIT COMMITTEE REPORT (CONT'D)

## C. MEETINGS AND ATTENDANCE (CONT'D)

The Company Secretary or the representatives were present at all the meetings. Upon invitation, the executive Board members, members of management as well as representatives of the external auditors and internal auditors also attended specific AC meetings to facilitate direct communication and to provide clarifications on audit issues and the operations of the Group.

The minutes of each AC meeting were recorded and tabled for confirmation at the next following AC meeting. The AC Chairman reported to the Board on the key matters deliberated during the AC meetings, for the Board's consideration and decision.

## D. SUMMARY OF WORK

During the FYE 2022, in line with their Term of Reference, the activities of the AC included, among others, the following:-

- (a) reviewed the unaudited quarterly financial statements of the Group to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the Board's approval;
- (b) reviewed and confirmed the minutes of the AC meetings;
- (c) reviewed the external auditors' reports on audit findings and the accounting issues arising from the audit before appropriate audit adjustments were made to the Group's financial statements for FYE 2022;
- (d) discussed the Audit Planning Memorandum from the external auditors for the FYE 2022;
- (e) reviewed the related party transactions to be entered into by the Group to ensure that the transactions entered into were on arm's length basis and on normal commercial terms and not detrimental to the interests of minority shareholders every quarter;
- (f) reviewed the internal audit report which outlined the recommendations towards correcting areas of weaknesses and ensured that there were management action plans established for the implementation of the Internal Auditors' recommendations;
- (g) discussed the Internal Audit Planning Memorandum from the internal auditors for the FYE 2022;
- (h) discussed the Group Risk Management Report;
- (i) reviewed with the internal auditor, external auditors and the management, the adequacy of the existing policies, procedures and systems of internal control of the Group;
- (j) reviewed the re-appointment of External Auditors and their audit fees, after taking into consideration the independence and objectivity of the External Auditors and the cost effectiveness of their audit, before the recommendation to the Board for approval;
- (k) reviewed with the External Auditors and Internal Auditors, the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report;
- (l) reviewed the AC report, Corporate Governance Overview Statement together with Corporate Governance Report, Management Discussion and Analysis and Sustainability Statement for inclusion in the Annual Report and Circular /Statement to Shareholders; and
- (m) reviewed the annual audited financial statements of the Company and of the Group prior to the Board's consideration and approval.

# AUDIT COMMITTEE REPORT (CONT'D)

## E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional firm named Messrs. Indah Corporate Governance Sdn. Bhd. (“**Internal Auditor**”). Indah Corporate Governance Sdn. Bhd. has sufficient number of audit staffs deployed for the internal audit reviews which comprises a total of 5 persons, with the composition of 1 Director and 4 staffs.

Ms. Tay Lee Hoon the Director of Indah Corporate Governance Sdn. Bhd., is in-charge of the internal audit of the Group. Ms. Tay is a member of the Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia.

The primary responsibility of Internal Auditor is to provide independent and reasonable assurance that the Group’s systems of internal controls are adequate and continue to operate satisfactorily and effectively. The internal auditor provides the AC with independent and objective reports on the state of internal controls of the Group, the extent of compliance with the established policies, procedures and relevant statutory requirements, the extent the Group’s assets are accounted for and safeguarded, and improvements to operations, processes and control systems.

The Internal Audit highlighted to the AC on their audit findings and requested formulation of management action plans by the Management to ensure an adequate and effective internal control system within the Group and to mitigate risks arising from any weaknesses in the Group’s internal control system. Subsequently, follow up review was performed to ensure that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.

The AC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the Internal Audit function.

The total costs incurred by the Internal Auditor in discharging its functions and responsibilities in respect of the FYE 2022 was RM30,000.

Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out in pages 39 to 41 of this Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“Board”) is pleased to present this Statement on Risk Management and Internal Control (“Statement”) for the financial period ended 31 March 2022. The preparation of this statement is required under paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) and guided by the “Statement on Risk Management & Internal Control-Guidelines for Directors of Listed Issuers” which was endorsed by Bursa Malaysia Securities Berhad (“Bursa Securities”).

## BOARD’S RESPONSIBILITY

In accordance with the Malaysian Code of Corporate Governance, the Board is responsible for establishing, formulating policies, reviewing and assessing the Group’s risk management and internal control systems, and seeking assurance that these systems are adequate and functioning effectively 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.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## 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.

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 unit 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.

## INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is outsourced to Indah Corporate Governance Sdn. Bhd., a professional service 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## INTERNAL AUDIT FUNCTION (CONT'D)

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

1. Human Resource & Payroll Management
2. Invoicing Management
3. Information Technology Management
4. Credit Management

## REVIEW OF STATEMENT BY EXTERNAL AUDITOR

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with the Audit and Assurance Practice Guide 3 ("AAP G3"): Guidance for Auditors on Engagements to Report on the Statements on Risk Management in and Internal Control included in the Annual Report.

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board and management in reviewing the adequacy and integrity of the risk management and effectiveness of the systems of risk management and internal control systems of the Group.

## CONCLUSION

The Board has received assurance from the Executive Director and Senior Management 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 of the company on 18 July 2022.

# DIRECTORS' RESPONSIBILITY STATEMENT

## IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

The Directors are required by the Companies Act 2016 (“the Act”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and requirements of the Act in Malaysia.

The Directors are responsible to ensure that the audited financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and the Company for the financial period ended 31 March 2022. Where there are new accounting standards or policies that become effective during the period, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

- adopted appropriate and relevant accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensure that all applicable accounting standards have been followed; and
- prepared financial statements on a “going concern” basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

This Statement was approved by the Board of Directors of the company on 18 July 2022.

# ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

## AUDIT FEE AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

For the Financial Period Ended 31 March 2022, the amount of audit and non-audit fees paid or payable to the External Auditors by the Group and Company respectively as follows:

Type of fees	Group (RM'000)	Company (RM'000)
Audit fees	216	45
Non-audit fees	30	30
<b>Total</b>	<b>246</b>	<b>75</b>

## MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial period ended 31 March 2022 or entered into since the end of the previous financial year.

## UTILISATION OF PROCEEDS

### a. Private Placement of up to 30% of the total number of issued shares of Company

On 16 June 2020, the Company proposed to undertake private placement of up to 30% of total number of issued shares of the Company to independent third-party investors ("**Private Placement up to 30%**"). The Private Placement up to 30% was completed following the listing and quotation of 45,011,000 and 16,664,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 24 December 2020 and 28 December 2020 respectively, raising RM59,208,000 for the Company.

As at 31 March 2022, the proceeds has been fully utilised. The summary of the utilisation of proceeds were as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Variation RM'000	Unutilised RM'000
(i) Investment in the new business	17,900	17,900	-	-
(ii) Repayment of borrowings	1,423	1,423	-	-
(iii) Working Capital	38,725	38,725	-	-
(iv) Estimated expenses for the Proposals	1,160	1,160	-	-

### b. Private Placement of up to 20% of the total number of issued shares of Company

On 12 April 2021, the Company proposed to undertake private placement of up to 20% of total number of issued shares of the Company to independent third-party investors ("**Private Placement up to 20%**"). The Private Placement up to 20% was completed following the listing and quotation of 96,223,000 Placement Shares on the Main Market of Bursa Securities on 31 May 2021, raising RM12,932,371.29 for the Company.



# ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES (CONT'D)

## UTILISATION OF PROCEEDS (CONT'D)

### b. Private Placement of up to 20% of the total number of issued shares of Company (cont'd)

As at 31 March 2022, the summary of the utilisation of proceeds were as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Variation RM'000	Unutilised RM'000
(i) Expansion of production capacity for the face mask manufacturing business	12,793	11,393	-	1,400
(ii) Estimated expenses for the Proposals	139	139	-	-

## EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company was approved by the shareholders at the Extraordinary General Meeting held on 5 August 2020 and it is governed by the Bylaws.

The ESOS was implemented on 14 January 2021 and shall be in force for a period of five (5) years and may be extended for such further period, at the sole and absolute discretion of the Board upon recommendation by the ESOS Committee, provided always that the Initial Scheme period above and such extension of the scheme made pursuant to the Bylaws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the effective date of the ESOS.

None of such option had been granted to any eligible persons by the Company under ESOS since its commencement up to the financial period ended 31 March 2022.

## RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The Recurrent Related Party Transactions of a Revenue or Trading Nature incurred during the financial year are set out as below:-

Name of Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate value made during the financial period ended 31 March 2022 (RM'000)
Key Alliance Group Berhad	i) Provision of Information and Communication Technology ("ICT") services. ii) Installation of Enterprise Resource Planning ("ERP") systems. iii) Installation of security and Closed-Circuit Television ("CCTV") monitoring	- Mr. Roy Ho Yew Kee - YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	-

# ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES (CONT'D)

## RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) (CONT'D)

The Recurrent Related Party Transactions of a Revenue or Trading Nature incurred during the financial year are set out as below (cont'd):-

Name of Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate value made during the financial period ended 31 March 2022 (RM'000)
Key Alliance Group Berhad	iv) Installation of Internet of Things (“IOT”) devices v) Installation of covid-19 preventive measures. vi) Migration of various operating platforms to cloud based.	- Mr. Roy Ho Yew Kee - YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	-
XOX Bhd	i) Sales of packaging and project labelling ii) Sales of face masks	- Mr. Roy Ho Yew Kee - Key Alliance Group Berhad	942
Key Alliance and its subsidiaries	i) Sales of face masks	- Mr. Roy Ho Yew Kee - YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	-

Besides, the Company is seeking approval from the shareholders for the proposed new and renewal shareholders' mandate for the Company to enter into RRPT(s) of a revenue or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities at the forthcoming Annual General Meeting to be convened on Wednesday, 21 September 2022 at 10.30am. The details as enclosed in the circular dated 29 July 2022.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 March 2022.

### CHANGE OF FINANCIAL YEAR END

The Group and the Company have changed their financial year end from 30 April to 31 March and accordingly, the financial statements for a financial period of 11 months from 1 May 2021 to 31 March 2022 have been drawn up by the Group and the Company.

### PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

### RESULTS

	Group RM'000	Company RM'000
Loss for the period	(10,190)	(49,294)
Loss attributable to:		
- Owners of the Company	(10,053)	(49,294)
- Non-controlling interests	(137)	-
	(10,190)	(49,294)

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company increased its issued and paid-up share capital from RM120,166,163 to RM132,926,934 by way of a private placement of 96,223,000 units of new ordinary shares at RM0.1344 per share for a cash consideration of RM12,932,371;

The net proceeds from the above issuance were utilised to finance the expansion of manufacturing and sales of face masks with the balance amount being used for repayment of loans and borrowings, and working capital purposes.

# DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONT'D)

## ISSUE OF SHARES AND DEBENTURES (CONT'D)

The newly issued ordinary shares rank pari passu in all respects with the then existing ordinary shares of the Company. Details of the issuance of new ordinary shares are disclosed in Note 15 to the financial statements.

Other than the above issuance, no debentures were issued by the Company during the financial period.

## WARRANTS 2021/2024 ("WARRANTS C")

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

Date issued	Exercise price	Number of Outstanding Warrants C			
		At 15.1.2021	Exercised	Lapsed	At 31.3.2022
15.1.2021	RM0.56	240,460,690	-	-	240,460,690

The salient terms of Warrants C are disclosed in Note 16 to the financial statements.

## TREASURY SHARES

As at 31 March 2022, the Company held 18,000 units of its issued and paid-up ordinary shares as treasury shares at a carrying amount of RM3,547 in accordance with Section 127(4) of the Companies Act 2016. Details of the treasury shares are disclosed in Note 15 to 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 period.

## DIRECTORS

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

YM Tengku Ezuan Ismara Bin Tengku Nun  
Ahmad\*  
Ihsan Bin Ismail  
Roy Ho Yew Kee\*  
Koo Kien Keat  
Chan Jee Peng\*  
Koh Chie Jooi

(Appointed on 1 May 2021)  
(Resigned on 23 July 2021)

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



# DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONT'D)

## DIRECTORS (CONT'D)

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

Ong Ann Boon  
Karnrawee Cherdchai  
Chu Chee Peng

(Appointed on 23 July 2021)

## DIRECTORS' BENEFITS

Neither at the end of the financial period, nor at any time during that period, 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, other than those arising from the share options to be granted to certain eligible directors pursuant to the ESOS of the Company.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 31(b) to the financial statements.

## EMPLOYEE SHARE OPTION SCHEME ("ESOS")

On 5 August 2020, the shareholders of the Company at an Extra-ordinary general meeting approved an ESOS to be granted to eligible persons of the companies within the Group to subscribe for unissued new ordinary shares in the Company.

None of such option had been granted to any eligible persons by the Company since then and the salient features of the ESOS are disclosed in Note 17 to the financial statements.

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company and its subsidiaries during the financial period are disclosed in Note 28 to the financial statements.

# DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONT'D)

## DIRECTORS' INTEREST

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 period in shares in the Company during the financial period were as follows:

	← Balance at 1.5.2021	Number of Ordinary Shares		→ Balance at 31.3.2022
		Bought	Sold	
<b>Direct Interest</b>				
YM Tengku Ezuan Ismara				
Bin Tengku Nun Ahmad	200,000	-	-	200,000
Roy Ho Yew Kee	400,000	600,000	-	1,000,000
<b>Indirect Interest</b>				
Roy Ho Yew Kee	27,600,800	94,717,400	-	122,318,200 <sup>(1)</sup>

<sup>(1)</sup> Deemed interested in the shares by virtue of shares held by a company in which the director has interest.

By virtue of their interests in the shares of the Company, Roy Ho Yew Kee is deemed to have an interest in the shares of all the subsidiaries of the Company in Malaysia 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 period had any interest in shares in the Company or its related corporations during the financial period.

## INDEMNITY AND INSURANCE COSTS TO OFFICERS OF THE COMPANY

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 period.

## 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values 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.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render 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

# DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONT'D)

## OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the directors are not aware of any circumstances: (Cont'd)
- (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
  - (iv) 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.
- (c) 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 period 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 period.
- (d) 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 period which will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial period in which this report is made.

## SUBSIDIARIES

Details of the subsidiaries of the Company are disclosed in Note 7 to the financial statements.

The auditors' reports on the financial statements of other subsidiaries did not contain any qualification and/or any adverse comment made under Section 266(3) of the Act.

## SIGNIFICANT EVENTS

Significant events occurring during the reporting period are disclosed in Note 36 to the financial statements.

# DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONT'D)

## AUDITORS

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

Details of the auditors' remunerations are disclosed in Note 26 to the financial statements.

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

**ROY HO YEW KEE**

**YM TENGKU EZUAN ISMARA  
BIN TENGKU NUN AHMAD**

Kuala Lumpur  
Dated: 18 July 2022

# STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

## STATEMENT BY DIRECTORS

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

We, Roy Ho Yew Kee and YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad, 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 60 to 150 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 31 March 2022 and of their financial performance and cash flows for the financial period then ended

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

**ROY HO YEW KEE**

**YM TENGKU EZUAN ISMARA  
BIN TENGKU NUN AHMAD**

Kuala Lumpur  
Dated: 18 July 2022

## STATUTORY DECLARATION

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

I, Roy Ho Yew Kee, being the director primarily responsible for the financial management of Komarkcorp Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 60 to 150, 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 ROY HO YEW KEE  
(NRIC No.: 751110-14-5401) at  
Kuala Lumpur in the State of Wilayah  
Persekutuan on 18 July 2022

**ROY HO YEW KEE**

Before me,

Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

## 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 31 March 2022 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 150.

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 31 March 2022, and of their financial performance and their cash flows for the period 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

# INDEPENDENT AUDITORS' REPORT

## (CONT'D)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. 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.

#### (I) Impairment review of property, plant and equipment

##### (a) Property, plant and equipment for subsidiaries

(Refer to Note 4 to the financial statements)

The Group has significant balances of property, plant and equipment relating to its surgical face mask and self-adhesive labels operations. Except for the surgical face mask business, the Covid-19 pandemic has significantly affected many businesses and the Malaysian economy as a whole. This indicates that certain of the property, plant and equipment may have to be impaired. As such, there is a risk the future performance of the assets may not lead to their carrying values being recoverable in full. The directors have performed an impairment assessment to estimate the recoverable amount of these assets which involved significant judgement. The significant judgements are executed over the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rate and gross profit margin.

#### Our Response

In addressing this area of audit focus, amongst others:

- (i) We assessed the valuation methodology adopted by the Group in accordance to the requirements of MFRS 136 *Impairment of Assets*;
- (ii) We compared the cash flows projections to available business plan;
- (iii) We compared the actual results with previous budget to assess the performance of the business and reliability of forecasting process;
- (iv) We compared the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rate, forecast growth rates, inflation rates and gross profit margin; and
- (v) We tested the mathematical accuracy of the impairment assessment.

# INDEPENDENT AUDITORS' REPORT

## (CONT'D)

### Key Audit Matters (Cont'd)

#### (II) Investment in subsidiaries and amounts due from subsidiaries

##### (a) Cost of investment in subsidiaries

(Refer to Note 7 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 12 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.

#### 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.

# INDEPENDENT AUDITORS' REPORT

## (CONT'D)

### Information Other than the Financial Statements and Auditors' Report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report. 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

### Responsibilities of the directors for the financial statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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

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

# INDEPENDENT AUDITORS' REPORT

## (CONT'D)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional 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 threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period 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.



# INDEPENDENT AUDITORS' REPORT

## (CONT'D)

### 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 7 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

Kuala Lumpur

Dated: 18 July 2022

**CHIA KWONG CHOW**

01127/01/2024 (J)

Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2022

		Group		Company	
	Note	31.3.2022 RM'000	30.4.2021 RM'000	31.3.2022 RM'000	30.4.2021 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	93,336	66,018	-	-
Intangible assets	5	82	-	-	-
Rights-of-use of assets	6	2,597	703	-	-
Investments in subsidiaries	7	-	-	20,558	26,574
Investment in associate	8	-	-	-	-
Deferred tax assets	9	-	110	-	-
Goodwill on consolidation	10	-	-	-	-
		96,015	66,831	20,558	26,574
<b>Current assets</b>					
Inventories	11	13,554	5,782	-	-
Trade and other receivables	12	17,515	14,542	18,127	16,050
Tax recoverable		103	93	1	10
Short term funds	13	3,010	30,056	3,010	30,056
Cash and bank balances	14	2,349	9,853	70	5,493
		36,531	60,326	21,208	51,609
<b>Total assets</b>		132,546	127,157	41,766	78,183
<b>Equity and liabilities</b>					
<b>Equity:</b>					
<b>Equity attributable to owners of the Company:</b>					
Share capital	15	132,927	120,166	132,927	120,166
Treasury shares	15	(4)	(4)	(4)	(4)
Other reserves	18	50,534	50,150	33,882	33,882
Accumulated losses		(82,038)	(71,827)	(126,981)	(77,641)
		101,419	98,485	39,824	76,403
Non-controlling interests	7	(86)	51	-	-
<b>Total equity</b>		101,333	98,536	39,824	76,403
<b>Non-current liabilities</b>					
Post-employment benefits	19	667	1,138	-	-
Loans and borrowings	20	4,975	5,373	-	-
Lease liabilities	21	1,513	262	-	-
Finance lease liabilities	22	2,264	2,189	-	-
Deferred tax liabilities	9	380	477	-	-
		9,799	9,439	-	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2022 (CONT'D)

		Group		Company	
	Note	31.3.2022 RM'000	30.4.2021 RM'000	31.3.2022 RM'000	30.4.2021 RM'000
<b>Current liabilities</b>					
Trade and other payables	23	17,321	12,446	1,942	1,780
Loans and borrowings	20	439	2,789	-	-
Lease liabilities	21	1,121	473	-	-
Finance lease liabilities	22	2,533	2,961	-	-
Tax payable		-	513	-	-
		21,414	19,182	1,942	1,780
<b>Total liabilities</b>		31,213	28,621	1,942	1,780
<b>Total equity and liabilities</b>		132,546	127,157	41,766	78,183

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

		Group		Company	
		1.5.2021 to 31.3.2022	1.5.2020 to 30.4.2021	1.5.2021 to 31.3.2022	1.5.2020 to 30.4.2021
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	24	62,742	37,627	-	-
Cost of sales		(58,133)	(37,770)	-	-
<b>Gross profit/(loss)</b>		4,609	(143)	-	-
Other operating income		640	1,733	292	34
Other operating expenses		(14,871)	(16,650)	(49,586)	(13,630)
Finance costs	25	(709)	(1,071)	-	-
<b>Loss before tax</b>	26	(10,331)	(16,131)	(49,294)	(13,596)
Income tax expense	29	141	176	-	-
<b>Loss net of tax</b>		(10,190)	(15,955)	(49,294)	(13,596)
<b>Other comprehensive income/(loss):</b>					
<b>Items that will not be reclassified to profit or loss in subsequent year:</b>					
- Fair value (loss)/gain on short term funds		(46)	56	(46)	56
- Tax effect on remeasurement gain of defined benefit plan		(112)	12	-	-
- Remeasurement loss on defined benefit plan		-	(30)	-	-
- Reversal of translation losses on deconsolidation of a subsidiary		272	-	-	-
		114	38	(46)	56
<b>Items that will be reclassified to profit or loss in subsequent year:</b>					
- Exchange (loss)/gain on translating foreign operations		112	(26)	-	-
<b>Total comprehensive loss for the financial period/year</b>		(9,964)	(15,943)	(49,340)	(13,540)
<b>Loss net of tax attributable to:</b>					
Owners of the Company		(10,053)	(15,834)	(49,294)	(13,596)
Non-controlling interest		(137)	(121)	-	-
		(10,190)	(15,955)	(49,294)	(13,596)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONT'D)

		Group		Company	
		1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
	Note				
<b>Other comprehensive income/(loss): (Cont'd)</b>					
<b>Total comprehensive loss attributable to:</b>					
Owners of the Company		(9,827)	(15,822)	(49,340)	(13,540)
Non-controlling interests		(137)	(121)	-	-
		(9,964)	(15,943)	(49,340)	(13,540)
<b>Loss per share attributable to owners of the Company (sen per share):</b>					
Basic EPS	30	(1.74)	(6.05)		
Diluted EPS	30	- *	- *		

\* Anti-dilutive in nature

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

		Attributable to owners of the parent		Non-distributable		Distributable			
		Share capital (Note 15)	Treasury shares (Note 15)	Other reserves (Note 18)	Accumulated losses	Total	Non-controlling interests	Total equity	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Note	Group								
	<b>At 1 May 2021</b>	120,166	(4)	50,150	(71,827)	98,485	51	98,536	
	Loss for the financial period	-	-	-	(10,053)	(10,053)	(137)	(10,190)	
	Exchange translation loss	-	-	112	-	112	-	112	
	Fair value loss on short term funds	-	-	-	(46)	(46)	-	(46)	
13	Tax effect on remeasurement loss of defined benefit plan	-	-	-	(112)	(112)	-	(112)	
	Deconsolidation of a subsidiary	-	-	272	-	272	-	272	
	<b>Total comprehensive (expense)/ income for the financial period</b>	-	-	384	(10,211)	(9,827)	(137)	(9,964)	
	<b>Transactions with owners:</b>								
15	Issuance of new ordinary shares pursuant to private placement	12,932	-	-	-	12,932	-	12,932	
15	Share issuance expenses	(171)	-	-	-	(171)	-	(171)	
	<b>Total transactions with owners, recognised directly in equity</b>	12,761	-	-	-	12,761	-	12,761	
	<b>At 31 March 2022</b>	132,927	(4)	50,534	(82,038)	101,419	(86)	101,333	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

		Attributable to owners of the parent		Non-distributable		
		Share capital (Note 15)	Treasury shares (Note 15)	Other reserves (Note 18)	Accumulated losses	Non-controlling interests
		RM'000	RM'000	RM'000	RM'000	RM'000
Note		RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>						
<b>At 1 May 2020</b>		62,789	(4)	50,176	(56,031)	56,930
Loss for the financial year		-	-	-	(15,834)	(15,955)
Exchange translation loss		-	-	(26)	-	(26)
Fair value gain on short term funds	13	-	-	-	56	56
Remeasurement loss on defined benefit plan	19	-	-	-	(30)	(30)
Tax effect on remeasurement gain of defined benefit plan		-	-	-	12	12
<b>Total comprehensive expense for the financial year</b>		-	-	(26)	(15,796)	(15,943)
<b>Transactions with owners:</b>						
Deemed acquisition of non-controlling interest		-	-	-	-	172
Issuance of new ordinary shares pursuant to private placement	15	59,208	-	-	-	59,208
Issuance of new ordinary shares pursuant to exercise of warrants	15	35	-	-	-	35
Share issuance expenses	15	(1,866)	-	-	-	(1,866)
<b>Total transactions with owners, recognised directly in equity</b>		57,377	-	-	-	57,377
<b>At 30 April 2021</b>		120,166	(4)	50,150	(71,827)	98,485
						51
						98,536

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

		Non-distributable			Distributable		
		Share capital (Note 15) RM'000	Treasury shares (Note 15) RM'000	Warrant reserve (Note 16) RM'000	Other reserves (Note 18) RM'000	Accumulated losses RM'000	Total RM'000
Note	Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	<b>At 1 May 2021</b>	120,166	(4)	-	33,882	(77,641)	76,403
	Loss for the financial period	-	-	-	-	(49,294)	(49,294)
	Fair value loss on short term funds	-	-	-	-	(46)	(46)
13	<b>Total comprehensive expense for the financial period</b>	-	-	-	-	(49,340)	(49,340)
	<b>Transactions with owners:</b>						
	Issuance of new ordinary shares pursuant to private placement	12,932	-	-	-	-	12,932
15	Share issuance expenses	(171)	-	-	-	-	(171)
	<b>Total transactions with owners</b>	12,761	-	-	-	-	12,761
	<b>At 31 March 2022</b>	132,927	(4)	-	33,882	(126,981)	39,824

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

		Non-distributable				Distributable		
		Share capital (Note 15)	Treasury shares (Note 15)	Warrant reserve (Note 16)	Other reserves (Note 18)	Accumulated losses	Total	
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Company</b>								
<b>At 1 May 2020</b>		62,789	(4)	-	33,882	(64,101)		32,566
Loss for the financial year		-	-	-	-	(13,596)		(13,596)
Fair value gain on short term funds	13	-	-	-	-	56		56
<b>Total comprehensive expense for the financial year</b>		-	-	-	-	(13,540)		(13,540)
<b>Transactions with owners:</b>								
Issuance of new ordinary shares pursuant to private placement	15	59,208	-	-	-	-		59,208
Issuance of new ordinary shares pursuant to exercise of Warrants C	15 & 16	35	-	-	-	-		35
Share issuance expenses	15	(1,866)	-	-	-	-		(1,866)
<b>Total transactions with owners</b>		57,377	-	-	-	-		57,377
<b>At 30 April 2021</b>		120,166	(4)	-	33,882	(77,641)		76,403

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Group		Company	
	1.5.2021 to 31.3.2022	1.5.2020 to 30.4.2021	1.5.2021 to 31.3.2022	1.5.2020 to 30.4.2021
Note	RM'000	RM'000	RM'000	RM'000
<b>Operating activities:</b>				
Loss before tax	(10,331)	(16,131)	(49,294)	(13,596)
Adjustments for:-				
Amortisation of right-of-use assets	641	505	-	-
Amortisation of intangible assets	29	-	-	-
Bad debt recovered	(4)	(5)	-	-
Bad debt written off	113	14	-	-
Allowance/(reversal) for impairment loss on:-				
- Amount due from an associate	(69)	(17)	-	-
- Amount due from subsidiaries	-	-	40,612	5,077
- Trade receivables	(34)	112	-	-
- Other receivables	-	17	-	-
- Investment in subsidiaries	-	-	6,016	5,876
Allowance/(reversal) for expected credit loss on:-				
- Trade receivables	95	(13)	-	-
- Amount due from subsidiaries	-	-	1,083	1,211
Depreciation of property, plant and equipment	4,913	4,431	-	-
Deposit and prepayment written off	49	-	-	-
Fair value (loss)/gain on investment in short term funds	(46)	56	(46)	56
Goodwill written off	-	1,750	-	-
Deferred income	(422)	-	-	-
Interest expense	709	911	-	-
Interest income	(297)	(11)	(292)	(34)
Inventories written off	681	79	-	-
Loss/(Gain) on disposal of property, plant and equipment	476	(13)	-	-
Loss allowance for slow-moving, defective and obsolete inventories	176	380	-	-
Non-controlling interest	-	172	-	-
Property, plant and equipment written off	211	6	-	-
Unrealised loss on foreign exchange - net	4	337	11	18
<b>Operating loss before working capital changes</b>	<b>(3,106)</b>	<b>(7,420)</b>	<b>(1,910)</b>	<b>(1,392)</b>
Balance carried forward	(3,106)	(7,420)	(1,910)	(1,392)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF CASH FLOWS (CONT'D)

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Group		Company	
	1.5.2021 to 31.3.2022	1.5.2020 to 30.4.2021	1.5.2021 to 31.3.2022	1.5.2020 to 30.4.2021
Note	RM'000	RM'000	RM'000	RM'000
Balance brought forward	(3,106)	(7,420)	(1,910)	(1,392)
<b>Changes in working capital:-</b>				
Increase in inventories	(8,655)	(2,610)	-	-
Increase in receivables	(3,127)	(6,052)	(43,772)	(18,208)
Increase/(decrease) in payables	6,527	4,260	151	(819)
	(8,361)	(11,822)	(45,531)	(20,419)
Income tax refund/(paid) - net	42	(65)	9	(1)
Interest paid	(709)	(911)	-	-
Interest received	297	11	292	34
<b>Net cash flows used in operating activities</b>	<b>(8,731)</b>	<b>(12,787)</b>	<b>(45,230)</b>	<b>(20,386)</b>
<b>Investing activities:</b>				
Investment in a subsidiary	-	-	-	(2,178)
Investment in intangible assets	(111)	-	-	-
Issuance of redeemable convertible preference shares	-	2,000	-	-
Deconsolidation of a subsidiary (net cash disposed)	(22)	-	-	-
Redemption of redeemable convertible preference shares	-	(2,000)	-	-
Purchases of property, plant and equipment	A (33,045)	(4,763)	-	-
<b>Net cash flows used in investing activities</b>	<b>(33,178)</b>	<b>(4,763)</b>	<b>-</b>	<b>(2,178)</b>
<b>Financing activities:</b>				
Drawdown of term loans and other borrowings	-	1,200	-	-
Withdrawal of deposits pledged to licensed banks	651	142	-	-
Proceeds from disposal of property, plant and equipment	554	222	-	-
Net proceeds from issuance of ordinary shares pursuant to private placement	12,761	57,342	12,761	57,342
Proceeds from issuance of ordinary shares pursuant to exercise of warrants	-	35	-	35
Repayment of finance lease liabilities	(2,946)	(2,089)	-	-
Balance carried forward	11,020	56,852	12,761	57,377

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS (CONT'D)

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

		Group		Company	
	Note	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
Balance brought forward		11,020	56,852	12,761	57,377
<b>Financing activities: (Cont'd)</b>					
Repayment of lease liabilities		(636)	(486)	-	-
Repayment of term loans and other borrowings		(381)	(2,471)	-	-
<b>Net cash flows generated from financing activities</b>		10,003	53,895	12,761	57,377
<b>Net (decrease)/increase in cash and cash equivalents</b>		(31,906)	36,345	(32,469)	34,813
<b>Cash and cash equivalents at 1 May 2021/2020</b>		36,839	417	35,549	736
Effect of foreign exchange gain on cash and cash equivalents		374	77	-	-
<b>Cash and cash equivalents at 31 March 2022/30 April 2021</b>	B	5,307	36,839	3,080	35,549

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

	Note	Redeemable convertible preference shares RM'000	Loans and borrowings RM'000	Lease liabilities RM'000	Total RM'000
<b>Group</b>					
<b>At 1 May 2020</b>	20 & 21	-	7,066	1,219	8,285
Issuance of redeemable convertible preference shares		2,000	-	-	2,000
Redemption of redeemable convertible preference shares		(2,000)	-	-	(2,000)
Repayment of lease liabilities	21	-	-	(486)	(486)
Drawdown of term loans and other borrowings	20	-	1,200	-	1,200
Repayment of term loans and other borrowings	20	-	(2,471)	-	(2,471)
Effects of foreign exchange rates		-	-	2	2
<b>At 30 April 2021 and 1 May 2021</b>	20 & 21	-	5,795	735	6,530
Acquisition of new lease		-	-	2,535	2,535
Repayment of lease liabilities	21	-	-	(636)	(636)
Repayment of term loans and other borrowings	20	-	(381)	-	(381)
<b>At 31 March 2022</b>	20 & 21	-	5,414	2,634	8,048

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS (CONT'D)

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### NOTES

#### A. PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

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

	Group		Company	
	31.3.2022	30.4.2021	31.3.2022	30.4.2021
	RM'000	RM'000	RM'000	RM'000
Cash	33,045	4,763	-	-
Finance lease arrangements	2,592	91	-	-
Total cash payments during the financial period	35,637	4,854	-	-

#### B. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	31.3.2022	30.4.2021	31.3.2022	30.4.2021
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	52	703	-	-
Cash and bank balances	2,297	9,150	70	5,493
Short term funds	3,010	30,056	3,010	30,056
	5,359	39,909	3,080	35,549
Less: - Bank overdrafts	-	(2,367)	-	-
- Deposits pledged with licensed banks	(52)	(703)	-	-
	5,307	36,839	3,080	35,549

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 1. Corporate information

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

The registered office is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, 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 Company is principally engaged in the business of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

### 2. Basis of preparation and summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company 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 also been prepared on the historical cost basis except as disclosed in the accounting policies below. The accounting policies below are adhered to by the Group and the Company except when otherwise indicated.

The financial statements of the Group and the Company 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

On 1 May 2021, the Group and the Company adopted the following amendments which are effective for annual periods beginning on or after 1 May 2022.

Description	Effective for annual period beginning on or after
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020 (1 June 2021)
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021

The adoption of these amendments did not have any material effect on the financial performance or position of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred tax Related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

The directors do not expect any material impact from the adoption of the above standards in the period of initial application.

#### 2.4 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.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.4 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:

- (a) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (b) potential voting rights held by the Company, other vote holders or other parties;
- (c) rights arising from other contractual arrangements; and
- (d) 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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### Business combinations and goodwill

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. Transaction costs incurred are expensed and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

## 2. Basis of preparation and summary of significant accounting policies (Cont'd)

### 2.4 Basis of consolidation (Cont'd)

#### Business combinations and goodwill (Cont'd)

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.

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.

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.

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 the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### 2.5 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.5 Subsidiaries (Cont'd)

A subsidiary is an entity over which the Group has (Cont'd):

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.

#### 2.6 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;
- Held primarily for the purpose of trading;
- 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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.

#### 2.7 Investment in associates

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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

## 2. Basis of preparation and summary of significant accounting policies (Cont'd)

### 2.7 Investment in associates (Cont'd)

An associate is equity accounted for from the date on which the investee becomes an associate.

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.

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.

### 2.8 Transaction with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Total comprehensive income is attributed to the non-controlling interests based on their respective interest in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 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 (“RM”), which is also the Company’s functional currency.

##### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling 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.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### (c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rates 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 recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.10 Property, plant and equipment

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 Company and the cost of the item can be measured reliably.

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 in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

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.

The Group intends to perform revaluation review on all land and buildings of the Group and of the Company in every 5 years.

Freehold land has unlimited useful lives and therefore are not amortised. Leasehold properties are amortised over their unexpired lease terms. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings	50 years
Motor vehicles	5 to 10 years
Mould and die cutters	2 to 10 years
Office equipment, furniture and fittings	4 to 20 years
Plant and machinery	4 to 20 years
Renovation	5 to 10 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet ready for use.

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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.11 Intangible assets

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 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 period-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.

Amortisation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Trademark	5 - 10 years
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Gain or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### 2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset that has a finite economic useful life may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group 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 of disposal or 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")). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.12 Impairment of non-financial assets (Cont'd)

For assets excluding goodwill, 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. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. 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 profit or loss.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

#### 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:

- Raw materials and consumables: costs of purchases on a first-in first-out basis.
- Finished goods and work-in-progress: costs of raw materials, direct labour, other direct costs and appropriate proportions 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.14 Financial instruments (Cont'd)

##### (a) Initial recognition and measurement (Cont'd)

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.

##### (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 (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

##### (iii) Fair value through OCI ("debt instruments")

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

##### (iv) Financial assets designated at fair value through OCI ("equity instruments")

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

## 2. Basis of preparation and summary of significant accounting policies (Cont'd)

### 2.14 Financial instruments (Cont'd)

#### (b) Financial instrument categories and subsequent measurement (Cont'd)

##### *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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

## 2. Basis of preparation and summary of significant accounting policies (Cont'd)

### 2.14 Financial instruments (Cont'd)

#### (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 recognised 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.

#### (d) Offsetting

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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

## 2. Basis of preparation and summary of significant accounting policies (Cont'd)

### 2.15 Impairment of financial assets (Cont'd)

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 Group's or the Company's procedures for recovery of amounts due.

### 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 participants' 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 valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

## 2. Basis of preparation and summary of significant accounting policies (Cont'd)

### 2.16 Fair value measurement (Cont'd)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

### 2.17 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognized in profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

### 2.18 Cash and cash equivalents

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



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

## 2. Basis of preparation and summary of significant accounting policies (Cont'd)

### 2.19 Provisions

Provisions are recognised when the Group has 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.

### 2.20 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.

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.

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

### 2.21 Leases

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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

##### 2.21 Leases (Cont'd)

###### (a) As a lessee (Cont'd)

###### (i) Right-of-use assets (Cont'd)

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, as follows:

Factory building	2-3 years
Leasehold office premises	2-3 years

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. The right-of-use assets are also subject to impairment.

###### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.21 Leases (Cont'd)

##### (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.

#### 2.22 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.

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.

##### (b) Services rendered

Revenue from services is recognised when the Group and the Company transfer control upon performance of services over time to customers where the customer simultaneously receives and consumes the benefits provided as the Group and the Company perform.

Revenue from provision of management service is recognised in the period in which services are rendered in accordance with the terms of the contracts.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.22 Revenue (Cont'd)

##### (c) Other revenue

Revenue from other sources are recognised as follows:

- (i) dividend income is recognised when the Group's and the Company's right to receive payment is established, which is generally when shareholders approve the dividend;
- (ii) interest income is recognised on an accrual basis using the effective interest method; and
- (iii) rental income is recognised on a straight line basis over the tenure of the lease.

#### 2.23 Income taxes

##### (a) 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, associates and interests in joint ventures, 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

## 2. Basis of preparation and summary of significant accounting policies (Cont'd)

### 2.23 Income taxes (Cont'd)

#### (b) Deferred tax (Cont'd)

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 profits 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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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.

#### (c) Sales and Services Tax (“SST”)

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

- Where the SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST are 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 and payables in the statements of financial position.

### 2.24 Employee benefits

#### (a) Short term benefits

Wages, salaries, overtimes, 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 plan

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 the Defined contribution pension scheme are recognised as expenses in the period in which the related service is performed.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.24 Employee benefits (Cont'd)

##### (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.

#### 2.25 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 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### 2.26 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 2. Basis of preparation and summary of significant accounting policies (Cont'd)

#### 2.26 Equity instruments (Cont'd)

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. (Cont'd)

##### (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) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividend are discretionary. Dividends thereon are recognised as distribution within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

##### (d) Repurchased, disposal and reissued of share capital (treasury shares)

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in retained earnings.

#### 2.27 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 or of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company but discloses its existence in the notes to the financial statements.

### 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.

#### 3.1 Critical 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 3. Significant accounting judgements and estimates (Cont'd)

##### 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 period, 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 7 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 8 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 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 10 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 12 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 12 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 3. Significant accounting judgements and estimates (Cont'd)

##### 3.2 Key sources of estimation uncertainty (Cont'd)

###### (h) Deferred tax assets (Cont'd)

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 9 to the financial statements.

###### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 4. Property, plant and equipment

Group	Computer and software RM'000	Construction in progress RM'000	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Office equipment				Total RM'000	
						Office furniture and fittings RM'000	Motor vehicles RM'000	Moulds and dies RM'000	Renovation RM'000		
Cost/Valuation											
At 1 May 2020	-	-	18,900	18,000	64,992	2,342	1,770	173	2,103	108,280	
Additions	-	-	-	-	2,885	763	96	145	965	4,854	
Disposals	-	-	-	-	-	-	(489)	-	-	(489)	
Written off	-	-	-	-	(18)	-	-	-	-	(18)	
Foreign exchange differences	-	-	-	-	(439)	(19)	4	-	(20)	(474)	
At 30 April 2021 and 1 May 2021	-	-	18,900	18,000	67,420	3,086	1,381	318	3,048	112,153	
Additions	1,866	8,352	-	-	16,610	870	158	171	7,611	35,638	
Disposals	-	-	-	-	(9,188)	(5)	(279)	-	-	(9,472)	
Written off	-	-	-	-	(637)	(365)	-	-	(440)	(1,442)	
Foreign exchange differences	-	-	-	-	(1,017)	(83)	(13)	-	(66)	(1,179)	
At 31 March 2022	1,866	8,352	18,900	18,000	73,188	3,503	1,247	489	10,153	135,698	

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 4. Property, plant and equipment (Cont'd)

	Computer and software RM'000	Construction in progress RM'000	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Office equipment and fittings RM'000	Motor vehicles RM'000	Moulds and dies RM'000	Renovation RM'000	Total RM'000
<b>Group (Cont'd)</b>										
<b>Accumulated depreciation:</b>										
<b>At 1 May 2020</b>	-	-	-	1,747	35,273	1,783	1,396	97	1,682	41,978
Charge for the year	-	-	-	360	3,493	150	125	91	212	4,431
Disposals	-	-	-	-	-	-	(280)	-	-	(280)
Written off	-	-	-	-	(12)	-	-	-	-	(12)
Foreign exchange differences	-	-	-	-	(311)	(16)	4	-	(19)	(342)
<b>At 30 April 2021 and 1 May 2021</b>	-	-	-	2,107	38,443	1,917	1,245	188	1,875	45,775
Charge for the period	-	-	-	330	3,546	248	53	137	599	4,913
Disposals	-	-	-	-	(6,238)	(19)	(270)	-	-	(6,527)
Written off	-	-	-	-	(588)	(254)	-	-	(388)	(1,230)
Reclassification	-	-	-	-	-	35	-	-	(35)	-
Foreign exchange differences	-	-	-	-	(782)	(72)	(11)	-	(64)	(929)
<b>At 31 March 2022</b>	-	-	-	2,437	34,381	1,855	1,017	325	1,987	42,002

### Accumulated impairment losses:

<b>At 1 May 2021/2020 and 31 March 2022/30 April 2021</b>	-	-	-	-	360	-	-	-	-	360
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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 4. Property, plant and equipment (Cont'd)

	Computer and software RM'000	Construction in progress RM'000	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Office equipment and fittings RM'000	Motor vehicles RM'000	Moulds and dies RM'000	Renovation RM'000	Total RM'000
<b>Net carrying amount:</b>										
<b>At 30 April 2021</b>	-	-	18,900	15,893	28,617	1,169	136	130	1,173	66,018
<b>At 31 March 2022</b>	1,866	8,352	18,900	15,563	38,447	1,648	230	164	8,166	93,336
<b>Depreciation charged for the year ended:</b>										
<b>30 April 2021</b>	-	-	-	360	3,493	150	125	91	212	4,431

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 4. Property, plant and equipment (Cont'd)

##### (a) Assets acquired under finance lease arrangements

Property, plant and equipment held under finance lease arrangements are as follows:

	31.3.2022 RM'000	Group 30.4.2021 RM'000
<b>Net carrying amount</b>		
Motor vehicles	72	133
Plant and machinery	13,647	15,737
	13,719	15,870

##### (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 20 to the financial statements.

	31.3.2022 RM'000	Group 30.4.2021 RM'000
<b>Net carrying amount</b>		
Freehold land and buildings	33,132	33,453

#### 5. Intangible assets

	31.3.2022 RM'000	Group 30.4.2021 RM'000
<b>Net carrying amount</b>		
At 1 May 2021/2020	-	-
Additions - at cost	111	-
	111	-
Accumulated amortisation	(29)	-
At 31 March 2022/30 April 2021	82	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 5. Intangible assets (Cont'd)

The movement in the accumulated amortisation during the period as follow:

	Group	
	31.3.2022 RM'000	30.4.2021 RM'000
<b>Accumulated amortisation</b>		
At 1 May 2021/2020	-	-
Charge for the period/year	29	-
At 31 March 2022/30 April 2021	29	-

Intangible asset is initially measured at cost. After initial recognition, intangible asset is carried at cost less accumulated amortisation and any accumulated impairment losses, if any. The useful life of intangible asset is assessed to be either finite or indefinite. Intangible asset with finite life is assessed for any indication that the asset may be impaired and are amortised on a straight line basis over their estimated economic useful life, not exceeding 5 to 10 years. Intangible asset that have an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the intangible asset might be impaired.

### 6. Right-of-use of assets

	Group	
	31.3.2022 RM'000	30.4.2021 RM'000
<b>Net carrying amount</b>		
At 1 May 2021/2020	1,446	1,446
Additions	2,535	-
Reversal	(123)	-
	3,858	1,446
Accumulated amortisation	(1,264)	(746)
Effects of foreign exchange gain	3	3
At 31 March 2022/30 April 2021	2,597	703

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 6. Right-of-use of assets (Cont'd)

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

	Group	
	31.3.2022 RM'000	30.4.2021 RM'000
<b>Accumulated amortisation</b>		
At 1 May 2021/2020	746	239
Charge for the period/year	641	505
Reversal	(123)	-
Effects of foreign exchange gain	-	2
At 31 March 2022/30 April 2021	1,264	746

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.

#### 7. Investment in subsidiaries

	Company	
	31.3.2022 RM'000	30.4.2021 RM'000
<b>Unquoted shares, at cost</b>		
At 1 May 2021/2020	85,227	83,049
Addition during the period/year	-	2,178
Accumulated impairment losses	85,227 (64,669)	85,227 (58,653)
At 31 March 2022/30 April 2021	20,558	26,574

The movement in accumulated impairment losses is as follows:-

	Company	
	31.3.2022 RM'000	30.4.2021 RM'000
<b>Accumulated impairment losses</b>		
At 1 May 2021/2020	58,653	52,777
Charge during the period/year	6,016	5,876
At 31 March 2022/30 April 2021	64,669	58,653

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 7. Investment in subsidiaries (Cont'd)

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.

Details of the subsidiaries are as follows:-

Name of company	Country of incorporation	Effective equity interest		Principal activities
		31.3.2022 %	30.4.2021 %	
Subsidiaries of the Company:				
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
Komark Mask (M) Sdn. Bhd.+	Malaysia	92.70	92.70	Manufacturing of surgical face mask and protective apparels.
Subsidiary of Komark International (M) Sdn. Bhd.:				
PT Komark Labels and Labelling Indonesia	Indonesia	- #	85^	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.

# Written off during the period.

^ The balance 15% is held by another subsidiary, General Labels & Labelling (M) Sdn Bhd

#### (a) Writing off investment in a loss-making subsidiary

On 16 June 2021, the Board of Directors of the Company had approved the proposed liquidation of its indirect Indonesian subsidiary, PT Komark Labels and Labelling Indonesia, which had continuously incurred losses over the years and such situation was further aggravated by the current Covid-19 pandemic conditions.

The said subsidiary had ceased its business operations since August 2021 and a professional consultant had been appointed to manage the closure of the said subsidiary. As the Group has no intention to further fund its future losses and exert the effective control, the said investment had been written off by its immediate holding company during the financial period so as to avoid lengthy timeline and hefty cost that may be required for the proposed closure or liquidation process.

The cost of the said investment had been fully impaired. Except for the gain on deconsolidation of RM421,904 which has been accrued as deferred income, there are no other material impacts to the consolidated statement of financial position or consolidated cash flows resulting from deconsolidation of the said subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 7. Investment in subsidiaries (Cont'd)

##### (a) Writing off investment in a loss-making subsidiary (Cont'd)

As at 31 March 2022, the assets and liabilities of the said subsidiary are as follows:

	<b>Group 31.3.2022 RM'000</b>
<b>Assets</b>	
Receivables	495
Cash at bank	22
	517
<b>Liabilities</b>	
Payables	616
Post-employment benefits	60
Tax payables	535
	1,211
Net liabilities	(694)
Less: Adjustment against translation reserve	272
	(422)
Less: Investment in subsidiary fully impaired	-
Gain on deconsolidation	422

##### (b) Non-controlling interests

The non-controlling interests at the end of the reporting period comprise the following:-

	<b>Non-controlling interests</b>	<b>Effective equity interests</b>	<b>Group</b>
	<b>31.3.2022</b>	<b>30.4.2021</b>	<b>31.3.2022</b>
	%	%	%
Komark Mask (M) Sdn. Bhd.	7.30	7.30	92.70

Summarised financial information of non-controlling interests has not been presented as the financial impacts of the non-controlling interests to the consolidated financial statements are immaterial.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 8. Investment in an associate

	Group	
	31.3.2022 RM'000	30.4.2021 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		Principal activities
		31.3.2022 %	30.4.2021 %	
Komark Enterprise Co. Ltd. *	Thailand	49	49	Trading of self-adhesive labels and related tools and equipment.

\* Audited by another firm of auditors.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 8. Investment in an associate (Cont'd)

##### Financial information of the associate

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

	31.3.2022 RM'000	30.4.2021 RM'000
<b>As at 31 March 2022/30 April 2021</b>		
Current assets	278	287
Current liabilities	(2,616)	(2,669)
Net liabilities	(2,338)	(2,382)
<b>Year ended 31 March 2022/30 April 2021</b>		
Revenue	13	14
(Loss)/profit for the period/year	(79)	11

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

	Komark Enterprise Co. Ltd	
	31.3.2022 RM'000	30.4.2021 RM'000
<b>As at 31 March 2022/30 April 2021</b>		
Net liabilities	(2,338)	(2,382)
Non-controlling interests	(1,192)	(1,215)
	(1,146)	(1,167)
<b>Group's share of results not accounted for:</b>		
For the period/year ended 31 March 2022/30 April 2021	(39)	6

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 9. Deferred tax assets/(liabilities)

	31.3.2022 RM'000	Group 30.4.2021 RM'000
At 1 May 2021/2020	(367)	(712)
Transferred (from)/to statements of profit or loss and other comprehensive income	(16)	345
Effects of foreign exchange gain	3	-
At 31 March 2022/30 April 2021	(380)	(367)

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	← Assets		Group (Liabilities) →		Net →	
	31.3.2022 RM'000	30.4.2021 RM'000	31.3.2022 RM'000	30.4.2021 RM'000	31.3.2022 RM'000	30.4.2021 RM'000
Tax effect on revaluation surplus	-	-	(380)	(380)	(380)	(380)
Temporary timing differences	-	16	-	-	-	16
Effects of foreign exchange gain	-	(3)	-	-	-	(3)
Net tax assets/(liabilities)	-	13	(380)	(380)	(380)	(367)

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 tax relate to the same tax authority and same entity.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 9. Deferred tax assets/(liabilities) (Cont'd)

As at 31 March 2022, the Group has not recognised the estimated deferred tax assets/(liabilities) computed at their respective current tax rates for the following items:

	Group 31.3.2022 RM'000	30.4.2021 RM'000
<b>Deferred tax assets/(liabilities) not recognized</b>		
Temporary timing differences	1,427	1,450
Unabsorbed capital allowances	659	1,817
Unutilised tax losses	9,485	12,067
Unutilised reinvestment allowances	10,828	10,828
At 31 March 2022/30 April 2021	22,399	26,162

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.

#### 10. Goodwill on consolidation

	Group 31.3.2022 RM'000	30.4.2021 RM'000
Amount recognised on acquisitions	-	2,413
Accumulated amortisation	-	(663)
	-	1,750
Amount written off	-	(1,750)
Net carrying value	-	-

Negative goodwill amounting to RM7,195,813 had been fully amortised and recognized in the statements of profit or loss and other comprehensive income of the respective 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 each financial year.

Goodwill amounting to RM1,749,867 had been fully written off in the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 11. Inventories

	31.3.2022 RM'000	Group 30.4.2021 RM'000
<b>At cost:</b>		
Raw materials	11,072	7,055
Work-in-progress	2,680	601
Finished goods	3,813	1,987
	17,565	9,643
Less: Accumulated loss allowance for slow-moving, defective and obsolete items	(4,011)	(3,861)
Net	13,554	5,782

The movement in accumulated loss allowance for slow-moving, defective and obsolete items is as follows:-

	31.3.2022 RM'000	Group 30.4.2021 RM'000
At 1 May 2021/2020	3,861	3,488
Allowance for the period/year	176	380
Effects of foreign exchange loss	(26)	(7)
At 31 March 2022/30 April 2021	4,011	3,861

During the period, the amount inventories recognised as cost of sales in the profit or loss is RM 41,291,692 (30.4.2021: RM 25,940,873).

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 12. Trade and other receivables

	Group		Company	
	31.3.2022	30.4.2021	31.3.2022	30.4.2021
	RM'000	RM'000	RM'000	RM'000
<b>Current</b>				
<b>Trade receivables</b>				
- Third parties	13,397	7,249	-	-
- Associate	1,233	1,233	-	-
- Amount due from directors' related companies	109	61	-	-
- Subsidiaries	-	-	509	570
	14,739	8,543	509	570
Less: Allowance for impairment loss				
- Third parties	(78)	(188)	-	-
- Associate	(1,233)	(1,233)	-	-
- Subsidiaries	-	-	(509)	(570)
	(1,311)	(1,421)	(509)	(570)
Less: Allowance for expected credit loss				
- Third parties	(230)	(137)	-	-
- Amount due from directors' related companies	(4)	(2)	-	-
	(234)	(139)	-	-
<b>Total net trade receivables</b>	13,194	6,983	-	-
<b>Other receivables</b>				
Other receivables, deposits and prepayments	4,327	7,583	876	10
Amount due from associate	1,239	1,308	-	-
Amount due from subsidiaries	-	-	73,451	30,545
	5,566	8,891	74,327	30,555
Less: Allowance for impairment loss				
- Amount due from associate	(1,239)	(1,308)	-	-
- Amount due from subsidiaries	-	-	(52,819)	(12,207)
- Third party	(6)	(24)	(7)	(7)
	(1,245)	(1,332)	(52,826)	(12,214)
Less: Allowance for expected credit loss				
- Amount due from subsidiaries	-	-	(3,374)	(2,291)
<b>Total net other receivables</b>	4,321	7,559	18,127	16,050
<b>Total trade and other receivables</b>	17,515	14,542	18,127	16,050

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 12. 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 (30.4.2021: 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:

	31.3.2022 RM'000	Group 30.4.2021 RM'000
Current (not past due)	8,216	3,998
Past due:		
1 - 30 days	2,895	2,258
31 - 60 days	1,349	342
61 - 90 days	121	256
More than 90 days	613	129
	13,194	6,983
Amount impaired	1,545	1,560
At 31 March 2022/30 April 2021	14,739	8,543

##### (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.

##### (iv) 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.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off were subject to enforcement activities.

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 12. Trade and other receivables (Cont'd)

##### (a) Trade receivables (Cont'd)

##### (iv) 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:

	← Trade receivables →		
	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
<b>Group</b>			
<b>31 March 2022</b>			
At 1 May 2021	139	1,421	1,560
Addition/(reversal) of impairment losses	95	(34)	61
Effects of foreign exchange loss	-	(1)	(1)
Deconsolidation of a subsidiary	-	(75)	(75)
At 31 March 2022	234	1,311	1,545
<b>30 April 2021</b>			
At 1 May 2020	152	1,309	1,461
(Reversal)/additions of impairment losses	(13)	112	99
At 30 April 2021	139	1,421	1,560

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.

##### (iii) Amount due from directors' related companies

The amounts due from directors' related companies which are of trade in nature are unsecured, non-interest bearing and are repayable upon demand and such amounts are to be settled by cash.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 13. Short term funds

	Group and Company	
	31.3.2022	30.4.2021
	RM'000	RM'000
<b>At cost:</b>		
At 1 May 2021/2020	30,000	-
Addition during the period/year	11,800	30,000
Withdrawal during the period/year	(38,800)	-
	3,000	30,000
Fair value gain for the period/year	10	56
At 31 March 2022/30 April 2021	3,010	30,056

Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

Short term funds of the Group and of the Company represent investment in highly liquid money market, which are readily convertible to known amounts of cash and are subject to an insignificant change in value.

The weighted average effective interest rates of the short term funds as at the end of reporting period is as follows:

	Group and Company	
	31.3.2022	30.4.2021
	%	%
Short term funds	0.14%	1.8%

### 14. Cash and bank balances

	Group		Company	
	31.3.2022	30.4.2021	31.3.2022	30.4.2021
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	52	703	-	-
Cash in hand and at banks	2,297	9,150	70	5,493
	2,349	9,853	70	5,493
Less: Bank overdraft (Note 20)	-	(2,367)	-	-
Total cash and bank balances	2,349	7,486	70	5,493

Included in deposits with licensed banks for the Group is an amount of RM51,882 (30.4.2021: RM702,757) pledged as security for banking facilities extended to its subsidiaries (Refer also Note 20).

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 14. Cash and bank balances (Cont'd)

The range of the interest rate on deposits with licensed banks (per annum) and the range of the remaining maturities as at the reporting date are as follows:

	Group		Company	
	31.3.2022	30.4.2021	31.3.2022	30.4.2021
Interest rate (%)	1.00	1.00	-	-
Maturities (days)	1,095	1 - 1,095	-	-

#### 15. Share capital

		Number of ordinary shares		Amount	
	Note	31.3.2022 Unit	30.4.2021 Unit	31.3.2022 RM'000	30.4.2021 RM'000
<b>Group and Company</b>					
<b>Issued and paid-up shares classified as equity instruments</b>					
<b>(i) Ordinary shares:</b>	(a)				
At 1 May 2021/2020		481,133,548	205,586,593	120,166	62,789
Issuance of new shares pursuant to private placement		96,223,000	61,675,000	12,932	59,208
Issuance of new shares pursuant to exercise of warrants		-	35,400	-	35
Share issuance expenses		-	-	(171)	(1,866)
Effect of share split		-	213,836,555	-	-
At 31 March 2022/ 30 April 2021		577,356,548	481,133,548	132,927	120,166
<b>(ii) Treasury shares:</b>	(b)				
At 1 May 2021/2020		18,000	10,000	4	4
Effect of share split		-	8,000	-	-
At 31 March 2022/ 30 April 2021		18,000	18,000	4	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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 15. 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.

None of the treasury shares held was resold or cancelled during the financial period. As at 31 March 2022, the number of treasury shares after the share split was 18,000 (30.4.2021: 18,000) units with the acquisition cost of RM3,547 (30.4.2021: RM3,547).

#### 16. Warrants

##### (a) Warrants 2021/2024 (“Warrants C”)

On 23 November 2020, the Company issued 133,625,329 free Warrants 2021/2024 (“Warrants C”) on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company at an exercise price of RM1.00 per warrant. The warrants were listed and quoted on the Bursa Securities on 15 January 2021.

The salient terms of the Warrants C are as follows:

- (a) The exercise period commenced on the date of issue of the warrants and will expire 3 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 23 November 2020.
- (c) The exercise price is RM0.56 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 16. Warrants (Cont'd)

##### (a) Warrants 2021/2024 ("Warrants C") (Cont'd)

The movement of the outstanding warrants is as follows:

	Number of warrants		Warrant reserve	
	31.3.2022	30.4.2021	31.3.2022	30.4.2021
	Unit	Unit	RM'000	RM'000
<b>Group and Company</b>				
At 1 May 2021/2020	240,460,690	-	-	-
Bonus issue	-	133,625,329	-	-
Exercised	-	(35,400)	-	-
Effect of share split	-	106,870,761	-	-
At 31 March 2022/ 30 April 2021	240,460,690	240,460,690	-	-

##### (b) Warrants 2021/2024 ("Warrants D")

On 18 August 2021, the Company proposed to undertake the renounceable rights issue of up to 817,817,238 new ordinary shares together with up to 272,605,746 free detachable warrants on the basis of 3 rights shares together with 1 free Warrant D for every 3 existing shares held by the shareholders at an issue price to be determined and announced by the board ("Proposed Rights Issue with Warrants"). No ESOS Options will be granted prior to the completion of the proposed rights issue with warrants.

On 5 November 2021 and 8 November 2021, the Company announced that Bursa Securities had approved the following:

- (i) Admission of the Warrant D to the Official List;
- (ii) Listing and quotation of the Rights Shares, Warrant D and additional Warrants C; and
- (iii) Listing and quotation of the new Shares to be issued upon the exercise of the Warrants D and additional Warrants C.

The Proposed Rights Issue with Warrants are subjected to certain conditions as set by Bursa Securities.

#### 17. Employee share option scheme ("ESOS")

On 5 August 2020, the shareholders of the Company at an Extraordinary General Meeting approved the 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 17. Employee share option scheme (“ESOS”) (Cont’d)

The salient features of the ESOS are as follows: (Cont’d)

- 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 undischarged 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.

- 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.

None of such option had been granted to any eligible persons by the Company during the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 18. 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
<b>Group</b>					
At 1 May 2021	361	633	15,274	33,882	50,150
Other comprehensive income	-	112	-	-	112
Reversal on deconsolidation of a subsidiary	-	272	-	-	272
At 31 March 2022	361	1,017	15,274	33,882	50,534
At 1 May 2020	361	659	15,274	33,882	50,176
Other comprehensive expenses	-	(26)	-	-	(26)
At 30 April 2021	361	633	15,274	33,882	50,150
<b>Company</b>					
At 1 May 2021/2020 and at 31 March 2022/ 30 April 2021	-	-	-	33,882	33,882

#### (a) General Reserve

General reserve of the Group is maintained by an Thai 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 during the financial periods under review.

#### (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 period.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 19. Post-employment benefits

The total post-employment benefits are as follows:

	Note	31.3.2022 RM'000	Group 30.4.2021 RM'000
Post employment benefits of subsidiary:			
- PT Komark Labels and Labelling Indonesia	(a)	-	391
- Komark (Thailand) Co., Ltd	(b)	667	747
		667	1,138

#### (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 subsidiary ceased its business operations since August 2021 and the actuarial valuation of other long-term employee benefits for the year ended 30 April 2021 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:

	31.3.2022 RM'000	Group 30.4.2021 RM'000
Current service cost	2	56
Interest cost	-	24
	2	80

The reconciliation of prepaid expenses is as follows:

	31.3.2022 RM'000	Group 30.4.2021 RM'000
At 1 May 2021/2020	391	288
Payment of benefits	(344)	-
Expenses	2	56
Measurement of defined benefit	-	24
Recognised to OCI of actuarial gain	-	30
Effects of foreign exchange gain/(loss)	11	(7)
Adjustment on deconsolidation of the subsidiary	(60)	-
At 31 March 2022/30 April 2021	-	391



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 19. Post-employment benefits (Cont'd)

##### (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 period ended 31 March 2022 was generally based on management's discretion and no registered actuarial consulting firm had been engaged in calculating the post-employment benefits.

The directors are of the opinion the cost may outweigh the benefits derived as the amount involved is immaterial.

Employee benefit expenses are recognised in its statements of comprehensive income as follows:

	31.3.2022 RM'000	Group 30.4.2021 RM'000
Current service cost	43	11

The reconciliation of prepaid expenses is as follows:

	31.3.2022 RM'000	Group 30.4.2021 RM'000
At 1 May 2021/2020	747	745
Recognised in statement of comprehensive income	(43)	11
Effects of foreign exchange loss	(37)	(9)
At 31 March 2022/30 April 2021	667	747

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 20. Loans and borrowings

	31.3.2022 RM'000	Group 30.4.2021 RM'000
<b>Current</b>		
Secured:		
Bank overdrafts	-	2,367
Term loans	439	422
Total current loans and borrowings	439	2,789
<b>Non-current</b>		
Secured:		
Term loans	4,975	5,373
Total non-current loans and borrowings	4,975	5,373
Total loans and borrowings	5,414	8,162

The remaining maturities of the loans and borrowings are as follows:

	31.3.2022 RM'000	Group 30.4.2021 RM'000
On demand or within 1 year	439	2,789
Between 1 year and 2 years	878	842
Between 2 and 5 years	1,256	1,264
More than 5 years	2,841	3,267
	5,414	8,162

(a) The effective interest rates of the loans and borrowings of the Group were as follows:

	31.3.2022 %	Group 30.4.2021 %
Bank overdraft	-	6.88
Bankers' acceptance	-	3.89
Term loans	3.95	3.95

(b) The bank overdrafts, bankers' acceptance and term loans are secured by a legal charge over the freehold land and building of a subsidiary with a carrying value of RM 33,131,667 (30.4.2021: RM33,452,500) and also corporate guarantee from the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 21. Lease liabilities

	31.3.2022 RM'000	Group 30.4.2021 RM'000
<b>Current</b>		
Lease liabilities	1,121	473
<b>Non-current</b>		
Lease liabilities	1,513	262
Total lease liabilities	2,634	735

The movement of lease liabilities during the financial period is as follows:

	31.3.2022 RM'000	Group 30.4.2021 RM'000
At 1 May 2021/2020	735	1,219
Additions	2,535	-
Accretion of interest charged (Note 25)	65	60
Payment of:		
- principal	(636)	(486)
- interest	(65)	(60)
Effects of foreign exchange gain	-	2
At 31 March 2022/30 April 2021	2,634	735

The expenses relating to payments not included in the measurement of the lease liabilities are as follows:

	31.3.2022 RM'000	Group 30.4.2021 RM'000
Amortisation of right-of-use assets	641	505
Interest expense on lease liabilities	65	60

The Group had total cash outflows for leases amounted to RM700,458 in the current financial period (30.4.2021: RM546,650).

There were no leases with residual value guarantee or leases not yet commenced to which the Group and the Company are committed.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 22. Finance lease liabilities

	Group	
	31.3.2022 RM'000	30.4.2021 RM'000
Minimum payment		
- not later than one year	2,242	3,146
- later than one year and not later than five years	3,030	2,350
	5,272	5,496
Future finance charges on finance lease	(475)	(346)
Present value of finance lease liabilities	4,797	5,150
Current	2,533	2,961
Non-current	2,264	2,189
	4,797	5,150
Present value of finance lease liabilities		
- not later than one year	2,533	2,961
- later than one year and not later than five years	2,264	2,189
	4,797	5,150

Finance lease liabilities are subject to effective interest rates ranging from 3.04% to 5.98% (30.4.2021: 2.33% to 3.99%).

#### 23. Trade and other payables

	Group		Company	
	31.3.2022 RM'000	30.4.2021 RM'000	31.3.2022 RM'000	30.4.2021 RM'000
<b>Trade payables</b>				
- Third parties	12,014	7,947	-	-
- Amount due to directors' related companies	-	161	-	-
<b>Total trade payables</b>	12,014	8,108	-	-
<b>Other payables</b>				
Other payables, accruals and deposits received	4,812	4,338	150	45
Amount due to subsidiaries	-	-	1,792	1,735
Amount due to a deconsolidated subsidiary	495	-	-	-
<b>Total other payables</b>	5,307	4,338	1,942	1,780
<b>Total trade and other payables</b>	17,321	12,446	1,942	1,780

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 23. Trade and other payables (Cont'd)

##### (a) Trade Payables

Trade payables are unsecured, non-interest bearing and are normally settled on an average term 60 - 120 days (30.4.2021: 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 (30.4.2021: 90 days) credit term.

##### (c) Amount due to a deconsolidated subsidiary

Amounts due to a deconsolidated subsidiary is unsecured, non-interest bearing and are repayable on demand.

##### (d) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

#### 24. Revenue

Revenue consists of the following:

	Group		Company	
	31.3.2022	30.4.2021	31.3.2022	30.4.2021
	RM'000	RM'000	RM'000	RM'000
<b>Revenue from contracts with customers:</b>				
Sales of adhesive labels and stickers and related products	37,931	35,201	-	-
Sales of face masks	24,811	2,426	-	-
<b>Total revenue</b>	<b>62,742</b>	<b>37,627</b>	<b>-</b>	<b>-</b>
<b>Timing of revenue recognition:</b>				
- At a point in time	62,742	37,627	-	-

##### Significant terms of sales is as follows:

- (i) Sale of goods - Credit period of 30 to 120 days (30.4.2021: 30 to 120 days) from the invoicing date.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 25. Finance costs

	Group		Company	
	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
Interest expense for financial liabilities:				
- Bank overdrafts interest	28	109	-	-
- Bankers' acceptance interest	-	30	-	-
- Finance lease interest	382	425	-	-
- Lease interest	65	60	-	-
- Term loan interest	234	281	-	-
- Interest on loan from a credit company	-	6	-	-
	709	911	-	-
Dividend on preference shares	-	160	-	-
	709	1,071	-	-

#### 26. Loss before taxation

In addition to those disclosed elsewhere in the financial statements, the following amounts have been charged out/(credited) in arriving at loss before taxation:

	Group		Company	
	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
Allowance/(reversal) for impairment losses on:				
- Trade receivables – third parties	(34)	112	-	-
- Trade receivables - subsidiaries	-	-	(61)	-
- Amount due from associate	(69)	(17)	-	-
- Amount due from subsidiaries	-	-	40,612	5,077
- Other receivables	-	17	-	-
- Investment in subsidiaries	-	-	6,016	5,876
Amortisation of right-of-use assets	641	505	-	-
Amortisation of intangible assets	29	-	-	-
Auditors' remuneration				
- Current year's provision	216	201	45	40
- Non-statutory audit	30	54	30	54
Bad debts recovered	(4)	(5)	-	-
Bad debts written off	113	14	-	-
Compensation for late delivery				
- Current year's provision	-	492	-	-
Deposit and prepayment written off	49	-	-	-
Depreciation of property, plant and equipment	4,913	4,431	-	-
Directors' remuneration (Note 28)	1,515	1,940	337	347

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 26. Loss before taxation (Cont'd)

In addition to those disclosed elsewhere in the financial statements, the following amounts have been charged out/(credited) in arriving at loss before taxation: (Cont'd)

	Group		Company	
	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
Employee benefit expense (Note 27)	19,075	11,888	371	329
Employee retrenchment benefit expense				
- Current year's provision	-	453	-	-
- Over provision in prior years	(431)	-	-	-
Allowance/(reversal) for expected credit loss on:				
- Trade receivables - third parties	93	(13)	-	-
- Amount due from subsidiaries	-	-	1,083	1,211
- Directors' related companies	2	-	-	-
Goodwill written off	-	1,750	-	-
Interest income	(297)	(11)	(292)	(34)
Inventories written off	681	79	-	-
Loss/(gain) on disposal of property, plant and equipment	476	(13)	-	-
Loss/(gain) on foreign exchange				
- Realised	64	61	-	-
- Unrealised	4	337	11	18
Loss allowance for defective and obsolete inventories	176	380	-	-
Property, plant and equipment written off	211	6	-	-
Rental of forklift	11	-	-	-
Rental of hostel	15	13	-	-
Rental of premises	18	26	-	-
Rental income	-	(57)	-	-

#### 27. Employee benefit expenses

	Group		Company	
	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
Salaries, allowances and others	16,139	9,676	301	290
Contributions to a defined contribution plan	1,172	795	39	36
Contributions to social security plans	207	149	3	3
Overtimes	1,209	702	-	-
Incentives	18	5	-	-
Bonuses	330	561	28	-
	19,075	11,888	371	329



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 28. Directors' remuneration

The remuneration received and receivable by directors of the Group and of the Company are as follows:

	Group		Company	
	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
<b>Directors of the Company:</b>				
<b>Executive</b>				
Fees	66	215	66	60
Salaries and other emoluments	504	798	11	37
Defined contribution and social security plans	56	75	-	-
Gratuity	204	6	-	6
Total short-term employee benefits	830	1,094	77	103
<b>Non-Executive</b>				
Fees	220	214	220	214
Other emoluments	40	30	40	30
Total short-term employee benefits	260	244	260	244
Total remuneration of the directors of the Company	1,090	1,338	337	347
<b>Other directors:</b>				
<b>Executive</b>				
Fees	-	18	-	-
Salaries and other emoluments	395	540	-	-
Defined contribution and social security plans	30	44	-	-
Total short-term employee benefits	425	602	-	-
Total directors' remuneration	1,515	1,940	337	347

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 29. Tax expense

	Group		Company	
	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
<b>Statements of profit or loss and other comprehensive income:</b>				
Current income tax				
- Current period/year	-	156	-	-
- (Over)/under provision in prior year	(44)	1	-	-
	(44)	157	-	-
Deferred taxation				
- Current period reversal	(97)	(333)	-	-
Income tax expense recognised in statement of profit or loss and other comprehensive income	(141)	(176)	-	-

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:

	Group		Company	
	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
Loss before taxation	(10,331)	(16,131)	(49,294)	(13,596)
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	(2,479)	(3,872)	(11,830)	(3,263)
Effect of different tax rates in foreign jurisdictions	(11,642)	(3,499)	-	-
Non-deductible expenses	13,149	5,403	11,830	3,263
Income not subject to tax	(311)	(278)	-	-
Deferred tax assets not recognised	1,186	2,069	-	-
	(97)	(177)	-	-
(Over)/under provision of income tax in prior year	(44)	1	-	-
Tax expense	(141)	(176)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 29. Tax expense (Cont'd)

- (a) Domestic income tax is calculated at the Malaysian statutory rate of 24% (30.4.2021: 24%) of the estimated assessable profit for the period.
- (b) Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.
- (c) Tax savings during the financial period arising from:

	<b>Group</b>
	<b>1.5.2021 to 31.3.2022 RM'000</b>
	<b>1.5.2020 to 30.4.2021 RM'000</b>
Utilisation of current tax incentives	3,713
	167

- (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.

	<b>Group</b>
	<b>1.5.2021 to 31.3.2022 RM'000</b>
	<b>1.5.2020 to 30.4.2021 RM'000</b>
Unutilised tax losses	58,570
Unabsorbed capital allowances	29,358
Reinvestment allowances	45,115
	60,346
	22,759
	45,115

- (e) Pursuant to Section 44(5F) of the Income Tax Act, 1967 in Malaysia, the unutilised tax losses and unutilised reinvestment allowances that can only be carried forward until the following years of assessment:

	<b>Group</b>
	<b>1.5.2021 to 31.3.2022 RM'000</b>
	<b>1.5.2020 to 30.4.2021 RM'000</b>
Unutilised tax losses to be carried forward until:	
- Year of assessment 2025	27,071
- Year of assessment 2026	2,811
- Year of assessment 2027	2,807
- Year of assessment 2028	3,318
- Year of assessment 2029	-
- Year of assessment 2030	-
- Year of assessment 2031	-
	40,709
	36,007

- Reinvestment allowances to be carried forward until:
- Year of assessment 2025

45,115

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 29. Tax expense (Cont'd)

- (e) Pursuant to Section 44(5F) of the Income Tax Act, 1967 in Malaysia, the unutilised tax losses and unutilised reinvestment allowances that can only be carried forward until the following years of assessment: (Cont'd)

In prior years, unabsorbed business losses from year of assessment 2019 shall only be allowed to be carried forward for a maximum period of seven (7) consecutive years of assessment. Any amount which is not utilised at the end of the period of seven (7) years of assessment shall be disregarded. However based on the Finance Act 2021 in Malaysia, which was gazetted on 31 December 2021, the period to carry forward the unabsorbed business losses has been extended to ten (10) years of assessment effective from the year of assessment 2019.

- (f) The Company and its subsidiaries are subject to tax audits to be conducted by respective tax authorities, potential tax liabilities may arise from such audits.

#### 30. Loss per share

The basic loss per share amounts from continuing operations is calculated by dividing loss for the period, net of tax, from continuing operations attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

The following reflect the loss and share data used in computation of basic loss per share for the period ended 31 March 2022:

	<b>Group</b>	
	<b>1.5.2021 to 31.3.2022 RM'000</b>	<b>1.5.2020 to 30.4.2021 RM'000</b>
Loss net of tax attributable to owners of the Company	(10,053)	(15,834)
Weighted average number of ordinary shares in issue for basic earnings per share	577,347	261,780
Effects of dilution :		
- Exercise of outstanding warrants	240,461	240,461
Weighted average number of ordinary shares in issue for diluted earnings per share computation	817,808	502,241
Basic loss per share (sen)	(1.74)	(6.05)
Diluted loss per share (sen)	- *	- *

\* Anti-dilutive in nature

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 31. Significant related party transactions

- (a) 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 period:-

	Group		Company	
	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
<b>Transactions with companies connected to directors of the Company:</b>				
- Sales of goods	1,189	1,160	-	-
- Purchase of goods	-	396	-	-

Information regarding outstanding balance arising from related party transactions as at 31 March 2022 is disclosed in Notes 12 and 23.

### (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	
	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000	1.5.2021 to 31.3.2022 RM'000	1.5.2020 to 30.4.2021 RM'000
<b>Key management personnel</b>				
Directors (Note 28)				
- Fees	286	447	286	274
- Other emoluments (including defined contribution and social security plans)	1,025	1,487	51	67
- Gratuity	204	6	-	6
Total key management personnel benefits	1,515	1,940	337	347

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 32. Financial instruments

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### 32.1 Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

###### (a) Market risk

###### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Thai Baht ("THB"), Euro ("EURO") and Indonesian Rupiah ("IDR"), a small percentage in other 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 currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

	31.3.2022 RM'000	30.4.2021 RM'000
<b>Group</b>		
Net unhedged financial assets/(liabilities):		
United States Dollar ("USD")	1,254	203
Singapore Dollar ("SGD")	1,020	1,256
Thailand Baht ("THB")	376	(1,350)
Euro Dollar ("EUR")	-	(392)
Indonesian Rupiah ("IDR")	-	(251)
	2,650	(534)

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 32. Financial instruments (Cont'd)

#### 32.1 Financial risk management policies (Cont'd)

##### (a) Market risk (Cont'd)

##### (ii) 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 31 March 2022. 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:

	<b>Group</b>		<b>Company</b>	
	<b>31.3.2022</b>	<b>30.4.2021</b>	<b>31.3.2022</b>	<b>30.4.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>				
Financial Assets				
- Deposits with licensed banks	52	703	-	-
Financial Liabilities				
- Bank overdraft	-	(2,367)	-	-
- Finance lease liabilities	(4,797)	(5,150)	-	-
- Term loans	(5,414)	(5,794)	-	-
- Lease liabilities	(2,634)	(735)	-	-
	(12,845)	(14,046)	-	-
<b>Floating rate instruments</b>				
Financial Assets				
- Short term funds	3,010	30,056	3,010	30,056



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 32. Financial instruments (Cont'd)

##### 32.1 Financial risk management policies (Cont'd)

###### (a) Market risk (Cont'd)

###### (ii) 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 RM24,458 (30.4.2021: RM41,780) 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.

###### (b) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 32. Financial instruments (Cont'd)

#### 32.1 Financial risk management policies (Cont'd)

##### (b) Credit risk (Cont'd)

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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 32. Financial instruments (Cont'd)

##### 32.1 Financial risk management policies (Cont'd)

##### (b) 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
<b>Group</b>					
<b>31 March 2022</b>					
Trade receivables	12	Lifetime ECL (simplified)	14,739	(1,545)	13,194
Other receivables	12	Lifetime ECL (simplified)	5,566	(1,245)	4,321
				(2,790)	
<b>30 April 2021</b>					
Trade receivables	12	Lifetime ECL (simplified)	8,543	(1,560)	6,983
Other receivables	12	Lifetime ECL (simplified)	8,891	(1,332)	7,559
				(2,892)	

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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 32. Financial instruments (Cont'd)

##### 32.1 Financial risk management policies (Cont'd)

##### (b) Credit risk (Cont'd)

	Trade receivables					
	Not past due	1-30 days	Past due	61-90 days	>90 days	Total
	RM'000	RM'000	31-60 days RM'000	days RM'000	days RM'000	RM'000
<b>Group</b>						
<b>31 March 2022</b>						
ECL rate	3.92%	6.79%	8.19%	10.74%	13.24% - 13.39%	
Estimated total gross carrying amount at default	8,216	2,895	1,349	121	2,158	14,739
ECL - not credit-impaired	(124)	(50)	(11)	(5)	(44)	(234)
ECL - credit-impaired	-	-	(26)	(23)	(1,262)	(1,311)
						13,194
<b>30 April 2021</b>						
ECL rate	0.25%	2.5%	1.2%-5%	1.9%-10%	2.5%-15%	
Estimated total gross carrying amount at default	4,009	2,320	359	283	1,572	8,543
ECL - not credit-impaired	(10)	(62)	(18)	(26)	(23)	(139)
ECL - credit-impaired	-	-	-	-	(1,421)	(1,421)
						6,983

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 32. Financial instruments (Cont'd)

##### 32.1 Financial risk management policies (Cont'd)

##### (b) Credit risk (Cont'd)

	Other receivables					
	Not past due	1-30 days	Past due 31-60 days	61-90 days	>90 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>						
<b>31 March 2022</b>						
Estimated total gross carrying amount at default	4,321	-	-	-	1,245	5,566
ECL - credit-impaired	-	-	-	-	(1,245)	(1,245)
						4,321
<b>30 April 2021</b>						
Estimated total gross carrying amount at default	7,559	-	-	-	1,332	8,891
ECL - credit-impaired	-	-	-	-	(1,332)	(1,332)
						7,559

Information regarding loss allowance movement of trade and other receivables is disclosed in Note 12 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 8% (30.4.2021: 14%) of trade receivables. The Group has credit policies and procedures in place to minimize and mitigate its credit risk exposure.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 32. Financial instruments (Cont'd)

#### 32.1 Financial risk management policies (Cont'd)

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed 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.

		Cash Flows			
	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
<b>Group</b>					
<b>At 31 March 2022</b>					
Financial Liabilities:					
- Trade and other payables	17,321	17,321	-	-	17,321
- Loans and borrowings	5,414	439	2,134	2,841	5,414
- Finance lease liabilities	4,797	2,242	3,030	-	5,272
- Lease liabilities	2,634	1,121	1,513	-	2,634
	30,166	21,123	6,677	2,841	30,641
<b>At 30 April 2021</b>					
Financial Liabilities:					
- Trade and other payables	12,446	12,446	-	-	12,446
- Loans and borrowings	8,162	2,789	2,106	3,267	8,162
- Finance lease liabilities	5,150	2,961	2,189	-	5,150
- Lease liabilities	735	473	262	-	735
	26,493	18,669	4,557	3,267	26,493

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 32. Financial instruments (Cont'd)

##### 32.1 Financial risk management policies (Cont'd)

###### (c) Liquidity Risk (Cont'd)

###### Analysis of financial instruments by remaining contractual maturities (Cont'd)

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. (Cont'd)

		← On demand or within one year RM'000	Cash Flows One to five years RM'000	Over five years RM'000	→ Total RM'000
Carrying amount RM'000					
<b>Company</b>					
<b>At 31 March 2022</b>					
Financial Liabilities:					
- Trade and other payables	150	150	-	-	150
- Amount due to subsidiaries	1,792	1,792	-	-	1,792
	1,942	1,942	-	-	1,942
<b>At 30 April 2021</b>					
Financial Liabilities:					
- Trade and other payables	45	45	-	-	45
- Amount due to subsidiaries	1,735	1,735	-	-	1,735
	1,780	1,780	-	-	1,780

##### 32.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital on the basis of the debts to equity ratio. The debts to equity ratio is calculated as interest bearing liabilities including loans and borrowings divided by equity attributable to owners of the Company.

There was no change in the Group's approach to capital management during the financial period and the Group is not required to comply with any externally imposed capital requirements in respect of their external borrowings for the financial period ended 31 March 2022.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 32. Financial instruments (Cont'd)

#### 32.2 Capital risk management (Cont'd)

The debts to equity ratio of the Group at the end of the reporting period was as follows:-

	31.3.2022 RM'000	Group 30.4.2021 RM'000
Loans and borrowings (Note 20)	5,414	8,162
Lease liabilities (Note 21)	2,634	735
Finance lease liabilities (Note 22)	4,797	5,150
	12,845	14,047
Less: Cash and cash equivalents	(5,307)	(36,839)
Net debts	7,538	(22,792)
Total equity attributable to members of the Company	101,333	98,536
Debts to equity ratio (times)	0.07	N/A*

\* denotes not applicable

#### 32.3 Determination of fair value and the fair value hierarchy

##### Fair value hierarchy

The Group and the Company use the following levels of hierarchy for determining and disclosing the fair value of those financial instruments and non-financial assets:

Level 1	-	Quoted market prices: quoted prices (unadjusted) in active market for identical instruments;
Level 2	-	Fair values based on observable inputs: inputs other than quoted prices include within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and
Level 3	-	Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments and non-financial assets.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 32. Financial instruments (Cont'd)

##### 32.3 Determination of fair value and the fair value hierarchy (Cont'd)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	12
Lease liabilities	21
Trade and other payables	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or they are already discounted at appropriate discount rates.

For lease liabilities with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using a rate based on the current market rate of borrowing of the respective entity at the reporting date.

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:-

	<u>Fair value of financial instruments not carried at fair value</u>			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>Group</b>					
<b>At 31 March 2022</b>					
<b>Financial asset</b>					
Short term funds (Note 13)	-	3,010	-	3,010	3,010
<b>Financial liabilities</b>					
Loans and borrowings	-	5,414	-	5,414	5,414
Lease liabilities	-	2,634	-	2,634	2,634
Finance lease liabilities	-	4,797	-	4,797	4,797
	-	12,845	-	12,845	12,845

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 32. Financial instruments (Cont'd)

##### 32.3 Determination of fair value and the fair value hierarchy (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:- (Cont'd)

	Fair value of financial instruments not carried at fair value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Group (Cont'd)					
Financial asset					
Short term funds (Note 13)	-	30,056	-	30,056	30,056
Financial liabilities					
Loans and borrowings	-	8,162	-	8,162	8,162
Lease liabilities	-	735	-	735	735
Finance lease liabilities	-	5,150	-	5,150	5,150
	-	14,047	-	14,047	14,047
Company					
At 31 March 2022					
Financial asset					
Short term funds (Note 13)	-	3,010	-	3,010	3,010
Financial liabilities					
	-	-	-	-	-
At 30 April 2021					
Financial asset					
Short term funds (Note 13)	-	30,056	-	30,056	30,056
Financial liabilities					
	-	-	-	-	-

The fair value of Level 2 financial asset is based on the confirmation by a licensed fund manager regulated by the Securities Commission of Malaysia.

There were no transfers between the various fair value measurement levels during the financial period.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 33. Segment information

##### (a) Operating segment

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.

The Group is organised into businesses based on their activities, and has three reportable operating segments as follows:

- |       |                                   |   |   |
|-------|-----------------------------------|---|---|
| (i)   | Self-adhesive labels and stickers | - | manufacturing and sales self-adhesive labels and stickers.                  |
| (ii)  | Face masks                        | - | manufacture and wholesale of face masks.                                    |
| (iii) | Others                            | - | head office, management services, investment holding and dormant companies. |

For each of the divisions, the Executive Director 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 33. Segment information (Cont'd)

#### (a) Operating segment (Cont'd)

	Note	Label and sticker manufacturing RM'000	Face mask manufacturing RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidated RM'000
<b>31 March 2022</b>						
<b>Revenue</b>						
External customers		37,931	24,811	-	-	62,742
Inter-segment sales		10,255	-	-	(10,255)	-
Total revenue	(A)	48,186	24,811	-	(10,255)	62,742
<b>Results</b>						
Other operating income				179	(374)	640
Finance cost		744 (685)	91 (30)	-	6	(709)
Depreciation and amortisation expenses				-	38	(5,583)
Other non-cash items expenses	(B)	(1,692)	(102)	-	92	(1,702)
Segment loss before tax		(57,603)	(1,881)	(179)	49,332	(10,331)
<b>Segments assets</b>		150,664	47,937	-	(66,055)	132,546
<b>Segment liabilities</b>		94,117	49,122	-	(112,026)	31,213

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 33. Segment information (Cont'd)

##### (b) Operating segment (Cont'd)

	Note	Label and sticker manufacturing RM'000	Face mask manufacturing RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidated RM'000
<b>30 April 2021</b>						
<b>Revenue</b>						
External customers		35,201	2,426	-	-	37,627
Inter-segment sales		4,966	7	-	(4,973)	-
Total revenue	(A)	40,167	2,433	-	(4,973)	37,627
<b>Results</b>						
Other operating income		1,873	-	1,147	(1,287)	1,733
Finance cost		(867)	(160)	-	(44)	(1,071)
Depreciation and amortisation expenses		(4,813)	(118)	-	(5)	(4,936)
Other non- cash items expenses	(B)	(593)	(24)	-	(2,035)	(2,652)
Segment loss before tax		(28,758)	(1,653)	(1,147)	15,427	(16,131)
<b>Segments assets</b>		172,730	12,292	-	(57,865)	127,157
<b>Segment liabilities</b>		71,259	11,595	-	(54,233)	28,621

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 33. Segment information (Cont'd)

##### (a) Operating segment (Cont'd)

#### Notes Nature of adjustments and eliminations to arrive at amounts reported in the Consolidated financial statements

**A** Inter-segment revenues are eliminated on consolidation. Revenue reported above represents revenue generated from the reportable segments. Inter-segment sales for the current period is RM10,255,092 (30.4.2021: RM4,973,066).

**B** Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	<b>Group</b>	
	<b>31.3.2022</b>	<b>30.4.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Reversal/(Allowance) for impairment losses on:		
- Trade receivables - third parties	34	(112)
- Amount due from associate	69	17
Bad debts written off	(113)	(17)
Deposit and prepayment written off	(49)	(14)
(Allowance)/Reversal for expected credit losses on:		
- Trade receivables - third parties	(93)	13
- Directors' related companies	(2)	-
Goodwill written off	-	(1,750)
(Loss)/gain on disposal of property, plant and equipment	(476)	13
Loss allowance for defective and obsolete inventories	(176)	(380)
Inventories written off	(681)	(79)
Property, plant and equipment written off	(211)	(6)
Unrealized loss on foreign exchange	(4)	(337)
	(1,702)	(2,652)

	<b>31.3.2022</b>	<b>30.4.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>C</b> Unallocated corporate expenses	48	18

	<b>31.3.2022</b>	<b>30.4.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>D</b> Additions to non-current assets consist of:		
- Property, plant and equipment	93,336	66,018

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 33. Segment information (Cont'd)

##### (a) Operating segment (Cont'd)

##### Notes Nature of adjustments and eliminations to arrive at amounts reported in the Consolidated financial statements (Cont'd)

- E** The following item is deducted from segment assets to arrive at total assets reported in the Group's statement of financial position:

	31.3.2022 RM'000	30.4.2021 RM'000
Inter-segment assets	(66,033)	(57,865)

##### (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		Non-current assets	
	31.3.2022 RM'000	30.4.2021 RM'000	31.3.2022 RM'000	30.4.2021 RM'000
<b>Group</b>				
Malaysia	51,736	19,177	87,072	55,336
Singapore	6,305	7,083	-	101
Thailand	14,419	15,415	5,884	7,088
Others	537	925	-	3,306
	72,997	42,600	92,956	65,831
Inter geographical location elimination	(10,255)	(4,973)	380	187
	62,742	37,627	93,336	66,018

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

### 34. Capital commitment

	Group	
	31.3.2022 RM'000	30.4.2021 RM'000
Capital expenditure approved and contracted for the expansion of production capacity for the face mask manufacturing business	1,400	9,157

### 35. Contingent liabilities

	Company	
	31.3.2022 RM'000	30.4.2021 RM'000
<b>(a) Corporate guarantees</b>		
<b>Secured</b>		
Corporate guarantees granted to licensed banks for the banking facilities extended to certain subsidiaries within the Group.	25,718	13,416

#### (b) Pending litigation

On 17 May 2021, the Company filed a Writ and Statement of Claim in the High Court in Kuala Lumpur bearing Suit Number of WA-22NCvC-357-05/2021 against the Edge Communications Sdn Bhd ("The Edge"), among others, seeking damages and an injunction to restrain The Edge and its agents, servants or otherwise from publishing or caused to be published any articles, statements, sentences or words which are defamatory to the Company.

The Company had filed for an application for further and better particulars in respect of the claim and at the same time The Edge had also filed an application to strike out the Writ and Statement of Claim. Both claims by the Company and The Edge had been dismissed by the Court on 13 October 2021 with costs of RM5,000 to be paid respectively to one another. On 9 May 2022, both parties are instructed by the Courts to go for mediation.

The parties are currently in the midst of mediating for a settlement proposal and the trial dates are tentatively fixed at 5 to 9 February 2024.

### 36. Significant events

#### (a) Corporate exercises undertaken by the Company

##### (i) Private placement of 96,223,000 ordinary shares

On 31 May 2021, the Company undertook a private placement of up to 96,223,000 new ordinary shares representing 20% of the Company's issued and paid-up ordinary shares to independent third party investors at an average issue price of RM0.1344 each for a cash consideration of RM12,932,371.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

#### 36. Significant events (Cont'd)

##### (a) Corporate exercises undertaken by the Company (Cont'd)

##### (ii) Proposed Rights Issue with Warrants 2021/2024 ("Warrants D")

On 18 August 2021, the Company proposed to undertake the renounceable rights issue of up to 817,817,238 new ordinary shares together with up to 272,605,746 free detachable warrants on the basis of 3 rights shares together with 1 free Warrant 2021/2024 ("Warrant D") for every 3 existing shares held by the shareholders at an issue price to be determined and announced by the board. No ESOS Options will be granted prior to the completion of the proposed Rights Issue with Warrants.

The proposed Rights Issue with Warrants had been approved by Bursa Securities on 5 November 2021.

##### (b) Impact of Covid-19 virus ("Covid-19") pandemic

COVID-19 pandemic has affected many businesses and the Malaysian economy as a whole. On 16 March 2020, the Malaysian Government issued the Movement Control Order ("MCO") from 18 March to 12 May 2020 as a preventive measure against the spread of COVID-19 which requires the closure of all government and private premises except for those involved in the provision of essential services. The MCO was subsequently followed by Conditional MCO, Extended MCO and then, Recovery MCO.

The Group and the Company are in the process of recovering from this pandemic. However, it is not practicable to provide a quantitative estimate of the potential financial impact of COVID-19 on the Group's and the Company's financial statements for the financial year ending 31 March 2023 reliably at this juncture due to the diverse nature of operations of the Group.

#### 37. Comparative information

The financial statements of the Group and of the Company for the current financial period have been drawn up for a period of 11 months from 1 May 2021 to 31 March 2022 while the comparable figures covered a period of 12 months from 1 May 2020 to 30 April 2021.

#### 38. Authorisation for issue

The financial statements of the Company for the financial period ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 18 July 2022.

# 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 31.03.2022 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	18	Freehold	06/03/2020	33,132
General Labels & Labelling (M) Sdn. Bhd.	Lot PTD 112290, Mukim of Plentong District, Johor Bahru.	Factory Cum Office	-	L-10,200 B-5,394	24	Freehold	03/02/2021	1,331

# ANALYSIS OF SHAREHOLDINGS

## AS AT 30 JUNE 2022

Total Issued Share	:	577,356,548 Ordinary Shares
Types of Shares	:	Ordinary Share
Voting Rights	:	One vote per Ordinary Share

### DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2022

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	577	29,665	0.0051
100 to 1,000	669	285,015	0.0494
1,001 to 10,000	2,604	15,866,344	2.7482
10,001 to 100,000	3,321	125,892,889	21.8057
100,001 to less than 5% of issued shares	657	329,158,935	57.0132
5% and above of issued shares	1	106,105,700	18.3784
<b>Total</b>	<b>7,829</b>	<b>577,338,548</b>	<b>100.0000</b>

### DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad	200,000	0.0350	-	-
2. Roy Ho Yew Kee	1,000,000	0.1732	-	-
3. Ihsan Bin Ismail	-	-	-	-
4. Koo Kien Keat	-	-	-	-
5. Chan Jee Peng	-	-	-	-

### SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Names	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. Key Alliance Group Berhad	122,318,200	21.187	-	-

# ANALYSIS OF SHAREHOLDINGS

## AS AT 30 JUNE 2022 (CONT'D)

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 JUNE 2022)

Names	No. of Shares	Percentage of Shareholdings (%)
1. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR LAZARUS SECURITIES PTY LTD	106,105,700	18.3784
2. AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (ACCOUNT CLIENT)	26,197,700	4.5377
3. ACE EDIBLE OIL INDUSTRIES SDN BHD	23,900,700	4.1398
4. GRACE VUN SIAW NEI	11,451,780	1.9835
5. CITIGROUP NOMINEES (ASING) SDN BHD UBS AG FOR MAYBANK SECURITIES PTE. LTD.	10,700,000	1.8533
6. LIM SOOK CHEAN	9,300,000	1.6108
7. MAHADI BIN BADRUL ZAMAN	8,752,500	1.5160
8. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG CHOW HUAT	6,320,020	1.0947
9. EE KAN WONG	5,100,000	0.8834
10. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHEK KENG (E-TAI)	3,700,000	0.6409
11. CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (HONG KONG) LIMITED (FOREIGN CLIENT)	3,697,900	0.6405
12. MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR MUTHUKUMAR A/L AYARPADDE	3,565,000	0.6175
13. NG TONG LAI	3,500,000	0.6062
14. ACRYL SANI BIN ABDULLAH SANI	3,000,000	0.5196
15. CARTABAN NOMINEES (ASING) SDN BHD BARCLAYS BANK PLC (RE EQUITIES)	3,000,000	0.5196
16. WONG NGIE TIEN	3,000,000	0.5196
17. CHEAH JOO KIANG	2,400,000	0.4157
18. CHONG KONG NAM	2,200,000	0.3811
19. KENANGA NOMINEES (TEMPATAN) SDN BHD DERRICK KONG YING KIT (PCS)	2,200,000	0.3811
20. ONG CHONG CHEE	2,000,000	0.3464
21. PERUMAL A/L MANIMARAN	2,000,000	0.3464
22. KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR HO WONG MENG	1,971,300	0.3414
23. KHOO CHIN KHEAN	1,912,700	0.3313
24. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG TENG CHAI (J BENDAHARA-CL)	1,900,000	0.3291
25. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH GIM KHOON (E-PTS/JAI)	1,854,800	0.3213
26. PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABDULLAH BIN JAFFA (E-KLC/CTD)	1,800,000	0.3118
27. RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WENCASTLE HOLDINGS LIMITED	1,800,000	0.3118
28. RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOK KOON DATO'	1,794,000	0.3107
29. LIM WEE HUN	1,585,600	0.2746
30. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM AH SENG	1,500,000	0.2598

# ANALYSIS OF WARRANTS C AS AT 30 JUNE 2022

Total Issued Warrants	:	240,496,090 Warrants C
Total Exercised Warrants	:	35,400 Warrants C
Total Outstanding	:	240,460,690 Warrants C

## DISTRIBUTION OF WARRANTS C AS AT 30 JUNE 2022

Size of Warrant Holdings	No. of Warrant Holders	No. of Warrants	Percentage of Warrants (%)
Less than 100	863	37,803	0.0157
100 to 1,000	313	145,335	0.0604
1,001 to 10,000	1,747	8,216,462	3.4170
10,001 to 100,000	1,486	57,106,882	23.7489
100,001 to less than 5% of issued warrants	414	160,854,208	66.8942
5% and above of issued warrants	1	14,100,000	5.8638
<b>Total</b>	<b>4,824</b>	<b>240,460,690</b>	<b>100.0000</b>

## DIRECTORS' INTEREST IN WARRANTS C

None of the Directors hold any warrants C in the Company as per the Register of Director's Warrant C holdings.

## THIRTY LARGEST WARRANT C HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 JUNE 2022)

Names	No. of Warrants	Percentage of Warrants Holdings (%)
1. LIEW SEE KIM	14,100,000	5.8637
2. VICTOR CHAI CHENG WAH	7,120,000	2.9610
3. KHAIRUL HISYAM BIN ISMAIL	4,726,200	1.9655
4. MAYBANK NOMINEES (TEMPATAN) SDN BHD		
HUI CHAN BEN	4,501,000	1.8718
5. LIM SOON GUAN	4,000,000	1.6635
6. MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD		
PLEDGED SECURITIES ACCOUNT FOR VINCENT PHUA CHEE EE	2,800,200	1.1645
7. JF APEX NOMINEES (TEMPATAN) SDN BHD		
PLEDGED SECURITIES ACCOUNT FOR CHEN TECK LONG (STA 2)	2,344,000	0.9748
8. PUBLIC NOMINEES (TEMPATAN) SDN BHD		
PLEDGED SECURITIES ACCOUNT FOR YO CHIN XUE (E-TJJ)	2,099,900	0.8733
9. PUBLIC NOMINEES (TEMPATAN) SDN BHD		
PLEDGED SECURITIES ACCOUNT FOR CHUAH GIM KHOON (E-PTS/JAI)	1,918,600	0.7979
10. GOH WEI XIANG	1,566,400	0.6514
11. MAIHIZAM BIN MOHD ZIN	1,500,000	0.6238
12. MAYBANK NOMINEES (TEMPATAN) SDN BHD		
PLEDGED SECURITIES ACCOUNT FOR LILY SUHANA BINTI ABD RAHMAN	1,417,300	0.5894
13. LIEW SEE WAH	1,400,000	0.5822
14. LOO LEONG GEE	1,369,500	0.5695
15. MUHAMMAD ASYRAF BIN ABDUL RAZAK	1,306,000	0.5431

# ANALYSIS OF WARRANTS C

## AS AT 30 JUNE 2022 (CONT'D)

### THIRTY LARGEST WARRANT C HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 JUNE 2022)

Names	No. of Warrants	Percentage of Warrants Holdings (%)
16. KHOO THEN ANG	1,300,000	0.5406
17. CHUA LAI HONG	1,267,300	0.5270
18. ONG POH CHOONG	1,255,400	0.5221
19. MAYBANK NOMINEES (TEMPATAN) SDN BHD HAMRADHI BIN AB KARIM	1,242,200	0.5166
20. GAN CHU GEE	1,208,300	0.5025
21. LIEW YOOK KUIW	1,100,000	0.4575
22. HO LYE PENG	1,044,000	0.4342
23. BAHRUDIN BIN ZAKARIA	1,000,028	0.4159
24. AHMAD ZUBAIDI BIN ABD RAHMAN	1,000,000	0.4159
25. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIEW HUANG (MUAR-CL) L	1,000,000	0.4159
26. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HIANG TIANG (PENANG-CL)	1,000,000	0.4159
27. HAW SWEE KIM	1,000,000	0.4159
28. LEE SHE CHING	1,000,000	0.4159
29. MAYBANK NOMINEES (TEMPATAN) SDN BHD MOHD ZAKI BIN MOHD SALIKON	1,000,000	0.4159
30. MOHAMED AMIN BIN ABDULLAH	1,000,000	0.4159

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Sixth Annual General Meeting (“**26th AGM**”) of the Company will be held on a fully virtual and entirely via remote participation and electronic voting via online meeting platform at <https://rebrand.ly/KomarkAGM> operated by Mlabs Research Sdn Bhd from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 21 September 2022 at 10.30 a.m. for the following purposes:

## AS ORDINARY BUSINESS

- |  |  |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon.   | <b>Please refer to Explanatory Note to Ordinary Business</b> |
| 2. To re-elect YM Engku Ezuan Ismara Bin Tengku Nun Ahmad who retires pursuant to Clause 102 of the Company's Constitution and who being eligible, has offered himself for re-election.                  | <b>Ordinary Resolution 1</b>                                 |
| 3. To re-elect Mr Koo Kien Kiat who retires pursuant to Clause 102 of the Company's Constitution and who being eligible, has offered himself for re-election.  | <b>Ordinary Resolution 2</b>                                 |
| 4. To approve the payment of Directors' fees and benefits amounting to RM600,000 to the Directors of the Company from 26th AGM up to the conclusion of the 27th Annual General Meeting (“ <b>AGM</b> ”). | <b>Ordinary Resolution 3</b>                                 |
| 5. To re-appoint Messrs KC Chia & Noor as Auditors of the Company and to hold office until the conclusion of the next AGM at such remuneration to be determined by the Directors of the Company.         | <b>Ordinary Resolution 4</b>                                 |

## AS SPECIAL BUSINESS

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

- |  |                              |
|--|------------------------------|
| 6. Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016   | <b>Ordinary Resolution 5</b> |
| <p>“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”</p> |                              |

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. Proposed Renewal of Authority for the Company to Purchase its own Shares ("**Proposed Renewal of Share Buy-Back Authority**")

## Ordinary Resolution 6

"THAT subject to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company 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:-

- i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and
- iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends;

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

- i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

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



# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

## Ordinary Resolution 7

"THAT, subject always to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries (collectively the "Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 5 of the Circular to Shareholders dated 29 July 2022, provided that such transactions and/or arrangements which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the **"Proposed New and Renewal of Shareholders' Mandate"**):

THAT the Proposed New and Renewal of Shareholders' Mandate shall only continue to be in full force until:

- i) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at said AGM, such authority is renewed; or
- ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed New and Renewal of Shareholders' Mandate."

9. Retention of Encik Ihsan bin Ismail as an Independent Non-Executive Director of the Company

## Ordinary Resolution 8

"THAT Encik Ihsan Bin Ismail be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM or at any adjournment thereof."

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

### BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 & SSM PC No. 202208000250)  
Company Secretary

Selangor  
Dated : 29 July 2022

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## NOTES:-

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the 26th AGM in person at the Broadcast Venue on the day of the meeting.
2. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 8 September 2022. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the 26th AGM.
3. A member entitled to attend 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/she specifies the proportions of his/her 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 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. If you decide to appoint a proxy or proxies for the 26th AGM, you must complete, sign and return the Form of Proxy and deposit it at the Share Registrar's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia or email to [admin@aldpro.com.my](mailto:admin@aldpro.com.my) or fax to +603 7890 1032 not less than forty-eight (48) hours before the time for holding the 26th AGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating in the 26th AGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.
8. If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to participate in the 26th AGM by yourself, please contact the Company's Share Registrar 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 Malaysia Securities Berhad, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

## Explanatory Notes to Ordinary Business:

### Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 March 2022

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

### Ordinary Resolutions 1 and 2: Re-election of Directors who retire pursuant to Clause 102 of the Company's Constitution

The following Directors who are standing for re-election as Directors of the Company pursuant to Clause 102 of the Company's Constitution at the 26th AGM of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:-

- a) YM Engku Ezuan Ismara Bin Tengku Nun Ahmad
- b) Koo Kien Kiat

(collectively referred to as "Retiring Directors")

The Board of Directors through the Nomination Committee has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the respective Director concerned) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Explanatory Notes to Special Business:

### Ordinary Resolution 5 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 5 if passed, is a renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

The general mandate granted to the Directors at the 25th AGM held on 29 October 2021 was not utilised and accordingly no proceeds were raised.

### Ordinary Resolution 6 - Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 6 is a renewal generate mandate and if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company.

Further details are set out in the Circular to Shareholders dated 29 July 2022.

### Ordinary Resolution 7 - Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 7 is a renewal generate mandate and if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Ordinary Resolution 8 - Retention of Encik Ihsan Bin Ismail as an Independent Non-Executive Director of the Company

Encik Ihsan Bin Ismail ("**Encik Ihsan**") was appointed as an Independent Director of the Company on 1 January 2009. He has served the Company for a cumulative term of more than twelve (12) years. The Nomination Committee and the Board of Directors of the Company, after having assessed the independence of Encik Ihsan, consider him to be independent based on amongst others, the following justifications and recommend that Encik Ihsan be retained as an Independent Director of the Company subject to the shareholder's approval through a two-tier voting process: -

- a) He was able to bring independent and objective judgment to the Board's deliberations;
- b) He has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interest of the Company;
- c) He has no potential conflict of interest, whether business or non-business related with the Company;
- d) His experience enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- e) He has been with the Company for long period of time 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; and
- f) 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.

## Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities:-

1. Details of individual who are standing for election as Directors (excluding Directors for re-election).  
No individual is seeking election as a Director at the 26th AGM of the Company.
2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Listing Requirements of Bursa Securities.

The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 is set out under Explanatory Note.

# ADMINISTRATIVE GUIDE

Date : 21 September 2022  
 Time : 10.30 a.m.  
 Broadcast Venue : 26th AGM will be held on a fully virtual and entirely via remote participation and electronic voting via online meeting platform at <https://rebrand.ly/KomarkAGM> operated by Mlabs Research Sdn Bhd from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

## **MODE OF MEETING**

In view of the COVID-19 outbreak and as part of the safety measures, the 26th AGM will be conducted entirely through live streaming from the Broadcast Venue.


All shareholders of the Company, whether Individual Shareholders, Corporate Shareholders, Proxy Holders, Authorised Nominees or Exempt Authorised Nominees who wish to attend the AGM will have to register to attend remotely by using the Remote Participation and Voting Facilities (“**RPV**”), the details of which is set out below.

## **RPV Facilities**

1. The AGM will be conducted entirely through live streaming and online remote voting. Should you wish to attend the AGM you will be required to do so by registering yourself using the RPV Facilities in accordance with the instructions set out under Section 4 below.

With the RPV Platform, you may exercise your rights as a Shareholder to participate (including to pose questions to the Board of Directors (“**Board**”) and vote at the AGM.

2. If a shareholder is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.
3. For proxies or corporate representatives / authorised nominees / exempt authorised nominees who wishes to use the RPV Facilities at the AGM, please ensure the duly executed forms of proxy or the original certificate of appointment of its corporate representative are submitted to Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not later than 19 September 2022 at 10.30 a.m.
4. The procedures for the RPV in respect of the live streaming and remote voting at the AGM is as follows:

Procedures	Action
<b>Before AGM</b>	
1. Register as participant in Virtual AGM  	<ul style="list-style-type: none"> <li>• Using your computer, access the registration website at <a href="https://rebrand.ly/KomarkAGM">https://rebrand.ly/KomarkAGM</a></li> <li>• Click on the <b>Register</b> link to register for the AGM session.</li> <li>• If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. Click <b>Register</b> and enter your email followed by <b>Next</b> to fill in your details to register for the EGM session.</li> <li>• Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification.</li> <li>• The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS).</li> </ul>

# ADMINISTRATIVE GUIDE (CONT'D)

Procedures	Action
<b>Before AGM</b>	
2. Submit your online registration	<ul style="list-style-type: none"> <li>Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities are required to register prior to the meeting. The registration will be open from <b>9.00 a.m. on 1 August 2022</b> and the registration will close at <b>10.30 a.m. on 20 September 2022</b>.</li> <li>Clicking on the link mentioned in item 1 will redirect you to the AGM event page. Click on the <b>Register</b> link for the online registration form.</li> <li>Complete your particulars in the registration page. Your name <b>MUST</b> match your CDS account name (not applicable for proxy).</li> <li>Insert your CDS account number(s) and indicate the number of shares you hold.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declarations.</li> <li>Please ensure all information given is accurate before you click <b>Submit</b> to register your remote participation. Failure to do so will result in your registration being rejected.</li> <li>System will send an email to notify that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors of the Company as at <b>8 September 2022</b>, the system will send you an email to notify you if your registration is approved or rejected after 9 September 2022.</li> <li>If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.</li> </ul>
<b>On the day of AGM</b>	
3. Attending Virtual AGM	<ul style="list-style-type: none"> <li>Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2nd will be sent 1 hour before the AGM session.</li> <li>Click <b>Join Event</b> in the reminder email to participate the RPV.</li> </ul>
4. Participate with live video	<ul style="list-style-type: none"> <li>You will be given a short brief about the system.</li> <li>Your microphone is muted throughout the whole session.</li> <li>If you have any questions for the Chairman/Board, you may use the <b>Q&amp;A panel</b> to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email.</li> <li>The session will be recorded.</li> <li>Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.</li> </ul>

# ADMINISTRATIVE GUIDE (CONT'D)

Procedures	Action
<b>On the day of AGM (cont'd)</b>	
5. Online Remote Voting	<ul style="list-style-type: none"> <li>The Chairman will announce the commencement of the Voting session and the duration allowed at the respective AGM.</li> <li>The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame.</li> <li>Click on the <b>Submit</b> button when you have completed.</li> <li>Votes cannot be changed once it is submitted.</li> </ul>
6. End of remote participation	Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

## **Revocation of Proxy**

Please note that if a Shareholder has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally attend and participate in the AGM via RPV Facilities, the Shareholder must contact Aldpro Corporate Services Sdn Bhd to revoke the appointment of his/her proxy no later than 10.30 a.m. on 19 September 2022.

## **Poll Voting**

The voting at the AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Aldpro Corporate Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic means and CSC Securities Services Sdn Bhd as Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the AGM and on Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

## **No Recording or Photography**

Strictly NO recording or photography of the proceedings of the AGM is allowed.

## **No Breakfast/Lunch Packs, Door Gifts or Food Vouchers**

There will be no distribution of breakfast / lunch packs, door gifts or food vouchers.

## **Enquiry**

If you have any enquiry prior to the meeting, please contact the following officers during office hours (from 9.00 a.m. to 5.30 p.m. (Monday to Friday)):

### **For Registration, logging in and system related:**

#### **Mlabs Research Sdn Bhd**

Name: Mr. Hong / Ms Eris / Ms Jey  
Telephone No: +603 7688 1013  
Email: [vgm@mlabs.com](mailto:vgm@mlabs.com)

### **For Proxy matters:**

#### **Aldpro Corporate Services Sdn Bhd**

Name: Ms Jennie Wong / Ms. Esther Loo  
Telephone No: +603 7890 0638  
Email: [admin@aldpro.com.my](mailto:admin@aldpro.com.my)



CDS Account No.	
No. of shares held	

I/We \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

(NRIC No./ Registration No./ Passport No. \_\_\_\_\_)

of \_\_\_\_\_

(Contact No. \_\_\_\_\_ and Email Address \_\_\_\_\_)

being a member/members of **KOMARKCORP BERHAD** ("Company"), hereby appoint

Name of Proxy	NRIC No./ Passport No.	% of Shareholdings to be Represented
Address		
Contact No.	Email Address	

and/ or failing him/ her

Name of Proxy	NRIC No./ Passport No.	% of Shareholdings to be Represented
Address		
Contact No.	Email Address	

or failing him/ her, the CHAIRMAN OF THE MEETING as my/ our proxy to vote for me/ us on my/ our behalf at the Twenty-Sixth ("26th") Annual General Meeting ("AGM") of the Company will be held on a fully virtual and entirely via remote participation and electronic voting via online meeting platform at <https://rebrand.ly/KomarkAGM> operated by Mlabs Research Sdn Bhd from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 21 September 2022 at 10:30 a.m. or at any adjournment thereof.

My / our proxy is to vote as indicated below:

Resolutions		For	Against
Ordinary Resolution 1	To re-elect YM Engku Ezuan Ismara Bin Tengku Nun Ahmad who retires pursuant to Clause 102 of the Company's Constitution		
Ordinary Resolution 2	To re-elect Mr Koo Kien Keat who retires pursuant to Clause 102 of the Company's Constitution		
Ordinary Resolution 3	To approve the payment of Directors' fees and benefits amounting to RM600,000 to the Directors of the Company from 26th AGM up to the conclusion of the 27th AGM		
Ordinary Resolution 4	To re-appoint Messrs KC Chia & Noor as Auditors of the Company		
Ordinary Resolution 5	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 6	Proposed Renewal of authority for the Company to purchase its own shares		
Ordinary Resolution 7	Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 8	Retention of Encik Ihsan Bin Ismail as an Independent Non-Executive Director of the Company		

Please indicate with "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.



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Notes:-

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the 26th AGM in person at the Broadcast Venue on the day of the meeting.
2. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 8 September 2022. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the 26th AGM.
3. A member entitled to attend 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/she specifies the proportions of his/her 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 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. If you decide to appoint a proxy or proxies for the 26th AGM, you must complete, sign and return the Form of Proxy and deposit it at the Share Registrar's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia or email to admin@aldpro.com.my or fax to +603 7890 1032 not less than forty-eight (48) hours before the time for holding the 26th AGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating in the 26th AGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.
8. If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to participate in the 26th AGM by yourself, please contact the Company's Share Registrar 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 Malaysia Securities Berhad, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

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AFFIX  
STAMP

**THE SHARE REGISTRAR OF  
KOMARKCORP BERHAD  
Registration No. 199601001919 (374265-A)  
c/o Aldpro Corporate Services Sdn Bhd  
Level 5, Block B, Dataran PHB  
Saujana Resort, Section U2  
40150 Shah Alam, Selangor**

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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](http://www.komark.com.my)**