KOMARKCORP BERHAD
(Company No. 374265-A) *Incorporated In Malaysia*

Labels with
TOMORROW'S TECHNOLOGY

2019 Annual Report

www.komark.com.my

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Corporate Information

DIRECTORS

KOH HONG MUAN @ KOH GAK SIONG
EXECUTIVE CHAIRMAN

TAN LAY CHING
INDEPENDENT NON-EXECUTIVE DIRECTOR

KOH CHIE JOOI
EXECUTIVE DIRECTOR / GROUP CHIEF OPERATING OFFICER

IHSAN BIN ISMAIL
INDEPENDENT NON-EXECUTIVE DIRECTOR

LOW TUCK MENG
INDEPENDENT NON-EXECUTIVE DIRECTOR

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7720 1188
Fax: 03-7720 1111

PRINCIPAL PLACE OF BUSINESS

HEADQUARTERS

Lot 132, Jalan 16/1
Kawasan Perindustrian Cheras Jaya
43200 Balakong
Selangor Darul Ehsan
Tel: 03-9080 3333
Fax: 03-9080 5233

AUDIT COMMITTEE

TAN LAY CHING
CHAIRPERSON
Independent Non-Executive Director

IHSAN BIN ISMAIL
MEMBER OF THE COMMITTEE
Independent Non-Executive Director

LOW TUCK MENG
MEMBER OF THE COMMITTEE
Independent Non-Executive Director

REMUNERATION COMMITTEE

TAN LAY CHING
CHAIRPERSON
Independent Non-Executive Director

IHSAN BIN ISMAIL
MEMBER OF THE COMMITTEE
Independent Non-Executive Director

LOW TUCK MENG
MEMBER OF THE COMMITTEE
Independent Non-Executive Director

KOH HONG MUAN @ KOH GAK SIONG
MEMBER OF THE COMMITTEE
Executive Chairman

NOMINATION COMMITTEE

TAN LAY CHING
CHAIRPERSON
Independent Non-Executive Director

IHSAN BIN ISMAIL
MEMBER OF THE COMMITTEE
Independent Non-Executive Director

LOW TUCK MENG
MEMBER OF THE COMMITTEE
Independent Non-Executive Director

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

REGISTRARS

BOARDROOM SHARE REGISTRARS SDN BHD
COMPANY NO. 378993-D
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7849 0777
Fax : 03-7841 8100

PRINCIPAL BANKERS

Standard Chartered Bank
Malaysia Berhad
COMPANY NO. 115793-P

COMPANY SECRETARIES

Tai Yit Chan **MAICSA 7009143**
Tai Yuen Ling **LS 0008513**

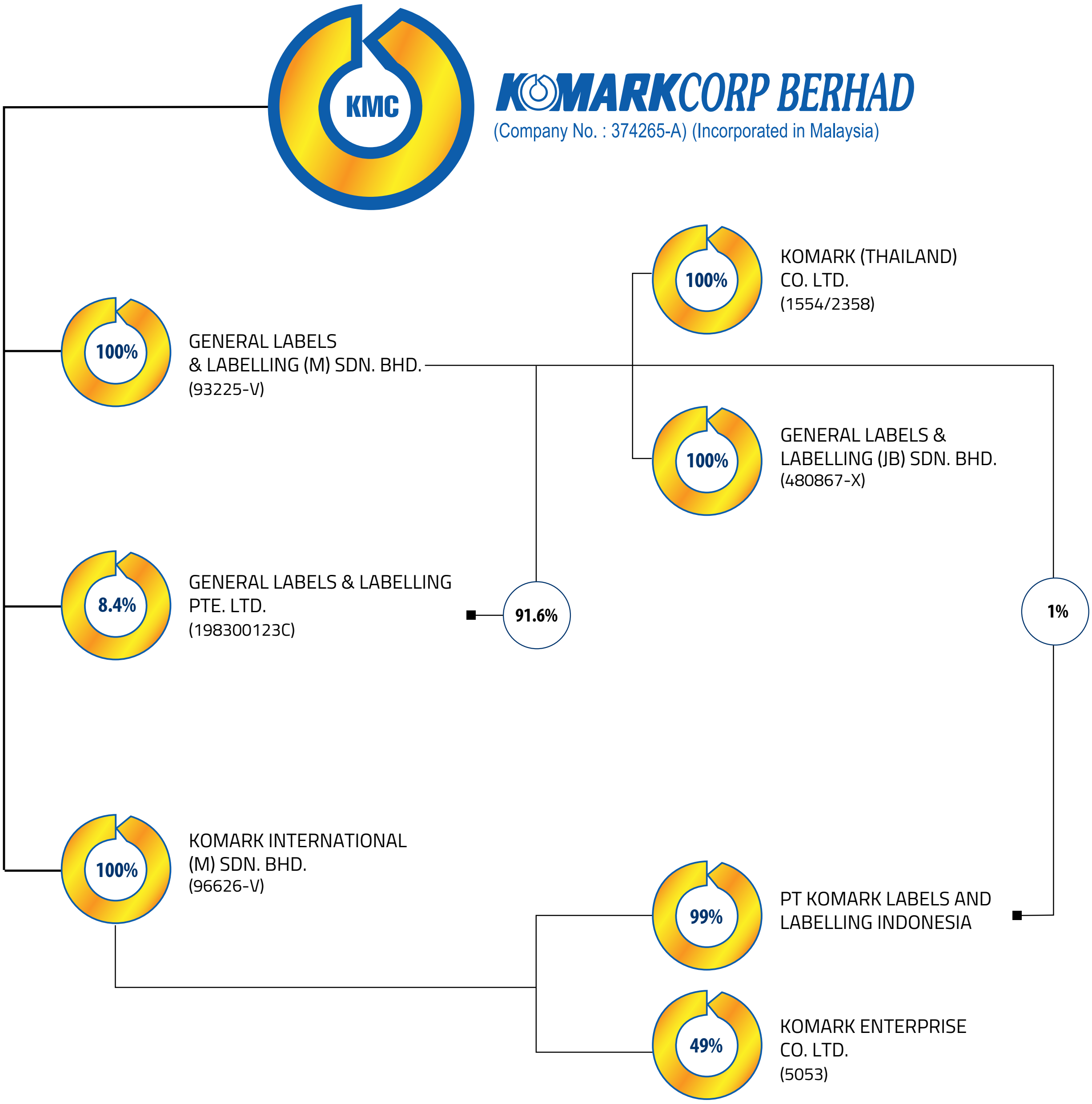
STOCK EXCHANGE LISTING

MAIN MARKET (LISTED IN 1997) OF
BURSA MALAYSIA SECURITIES BERHAD
COMPANY NO. 635998-W

SHARE
Stock Name : KOMARK
Stock Code : 7017

WARRANTS
Stock Name :KOMARK-WB
Stock Code :7017WB

Corporate Structure



Management Discussion and Analysis

1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATION

In preparing this Management's Discussion and Analysis ("MD&A") related to the financial year ended 30th April 2019 ("FYE2019"), Komarkcorp Berhad ("KMC" or "the Group") has taken into account information available until 30th April 2019 as well as the year-end consolidated financial statements that prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the requirements of the Companies Act 2016 in Malaysia. The financial statements and this MD&A are expressed in Ringgit Malaysia ("RM") as the reporting currency.

A. Business and Operations

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

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

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

Our mission statement is:

- 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 developed prestige and innovative packaging and machineries through our established R&D center, customer service and technical support team.

B. Customers and Markets

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

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

C. Strategy and Financial Targets

Our vision is to increase the shareholder value through increasing the market share and product innovation. We build strong relationships with all of our customers and provide sustainable long-term value to their supply chain. We anticipate to increase our market shares in our market segments by capitalizing, on our networks in this region, long term working relationship, product and technology know-how, growth of our customers, new product innovation, branding and consumer trends. With our regional customers, we will continue to form strategic partnership with them in developing new products to the market, optimize processes, to reduce cost of the products and develop value through long-term partnership.

Besides working closely with our customers, we continue to improve competencies and skills with our employees to enhance their competitiveness. This will translate to higher productivity and value to our customers.

2. FINANCIAL RESULTS AND FINANCIAL CONDITION

The FYE 2019 was a great challenging year for the Group. The Group recorded a decrease of 16.2% in revenue to RM47.743 million compared to RM56.949 million recorded in preceding financial year. The drops in revenue were mainly due to customers opting to adopt the open tender system in the local front, prices adjustment for selective customers and localisation procurement policy in the overseas segments. The Multinational Customers ("MC") segment continued to be the focus and will contribute substantially to the Group's revenue.

Group recorded a loss before taxation of RM11.090 million compared to a loss before taxation of RM20.942 million in the preceding financial year. This is mainly attributable to the higher selling price and lower asset impairment of RM4.515 million and operating expenses.

The loss after taxation for the year was RM9.847 million compared to a loss on the continue operations of RM21.669 million for the preceding financial year.

3. DIVIDEND

The Board of Directors does not recommend any dividend payment for FYE2019.

4. REVIEW OF OPERATING ACTIVITIES

A. General

In 2017/2018, most of the new investments have been installed in various operation locations to reduce cost and expand the existing capability and capacities. KMC also adopted a more aggressive approach to expand our sales team in various locations, engage and compete in the market. With the latest technologies installed, KMC will be able to reduce internal cost, material wastage and time resources.

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

The cost of raw materials for KMC such as papers and films are largely depended on a few large suppliers. The cost fluctuations for these materials have an impact on the KMC's profitability and the efforts to secure business from customers. With multiple operations in South East Asia, KMC has the ability to negotiate a better pricing and to mitigate volatility in purchased costs.

Due to the heavy investment in 2017/2018, KMC will focus on developing new customers and new market in the next two to three years. We are expanding our sales team and provide training to ensure they are capable of promote our products. KMC spends meaningful resources on assisting customers to develop new and innovative products with many new technologies installed in 2017/2018. The new printing technology may take 1 to 2 years to develop and materialize into revenue.

B. New Product Developments

With new investment installed in KMC in 2017/2018, KMC is able to utilize the latest technologies to develop new customers and projects in coming two and three years. KMC is currently working closely with market leaders in the fast moving consumer goods segment to develop their current packaging needs and high margin products in order to stay competitive and to remain market leader in the packaging industry. We will continue to develop new products such as digital labels, creative printing, variable data print and others.

4. REVIEW OF OPERATING ACTIVITIES (CONT'D)

C. New Market

In 2018, KMC had embarked into digital printing and gravure printing processes to tap into the new markets. KMC is spending resources in training and recruit capable sales team to penetrate into these markets. With the penetration into these gravure printing, it will increase the revenue. This will also enable KMC to become a total solution provider of multiple printing technologies company for the customers who want to reduce their supplier bases. With the digital and gravure printing capabilities, KMC will able to offer more printed products to the market.

KMC is also looking into develop new market by utilizing the existing investment and the project in under going development and should be able to launch in 4th quarter 2019.

D. Expansion Capacity and Improvement in Productivity

With new investment and technologies being installed, this has enable KMC to expand its existing capacity in Malaysia and Indonesia by 50% to 100%. These additional capacities have provided KMC to further develop new projects and products with its customers. Currently, there are multiple new products being developed with the customers in order to secure a longer-term contract. This has benefited KMC in long term in order to compete in a highly competitive market in this region.

The improvement in productivity is also evident from the new machines installed. KMC has invested in the latest machine technologies to reduce print wastage and machine set up time. The reduction of the use of raw material will also enable KMC to be process sustainable and environment friendly in long term. KMC will continue to invest in new printing technologies in order to stay ahead of competition and improve productivity efficiency.

E. Long-term Growth Strategy

The Group will continue to invest in latest printing technologies and adopt more cost efficiency and lean manufacturing in current highly competitive market. The Group will continue to adapt and augment all aspects of its operational platform is critical to realizing its long term growth strategy. This will enable us to compete regionally in the competitive market. The Group is also actively looking for new diversification and seeks new market expansion in the region kin order to grow the revenue and profit margin.

F. Operating Activities

Revenue Highlights

Branch	2019 (RM'000)	2018 (RM'000)	2017 (RM'000)
Malaysia	19,935	27,564	28,291
Singapore	8,961	8,948	9,552
Indonesia	3,094	2,392	4,166
Thailand	20,412	23,320	29,608
Inter Group	(4,659)	(5,275)	(6,229)
Total	**47,743**	**56,949**	**65,388**

The drops in revenue of Thailand and Malaysian were due to the loss of customers

5. ANTICIPATED OR KNOWN RISKS AND UNCERTAINTIES

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

Business continuity

The Group incurred loss after taxation of RM9.847 million with accumulated losses of RM46.502 million as at 30 April 2019. To mitigate the losses and enhance business continuity, the Group has embarked rationalization scheme by cutting costs and divesting of non-profit generating operations while exploring, expanding and acquisition of the new businesses with strong revenue bases which may have significant synergistical effects on the existing Group's operations.

Competitive Environment

The Group faces competition from international competitors in all the markets in which it operates. There can be no assurance that the Group will be able to compete successfully against its current competitors or future competitors. The incoming competitions are mainly coming from global suppliers and local suppliers. This competitive environment may reduce the profit margin, reduce the revenue and we may even lose the customers due to globalization procurement policies.

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

Dependent on Customers

In the past, the Group had placed too much reliance on a single large customer. When their orders reduced, it had adversely impacted the Group's revenue as well as profitability. To mitigate the revenue drop, KMC is taking measures to develop new customers and new products, eg flexible packaging. KMC's two largest customers combined accounted for approximately 19.85% of the consolidated revenue for the year 2018/2019. The five largest customers of the Company represented approximately 31.53% of the total revenue for 2018/2019 and the 10 largest customers represented approximately 42.32% of the total revenue. Several thousand customers make up the remainder of the total revenue.

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

Forward-looking Statement

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

Sustainability Statement

INTRODUCTION

The Board of Directors ('the Board') of Komarkcorp Berhad ("KMC or "the Group') is pleased to present this Sustainability Statement for the financial year ended 30 April 2019 ("FYE 2019") prepared pursuant to paragraph 6.1, 6.2 and 6.3 of practice note 9 of the Main Market Listing Requirement of the Bursa Malaysia Securities Berhad's ("Bursa Securities").

GOVERNANCE STRUCTURE AND PROCESS

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

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

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

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

MATERIAL ASSESSMENT PROCESS

Identification and Categorisation of Material Sustainability Issues

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

Shareholder Engagement

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

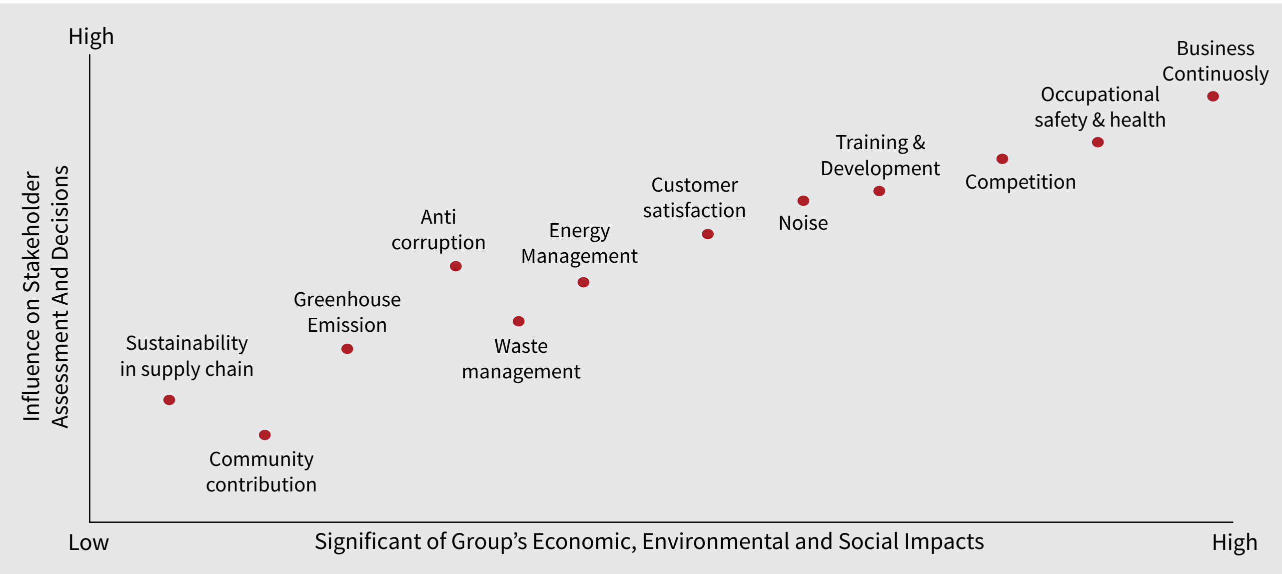
Based on concerns as well as key discussion points expressed by KMC's stakeholder group during engaging sessions, the Group identifies and prioritises issues which are more relevant to each of its stakeholder groups. For effective engagement with its stakeholders, various methods are employed including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

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

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

MATERIAL SUSTAINABILITY MATTERS

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



For the purpose of reporting for FYE2019 Annual Report, we will focus on the following sustainability matters:-

1. Business continuity
2. Occupational safety and health

BUNISESS CONTINUITY

Year ended 30 April	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	47,743	56,949	65,388	61,574
Gross margin	4,693	301	11,271	12,638
	9.83%	0.53%	17.24%	20.52%
Profit /(Loss) Before Tax	(11,090)	(20,942)	(12,416)	1,343

The most essential ruling for an entity to sustain is that it must generate profit by itself. However, the Group failed to report profit since financial year (FYE) 2017 until to-date. In the FYE2019, the Group has implemented costs cutting & control, increasing the selling price, while exploring and expanding on new flexible packaging business. But this selling price increment measure has hurdled our largest customer to order from us. The new flexible packaging business yet to bear fruit since the machine had been successfully installed only in October 2018. In addition, we had lost two (2) international OEM customers in Philippines in FYE2019.

The Group is aware of the weakness in marketing. Hence, the Group has focused on the strategy to boost the revenue of labels as well as the flexible packaging. One of the action plan is recruiting more experienced sales representative.

OCCUPATIONAL SAFETY AND HEALTH

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

During the year, the Group had organized various trainings including Companies Act 2016 and the New Malaysia Code on Corporate Governance for directors and employees.

Occupational safety and health performance are regularly monitored and reported to OSHA committee and proposed measures were taken to address any issues. The Group targets not more than 3 accidents incidence per annum for each operation units. The figures below illustrate the incident records over the course of 5 years for financial year ended 2015, 2016, 2017, 2018 & 2019.

Year ended 30 April Operation units	2019 Case no	2018 Case no	2017 Case no	2016 Case no	2015 Case no
Balakong			1		
JB		2		1	
Thailand	4	1	2	4	2
Indonesia					
Singapore					
Total	**4**	**3**	**3**	**5**	**2**

Distribution Network

MALAYSIA HEADQUARTERS - KUALA LUMPUR

JOHOR BAHRU

THAILAND

INDONESIA

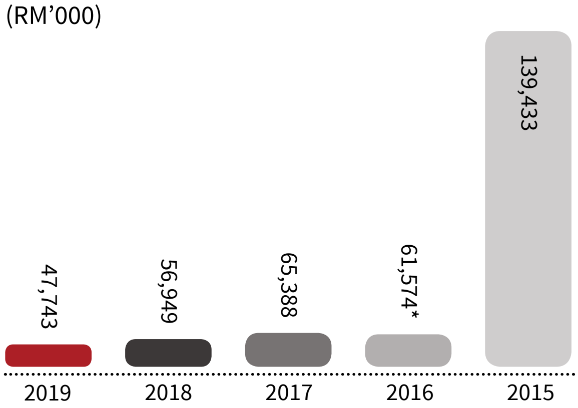
SINGAPORE

Five-Years Group Financial Highlights

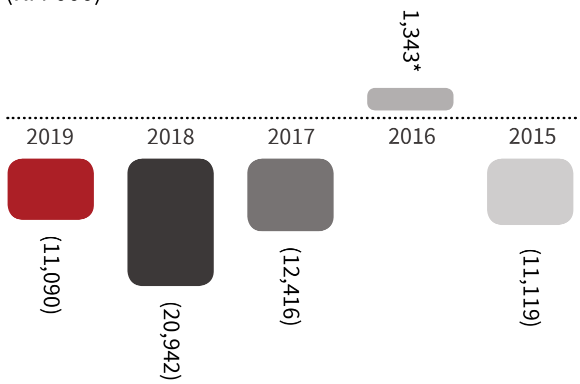
Year ended 30 April	2019	2018	2017	2016	2015
Operating Result (RM'000)					
Revenue	47,743	56,949	65,388	61,574 *	139,433
Profit /(Loss) Before Tax	(11,090)	(20,942) ^	(12,416)	1,343 *	(11,119)
Profit /(Loss) After Tax	(9,847)	(21,669) ^	(13,692)	371 *	(12,781)
Total Comprehensive Income/ (Loss)	(9,428)	(21,734) ^	(17,996)	90 *	(2,036)
Key Balance Sheet Data (RM'000)					
Total Assets	83,435	90,559 ^	110,660 ^	187,369	194,949
Total Interest Bearing Borrowings	19,434	17,182	9,487	43,781	54,327
Total Liabilities	28,965	28,796 ^	26,507 ^	76,425	86,243
Paid-Up Capital	48,425	48,425 ^	31,158	31,158	30,653
Shareholders' Equity	54,470	61,763 ^	84,149 ^	110,944	108,706
Share Information					
No of shares in issued ('000)	164,434	164,434	124,634	124,634	122,614
Per share (sen)					
Basic EPS /(LPS)	(4.59)	(10.31)	(11.15)	0.30 *	(12.60)
Gross Dividend (Recommended)	0.00	0.00	0.00	0.00	0.00
Gross Dividend Paid	0.00	0.00	5.00	0.00	0.00
Net Assets	33.13	37.56	67.52	89.02	88.66
Financial Ratio (%)					
Return on Equity	(18.08)	(35.08)	(16.27)	0.33	(11.76)
Return on Total Assets	(11.80)	(23.93)	(12.37)	0.20	(6.56)
Gearing ratio	35.68	27.82	11.27	39.46	49.98

* Continuing Operations
^ Restated

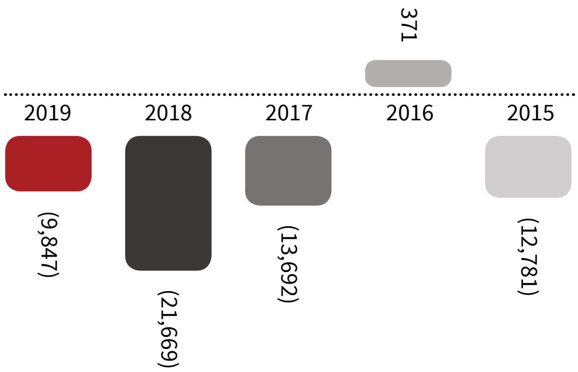
REVENUE
(RM'000)



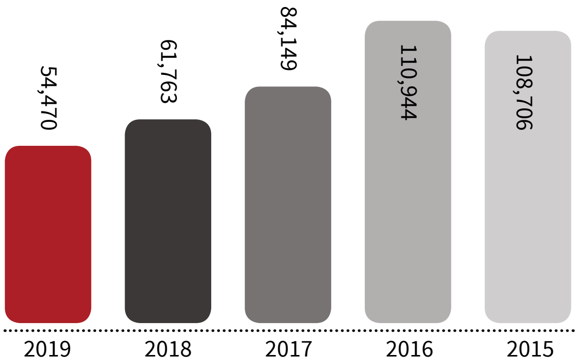
PROFIT/(LOSS) BEFORE TAX
(RM'000)



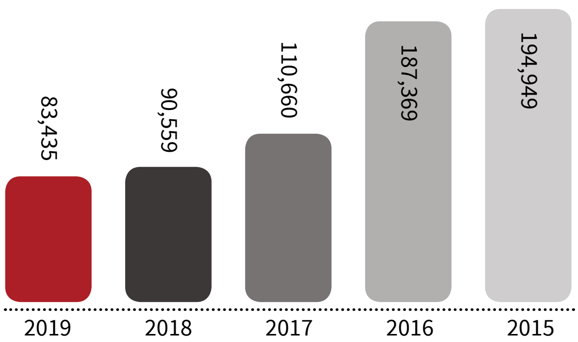
PROFIT/(LOSS) AFTER TAX
(RM'000)



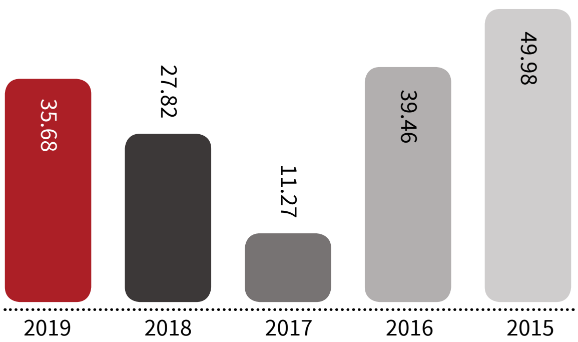
SHAREHOLDERS' EQUITY
(RM'000)



TOTAL ASSETS
(RM'000)

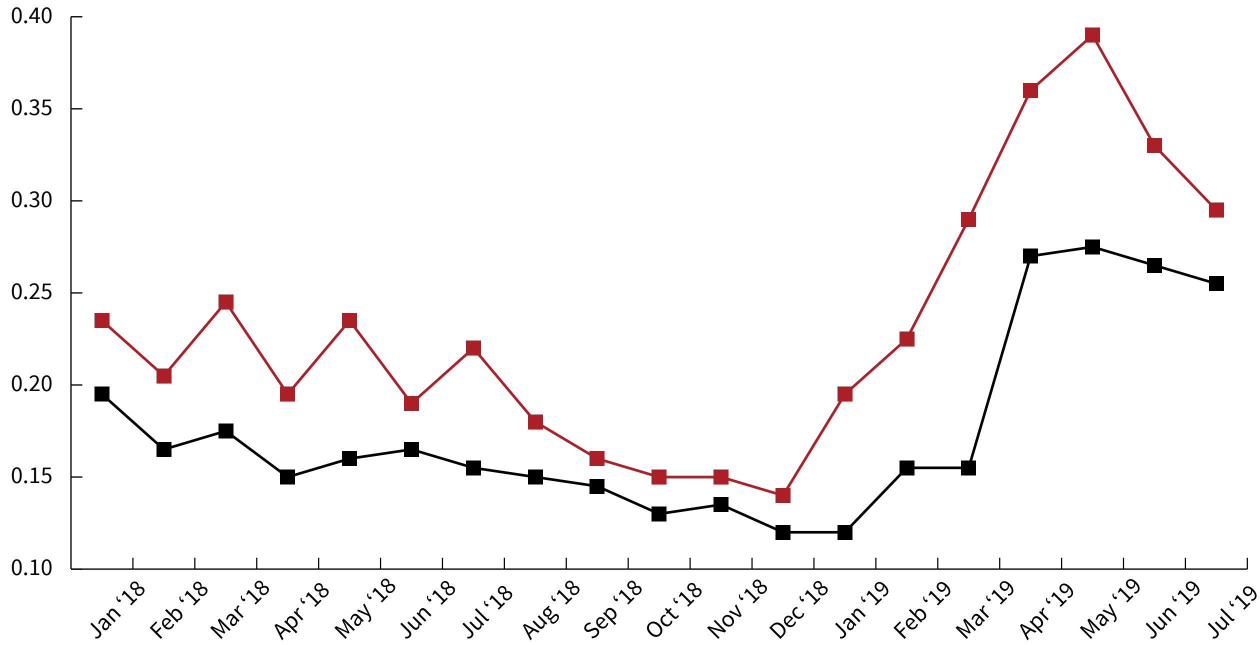


GEARING RATIO
(%)



Share Price Performance

	HIGH (RM)	LOW (RM)
Jan 2018	0.235	0.195
Feb 2018	0.205	0.165
Mar 2018	0.235	0.175
Apr 2018	0.185	0.150
May 2018	0.235	0.160
Jun 2018	0.185	0.165
Jul 2018	0.220	0.155
Aug 2018	0.175	0.150
Sep 2018	0.160	0.145
Oct 2018	0.150	0.130
Nov 2018	0.150	0.135
Dec 2018	0.140	0.120
Jan 2019	0.195	0.120
Feb 2019	0.225	0.155
Mar 2019	0.290	0.155
Apr 2019	0.360	0.270
May 2019	0.345	0.275
Jun 2019	0.330	0.265



NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting ("AGM") of Komarkcorp Berhad will be held at Parameswara 1, Philea Mines Beach Resort, Jalan Dulang, Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 9 October 2019 at 2.30 p.m. for the following purposes:

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 April 2019 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**

2. To approve the Directors' fees and benefits payable to the Directors of the Company of up to RM300,000 from 9 October 2019 until the conclusion of the next AGM of the Company. **Ordinary Resolution 1**

3. To re-elect the following Directors who are retiring under Clause 102 of the Constitution of the Company:

   a. Mr. Koh Hong Muan @ Koh Gak Siong **Ordinary Resolution 2**
   b. Ms. Tan Lay Ching **Ordinary Resolution 3**

4. To re-appoint Messrs. KC Chia & Noor as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

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

5. **Authority for Encik Ihsan Bin Ismail to continue in office as an Independent Non-Executive Director of the Company** **Ordinary Resolution 5**

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

6. **Authority under Section 76 of the Companies Act, 2016 ("Act") for the Directors to allot and issue shares** **Ordinary Resolution 6**

   "**THAT** pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM of the Company 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 to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at the time of issue, subject to the Constitution of the Company and approval of all the relevant regulatory bodies being obtained for such allotment and issue."

7. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares** **Ordinary Resolution 7**

"**THAT** subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits as at 30 April 2019 to purchase such amount of ordinary shares in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

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

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

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

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

(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 an ordinary resolution passed by the shareholders in a general meeting;

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

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

8. To transact any other business, of which due notice shall have been given in accordance with the Constitution of the Company and the Act.

BY ORDER OF THE BOARD
TAI YIT CHAN (MAICSA 7009143)
TAI YUEN LING (LS 0008513)
Company Secretaries

Date: 30 August 2019

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints two (2) proxies the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
4. 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.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the AGM or Adjourned AGM.
6. Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of any general meeting will be put to vote by poll.
7. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 2 October 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

EXPLANATORY NOTE:

1. To receive the Audited Financial Statements

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

2. Ordinary Resolution 5 – Authority for Encik Ihsan Bin Ismail to continue in office as an Independent Non-Executive Director

Encik Ihsan Bin Ismail was appointed as an Independent Director on 1 January 2009. Encik Ihsan Bin Ismail has served the Company for more than nine (9) years as at the date of the notice of this AGM. However, Encik Ihsan Bin Ismail has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities. The Board recommends Encik Ihsan Bin Ismail to remain as an Independent Director of the Company based on the following justifications:-

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

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

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

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

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

3. Ordinary Resolution 6 - Authority under Section 76 of the Act, for the Directors to allot and issue shares

The Ordinary Resolution 6 proposed under item 6 of the Agenda seeks the shareholders' approval of a general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

The Company did not allot and issue any shares pursuant to the general mandate granted by the shareholders at the previous AGM.

4. Ordinary Resolution 7 - Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company is required by law to be held.

For further information on Ordinary Resolution 7, please refer to the Statement to Shareholders dated 30 August 2019 accompanying the Annual Report of the Company for the financial year ended 30 April 2019.

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

KOH HONG MUAN @ KOH GAK SIONG
Executive Chairman, Aged 71, Male

Mr. Koh Hong Muan @ Koh Gak Siong is the founder and Executive Chairman. He was appointed as the Executive Chairman cum Managing Director on 18 June 1997 and 16 June 1997 respectively and subsequently re-designated as Executive Chairman cum Chief Executive Officer in 2001. Thereafter, re-designated as Chief Executive Officer on 1 April 2013 and as Group Chief Executive Officer on 27 March 2014. Subsequently, he was re-designation as Executive Chairman on 16 June 2016. He is also a member of the Remuneration Committee.

He is responsible for formulating the overall business development and corporate strategies for the Group.

Mr. Koh has been engaged in the manufacturing of pressure sensitive labels and automatic labelling systems for over 39 years during which he gained wide experience in product development and corporate management. He co-invented two sets of patented feeding mechanism in hand-held labellers and precision products feeding device with pneumatic logistic control systems in automatic labelling machines, respectively.

Mr. Koh's efforts were recognised by the Malaysian Government when General Labels & Labelling (M) Sdn Bhd and Komark International (M) Sdn Bhd, wholly-owned subsidiaries of Komarkcorp Berhad, were granted Pioneer Status for the manufacturing of automatic labelling machines and hand-held labellers by Malaysia Industrial Development Authority (MIDA), Malaysia in 1991 and 1997, respectively.

He is the father of Mr. Koh Chie Jooi.

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

He is the major shareholder of Komarkcorp Berhad. He has not been convicted of any offences within the past 5 years (other than traffic offences, if any) and has no material conflict of interest with Komarkcorp Berhad Group.

Number of Board meetings attended/held during the Director's term in office : 6/6

KOH CHIE JOOI
Executive Director / Group Chief Operating Officer, Aged 41, Male

Mr. Koh Chie Jooi was appointed to the Board of Komarkcorp Berhad as an Executive Director on 27 June 2002. On 16 May 2011, he was appointed as Managing Director of the Komarkcorp Group. On 27 March 2014, he was re-designated as an Executive Director of Komarkcorp Berhad and as Managing Director at subsidiaries level and responsible for Asean subsidiaries. Subsequently, he was re-designated as Chief Operating Officer on 29 September 2016.

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

Mr. Koh is currently assisting the Executive Chairman of Komarkcorp Group to oversee the overall operation and in formulating the business development and corporate strategies for the Group.

He is the son of Mr. Koh Hong Muan @ Koh Gak Siong.

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

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

Number of Board meetings attended/held during the Director's term in office : 5/6

IHSAN BIN ISMAIL
Independent and Non-Executive Director, Aged 56, Male

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

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

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

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

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

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

Number of Board meetings attended/held during the Director's term in office : 6/6

TAN LAY CHING
Independent and Non-Executive Director, Aged 60, Female

Ms. Julie Tan Lay Ching was appointed to the Board of Komarkcorp Berhad on 8 June 2016. Accordingly, she was also appointed as the Chairperson of Audit Committee, Nomination Committee and Remuneration Committee.

Ms. Julie Tan is a Chartered Accountant by profession. She is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a member of Institute of Chartered Accountants in Australia (ICAA) and Institute of Chartered Accountants in England & Wales (ICAEW).

She was the committee member of Institute of Chartered Accountants in Australia (ICAA), representing Malaysia Branch from 2010 to 2012.

She has over 32 years of experience in the accounting profession during her career with firms of Chartered Accountants both in the United Kingdom and Australia and various private and public listed companies locally. She had wide range of experience in taxation, auditing, accounting, internal controls, investments and mergers and acquisitions. She was a group financial controller of Jaycorp Berhad from 2006 to 2013 of a furniture manufacturer, listed in the main board. Prior to joining Komarkcorp Berhad in June 2016, she was the Finance Director of Pacific Regency Hotel Group from October 2014 to April 2016. She joined Jawala Inc. as a Chief Financial Officer, on the 8 August 2017 and assisted with the successful listing of Jawala Inc. on the SGX Catalist Market on the 1 June 2018. Currently, Ms. Julie Tan is also an advisor to a frozen food manufacturer in Shah Alam.

Other than Komarkcorp Berhad, she is not a director for any public company.

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

Number of Board meetings attended/held during the Director's term in office : 6/6

LOW TUCK MENG
Independent and Non-Executive Director, Aged 49, Male

Mr. Low Tuck Meng was appointed to the Board of Komarkcorp Berhad on 8 June 2016. Accordingly, he was also appointed as a member of Audit Committee, Nomination Committee and Remuneration Committee.

Mr. Low is a Chartered Accountant by profession with Master of Business Administration (Finance) from University of Leicester, UK. He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a Fellow member of Association of Chartered Certified Accountants (ACCA).

Mr. Low has more than 20 years of working experience in accounting, auditing, taxation, treasury management, internal control, risk management, financial analysis and change management. Of which, he has about 10 years working experience in China.

He started his professional career with a public accounting firm in January 1995 and thereafter, he held various senior positions in private limited companies and public listed companies.

Mr. Low was attached with Komarkcorp Berhad for the period from May 2002 to September 2007. He served as the Deputy Financial Controller, China operation and subsequently promoted to Group Financial Controller to head the entire group finance division.

He was attached with Hunter Douglas, a European multinational company as Finance Director, China Operations for the period from October 2007 to December 2014 before the promotion as Asia Shared Service Head in January 2015.

Mr. Low was appointed as Chief Financial Officer from June 2015 to April 2018 and subsequently as Executive Director from July 2016 to April 2018 of Pegasus Heights Berhad respectively.

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

Number of Board meetings attended/held during the Director's term in office : 6/6

Key Management

CHONG JIUN SHYANG
Chief Financial Officer, Malaysian, Aged 54, Male

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

Mr. Chong is a Chartered Accountant of the Malaysian Institute of Accountants (MIA). Mr. Chong has over 30 years of experience in the accounting profession during his career with various private and public listed companies.

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

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

STEVEN CHAN CHEK TENG
Chief Operation Officer, Malaysian, Aged 64, Male

Steven Chan is appointed as our Chief Operation Officer of Komark International (M) Sdn Bhd and General Labels & Labeling (M) Sdn Bhd on 15 May 2017.

Steven Chan has a Master Degree in Business Administration and has been Managing Printing and Converting Plants for the last 40 over years. Prior joining Komark International (M) Sdn Bhd and General Labels and Labeling (M) Sdn Bhd, he was the Chief Operation Officer of Flexoprint Sdn Bhd.

His earlier employment was as a Senior Vice President / General Manager of MBF Printing Industry Sdn Bhd, a subsidiary of the local Conglomerate Organization. After serving for 12 years he moved on to become the General Manager of Tien Wah Press Holdings Berhad, a public listed company on Bursa Malaysia Securities Berhad. He was also appointed as a Director of Benkert Malaysia Sdn Bhd, an associate company of Tien Wah Press to look after the later interest.

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

Steven Chan has not been convicted of any offences within the past 5 years (other than traffic offences, if any) and has no material conflict of interest with Komarkcorp Berhad Group.

The Board of Directors ("the Board") of Komarkcorp Berhad ("Komark" or "the Company") recognises the importance of adopting corporate governance within Komark and its subsidiaries ("the Group") and is committed to ensure the sustainability of the Company's businesses and operations through the implementation and observation of the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance ("MCCG").

The Corporate Governance Overview Statement of the Company is guided by Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Corporate Governance Guide (3rd Edition) issued by Bursa Securities. The Corporate Governance Overview Statement is to be read together with the Corporate Governance Report prepared based on the prescribed format as outlined in paragraph 15.25 (2) of the Listing Requirements so as to map the application of the Company's corporate governance practices against the MCCG. The Corporate Governance Report is available on the Company's website, www.Komark.com.my as well as via an announcement on the website of Bursa Securities.

Compliance with the MCCG

As a Main Market listed company, the Company is pleased to present this statement in accordance with the MCCG which sets out the standards of good practice in relation to:

a) Principle A: Board Leadership and Effectiveness;
b) Principle B: Effective Audit and Risk Management; and
c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with stakeholders.

This Statement outlines the principles and recommendations which the Company has adopted and applied, and where there are gaps in the Company's observation of any of the recommendations, they are disclosed herein with explanations.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Board's roles and responsibilities

The Board plays a pivotal role in the stewardship of the Group and ultimately enhancing long term shareholders value. The key responsibilities of the Board include:-

- Reviewing, challenging and approving management's proposals for the Company and to monitor the performance and implementation of the strategic plans by the management;
- Overseeing the conduct of the Group's business to evaluate whether the businesses are being properly managed;
- Set the tone from the top;
- Receiving updates on key strategic initiatives, significant operational issues and the Company's performance through periodic meetings;
- Identifying principal business risks affecting the Group through implementation of appropriate system to manage these risks;
- Ensure that there are plans in place for orderly succession of Senior Management;
- Reviewing the adequacy and the integrity of our Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. Details pertaining to the Company's internal control system and its effectiveness are available in the Statement on Risk Management and Internal Control of this Annual Report;
- Receiving audit report by the Internal Auditors which had been reviewed by the Audit Committee ("AC") and conducts annual assessment on the adequacy of the Department's scope of work and resources;
- Reviewing the summary of internal audit's findings together with the Management's responses and the agreed remedial actions by the Internal Auditors;
- Assessing Senior Management's skills and experience, and ensure there are measures in place for the orderly succession of Board and Senior Management;
- Establishing, reviewing the policies and procedures on whistleblowing;
- Monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- Monitoring the Company's financial statements are true and fair and conform with the accounting standards; and
- Promoting the Company to adhere to high standards of ethics and corporate behavior.

During the financial year, key activities undertaken by the Board include:

- Received regular reports to the Board and updates from the Group Chief Operating Officer ("COO") on the development of the Group's business and operations, key initiatives, challenges, financial and non-financial performance and other key matters;
- Reviewed of material financial and non-financial risk facing the group's businesses;
- Received regular updates on corporate governance and regulatory matters;
- Received reports from the board committees chair; and
- Received regular management reports.

2. Separation of positions of the Chairman and Chief Executive Officer ("CEO")

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

Currently, Mr. Koh Hong Muan @ Koh Gak Siong, the Executive Chairman of the Board has taken the role of Group CEO in operating the business of Komark and its subsidiaries. The Chairman is responsible for the leaderships, effectiveness, conduct and governance of the Board. The Chairman encourages active participation among the Directors. During the meetings, the Chairman shared his views on key matters so that all the Directors contribute to the debates while overseeing no director dominates the discussions. The Chairman maintains regular contacts with all Directors. Where appropriate, the Chairman invites Director(s) to attend meetings with the Management on key matters of business. The Chairman also communicates on behalf of the Company to shareholders and other stakeholders.

The Board decisions are dependent on the consensus of the Directors, who take an active interest in all major and strategic decisions of the Group.

3. Company Secretary

Both Company Secretaries of Komark have more than twenty (20) years' experiences in practice and are qualified as company secretary under the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Licensed Company Secretary ("LS").

The Company Secretary plays an important role in advising and supporting the Board. The roles and responsibilities of the Company Secretary include the following:

- Advising the Board on its roles and responsibilities;
- Advising the Board on the governance matters and keep the Board abreast with the developments of corporate and securities law, listing rules, Company's Constitution, Board policies and procedures, and its compliance with regulatory requirements and advocate adoption of corporate governance best practices;
- Managing the provision of information within the Board;
- Facilitating induction of new directors and continuing development of directors; and
- Serving as a focal point for stakeholders' communication and corporate governance.

The Directors has direct access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that all governance matters and Board procedures are in compliance with the applicable laws and regulations. This includes updating the Board on the Main Market Listing Requirements, circulars from Bursa Securities and other legal and regulatory developments and their impact on the Group and its business.

The Company Secretaries assisted the Board in applying best practices and monitor the corporate governance developments to meet the stakeholder expectations. The Company Secretaries updated the Board with the governance practices that the Company has complied and highlighted the matters to be complied in accordance with the MCCG.

The Company Secretaries organise and attend all Board and Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are properly documented and maintained accordingly.

Deliberations during the Board and Board Committees meetings were properly minuted and documented by the Company Secretaries. Upon conclusion of the meetings, minutes are circulated to all the Board members to ensure that the minutes reflect accurate records of the deliberations and decisions at the meetings.

4. Information and Support for Directors

The Company Secretaries manage the information flows to the Board at appropriate times in consultation with the Chairman.

All Board members are furnished with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for informed decision making and effective discharge of the Board's responsibilities.

The Board meets at least once quarterly to review and approve the quarterly results of the Group for announcement. The Board also attended quite a number of additional meetings on ad-hoc basis as and when necessary to discuss and ensure smooth implementation of the Proposed Regularisation Plan, corporate proposals or business issues that require the urgent decisions of the Board. Advisors and Senior Management staff were invited to attend the Board meetings where necessary to provide the Board with detailed explanations and clarifications on issues that are being considered during the Board meetings.

A notice of Board of Directors' meetings were given in writing at least seven (7) days prior to the meeting. The Board's deliberation, in terms of the pertinent issues discussed at the meetings in arriving at the decisions and conclusions thereof in discharging the Board's duties and responsibilities are properly recorded by the Company Secretaries. Board papers and agenda items are to be circulated at least five (5) days prior to the meeting or such other shorted period deemed appropriate and/or unavoidable prior to the Board.

The Board members have unrestricted access to the information pertaining to the Company to discharge their duties and responsibilities. The Directors may seek advice from the Management on issues pertaining to their respective jurisdictions. The Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from the Management.

As the Group's quarterly results is one of the regular annual schedule matters which is tabled to the Board for approval at the quarterly Board Meetings, memorandum on closed period for trading in the Company's securities are circulated to Directors, principal officers and employees who are deemed to be privy to any price-sensitive information in advance whenever the close period is applicable based on the targeted date of announcement of the Group's quarterly results.

The Board has access to the advice and services of the Company Secretaries, who are experienced and capable of carrying out the duties to which the post entails and may upon a written request to the Chairman to obtain independent professional advice at the Company's expense as and when necessary.

5. Board Charter

The Board is guided by a Board Charter approved by the Board. The Board Charter sets out the duties and responsibilities of the Board, the Board Committees, and the Management, matters reserved for the Board's decision and those which the Board may delegate to the Board Committees, the Group CEO and Management. The Board Charter further defines the respective roles of the Chairman of the Board, the Group CEO, the Senior Independent Non-Executive Directors, the Independent Directors and the Directors. The Board Charter is available for reference at the Company's website at www.komark.com.my.

The Board Charter has been established to promote high standards of corporate governance and to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees. The Board Charter does not overrule or pre-empt the statutory requirements and other relevant statutes.

The Board will review the Board Charter from time to time and make necessary amendments as and when necessary to ensure that it is in line with the regulatory requirements and best practices.

In 2018, the Board reviewed the Board Charter to reflect the requirements of the MCCG.

The Board Charter is published on the Company's website at www.komark.com.my.

6. Code of Conduct and Ethics ("CoCE")

The Board encourages employees across the Company to adhere to and maintain the highest standard of ethical behavior. Therefore, the Company has formalised and adopted a CoCE which sets out certain values, principles and standards of good conduct to which Directors and employees are expected to adhere.

The CoCE is established to promote the corporate culture which engenders ethical conduct that permeates throughout the Company and its subsidiaries. The CoCE covers 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 detailed CoCE can be viewed at the Company's website. The CoCE will be reviewed from time to time for changes and new developments in the external and internal environment.

In August 2018, the Board has reviewed and approve the amendments to its CoCE to cover abuse of power, corruption, money laundering and insider trading. The CoCE clearly states that the employees are strictly prohibited from obtaining, authorising, offering or giving anything to any individual with the aim of influencing business in connection with Komark's business activities.

A copy of the CoCE can be found in the Company's website at www.komark.com.my.

7. Whistleblowing Policy and Procedures

As part of the Company's continuous effort to ensure that good corporate governance practices are being adopted, the Company has established a Whistleblowing Policy to provide a clear line of communication and reporting of concerns for employees at all levels, and provides alternative lines of communication depending on the person(s) who is/are the subject of such concerns.

The Company's Whistleblowing Policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Group.

If any employee believes reasonably and in good faith that malpractice exists in the work place, the employee should report this immediately to the line manager. However, if for any reason the employee is reluctant to do so, the employee should report the concerns to either the Chairman or AC Chairman.

If these channels have been followed and employees still not comfortable, or if employees feel the matter is so serious that it cannot be discussed with any of the above, they should contact AC Chairman, being the Director identified in the Company's annual report as one to whom concerns may be conveyed.

Employees who raised concerns internally will be informed of who is handling the matter, how they can make contact with them and if there is any further assistance required.

The AC is committed to investigate and address all cases of reported misconduct and determine the channel for investigation and follow-up action.

The details information can be found in the Company's website at www.komark.com.my.

8. Sustainability

The Board recognises the importance of sustainability and its increasing significance in the business. The Board is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

The Company has in place a Sustainability Statement which aims to endeavour to integrate the principles of sustainability into the Company's strategies, policies and procedures and ensure that the Board and Senior Management are involved in implementation of this policy, review the sustainability performance and create a culture of sustainability within the Company, and the community, with an emphasis on integrating the environmental, social and economic considerations into decisions making and the delivery of outcomes.

II. Board Composition

1. Board Composition and Balance

During the financial year under review, the Board consists of five (5) Directors, comprising an Executive Chairman, an Executive Director and three (3) Independent Non-Executive Directors. The Company fulfills Paragraph 15.02(1) of the Listing Requirements of Bursa Securities which stipulates that at least two (2) Directors or one third (1/3) of the Board, whichever is the higher, are Independent Directors. The Company also meets the requirements of MCCG to have majority Independent Directors to allow more effective oversight of Management.

The Board is satisfied that the composition of Directors provides the appropriate balance and size in the Board necessary to promote all shareholders' interests and to govern the Group effectively. It also fairly represents the ownership structure of the Group, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Independent Directors fulfills a pivotal role in providing unbiased and independent views, advice and judgment, taking into account the interest not only of the Group but also shareholders, employees, customers and communities in which the Group conducts business.

The profile of each Director is set out on page 19 to page 21 of this Annual Report.

2. Board Independence

The Board is mindful on the importance of independence and objectivity in its decision making process in line with MCCG which is one of its focus areas on corporate governance.

The Independent Directors play a vital role in corporate accountability and provide unbiased views to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all the stakeholders.

The Board is aware of the recommended tenure of the Independent Director who should not exceed a cumulative term of nine (9) years as recommended by MCCG and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of nine (9) years tenure. Furthermore, the Board must justify the decision and seek annual shareholders' approval at general meeting if the Board intends to retain the Director as Independent after the respective Independent Director has served a cumulative term of nine (9) years. If the Board continues to retain the Independent Director after the Twelfth (12) years, the Board should also seek annual shareholders' approval.

At the upcoming Twenty-Third Annual General Meeting to be held on 9 October 2019 ("23rd AGM") Encik Ihsan bin Ismail has served more than nine (9) years and agreed to be retained as Independent Non-Executive Director. The Board, via Nomination Committee ("NC") has assessed and recommended Encik Ihsan bin Ismail to remain as an Independent Director of the Company based on the following justifications:-

- he fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities, and therefore is able to bring independent and objective judgment to Board's deliberations;
- his experience enable him to provide the Board with a diverse set of experience, expertise, skills and competence;
- he has been with the Company for long and therefore understand the Group's business operations which enable him to participate actively and contribute during deliberations or discussions at Remuneration Committee ("RC"), NC, AC and Board meetings;
- he has contributed sufficient time and efforts and attended all the RC, NC, AC and Board meetings for informed and balanced decision making; and
- 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.

The Board is satisfied that he is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interest of the Company. In view thereof, the approval of the shareholders of the Company will be sought for the retention of Encik Ihsan bin Ismail as Independent Non-Executive Directors at the forthcoming 23rd AGM of the Company.

The Board, via NC assesses each Director's independence to ensure ongoing compliance with this requirement annually. The NC is satisfied that the Independent Directors are independent of Management and free of any business or other relationship that could interfere with the exercise of independent judgment, taking into account the best interest, not only of the Group but also of shareholders, employees, customers and communities in which the Group conducts business.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors and confirmed that they are to be independent and objective during Board's deliberations.

3. Directors' Commitment

The Board held six (6) Board meetings during the financial year under review. The details of Directors' attendance are set out as follows:

No	Name of Directors	Number of Board meetings attended/held during the Director's term in office
1.	Mr. Koh Hong Muan @ Koh Gak Siong (Executive Chairman)	6/6
2.	Mr. Koh Chie Jooi (Executive Director)	5/6
3.	Ms. Tan Lay Ching (Independent Non-Executive Director)	6/6
4.	Encik Ihsan bin Ismail (Independent Non-Executive Director)	6/6
5.	Mr. Low Tuck Meng (Independent Non-Executive Director)	6/6

The Directors are expected to devote sufficient time and effort to carry out their responsibilities. Directors shall notify the Chairman before accepting any new directorships including providing an indication of time that will be spent on the new appointment.

All the Directors do not have directorship in any other listed companies and they have complied with the Listing Requirements of Bursa Securities that they do not hold more than five (5) directorships in listed companies.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling the roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings in the financial year 2019.

4. Directors' Training

The Board, via the NC, continues to identify for the Directors to attend appropriate briefings, seminars, conferences and courses to keep abreast with changes in legislations and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme ("MAP"). The Directors are mindful that they would continue to enhance their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually being updated on the Group's business and regulatory requirements.

During the financial year, the Board had attended collectively and individually conference(s), seminar(s), forum(s) and training(s) to continuously upgrade their skills and to keep abreast with current developments as follows: -

Directors	Briefing/Conference/Forum/Seminar/Training attended
Mr. Koh Hong Muan @ Koh Gak Siong	• Companies Act, 2016 and the New Malaysian Code on Corporate Governance
Mr. Koh Chie Jooi	• Companies Act, 2016 and the New Malaysian Code on Corporate Governance
Ms. Tan Lay Ching	• Listed Company Director Essentials • SST One Day Workshop • Companies Act, 2016 and the New Malaysian Code on Corporate Governance • Understanding Capital Allowance and Reinvestment Allowance • Accounting for Agriculture Sector MFRS 141 • New Sabah Forum • Sustainability Reporting • Jorney on Board for Women
Mr. Low Tuck Meng	• Companies Act, 2016 and the New Malaysian Code on Corporate Governance • From GST to SST – Managing the impact on your business • Preparation and Presentation of Consolidated Financial Statements
Encik Ihsan Bin Ismail	• Workshop on Driving Financial Integrating and Performance – Enhancing Financial Literacy for AC • Companies Act, 2016 and the New Malaysian Code on Corporate Governance

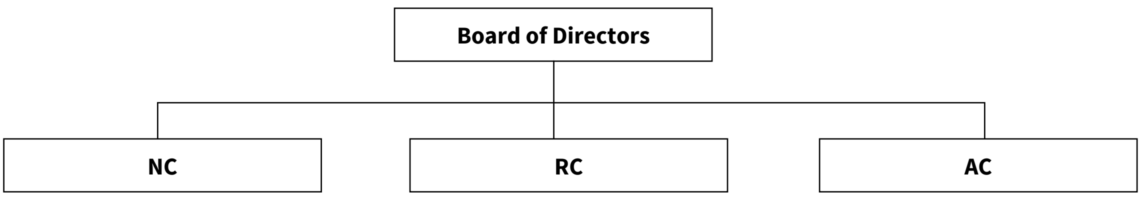
The Company Secretaries facilitate the organisation of internal training programmes, amongst others, Companies Act, 2016 and the MCCG, and keep Directors informed of relevant external training programmes. The Company Secretaries also circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates at Board meetings.

5. Board Committees

In order to discharge the responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide it with recommendations and advice: -

- NC;
- RC; and
- AC.

The following diagram shows a brief overview of the three main Board Committees of the Company, each of which is explained in further details as below:



Responsibilities (NC)
- Board size and composition
- Selection & recruitment of directors
- Board performance evaluation
- Committee performance evaluation
- Directors' training

Responsibilities (RC)
- Remuneration policy
- Directors' fees and benefits

Responsibilities (AC)
- Internal audit
- External audit
- Risk management
- Financial reporting
- Audit reports
- Related party transactions
- Internal controls
- Conflict of interest

Each Committee operates in accordance with the written Terms of Reference which approved by the Board. The Board reviews the Terms of Reference of the Committees from time to time. The terms of office and performance of the AC is reviewed on annual basis by the NC. The Board approves the appointments of the members and the Chairman of each Committee.

The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may form other committees delegated with specific authorities to act on their behalf. These committees will operate under approved Terms of Reference or guidelines and are formed whenever required.

The Terms of Reference of the Board Committees have been revised and approved in 2018 and are published on the Company's website at www.komark.com.my.

6. NC

For the financial year ended 30 April 2019, the Company's NC comprised of three (3) members, all of whom are Independent Non-Executive Directors. The Board trust that the NC Chairman is independent and able to contribute effectively to the NC in view of her wide and vast experience in the industry.

The Composition of the NC is as follows:

Director	Designation
Ms. Tan Lay Ching	Chairperson (Independent Non- Executive Director)
Mr. Low Tuck Meng	Member (Independent Non- Executive Director)
Encik Ihsan Bin Ismail	Member (Independent Non- Executive Director)

The responsibilities of the NC include, amongst others:
- Establishing and leading the process for nomination and selection of Directors;
- Identifying, assessing and make recommendation to the Board on new candidates for appointment/election and re-election/re-appointment of Directors to the Board;
- Reviewing the Board structure, size and composition including required mix of skills, knowledge, experience and other qualities of the Board; and
- Considering plans for succession for appointments to the Board and Senior Management to maintain appropriate balance of skills and experience within the Company

The responsibilities of the NC is stipulated in its Term of Reference which is available for reference on the Company website at www.komark.com.my.

During the financial year under review, two (2) NC meetings were held and attended by all the NC members. The NC undertook the following:

- Reviewed, considered and recommended to the Board for approval, the re-election of Directors who retire by rotation pursuant to Company's Constitution at forthcoming Annual General Meeting ("AGM"). The Directors standing for retirement by rotation and subject to re-election at the forthcoming AGM are Mr. Koh Hong Muan @ Koh Gak Siong and Ms. Tan Lay Ching;
- Reviewed and discussed the succession planning of the Company;
- Reviewed and discussed suitable training programme for continuous development of Directors;
- Assessed the independence of Independent Directors;
- Evaluated the performance and effectiveness of the Board and each individual Director;
- Reviewed and discussed the Board's composition; and
- Reviewed and assessed the AC's activities, performance and terms of office of AC and each of the AC members.

7. Appointments to the Board

The NC reviews the Board Composition, the RC, the AC and the NC to ensure that the Board and the individual Directors have the appropriate balance of skills, experience, independence, competence and diversity to ensure the sustainability of the Group and good corporate governance practice.

The NC plays a role in the Board appointment process. The NC is responsible for assessing the nominees and making recommendations for new appointments to the Board, taking into consideration the following:
- skills, knowledge, expertise and experience;
- commitment (including time commitment) and contribution;
- professionalism and integrity;
- boardroom diversity;
- background, character and competence; and
- in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

The process of nomination and selection of director involves identification of potential candidate(s), evaluation of suitability of candidates based on the agreed upon criterias, 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. Where appropriate, the NC may also engage external independent consultancy services to conduct searches for potential candidates.

8. Diversity Policy

The Board is committed to provide fair and equal opportunities and to nurture diversity (including gender, age and ethnicity) within the Group. The candidates for Board appointments will be considered, taking into account, a range of diversity perspectives, including gender, cultural, competency, skills, character, time commitment, integrity and experience that the selected candidates will bring to the Board.

The Diversity Policy and board procedures for appointment of Directors had been established and adopted by the Board.

During the financial year under review, the Board has one (1) female Independent Non-Executive Director which accounts for 20% of the Board members.

9. Board Evaluation and Re-election of Directors

The NC is responsible for carrying out assessment of the performance and effectiveness of the Board as a whole, its committee as well as each individual Director on an annual basis. The annual assessment includes specific assessment of independence of the Independent Directors.

An evaluation form to assess the performance of the Board, its committee and the individual Directors is provided with the aim of improving the effectiveness of the Board and its members. The evaluation forms were drafted based on the recommended form prescribed by Bursa Securities and MCCG that relates to the Board structure, operations, roles and responsibilities, Board composition and assessment of character, experience, integrity, competence and time commitment of each Directors. The review was led by the NC Chairman.

The NC reviewed the results of the Board annual performance evaluation for the financial year and held a meeting for discussion on such matter. Following the meeting, the NC produced a report, which was discussed among the NC members and sent to Board members and discussed at the following Board meeting. The results together with the recommendations arising from the evaluations were discussed in the Board meeting.

Based on the results of the evaluation, the overall Directors' view was that the Board was functioning effectively. Each of the Directors contributed and were committed to their respective roles.

The NC committee considered the re-election of the Directors prior to their recommendations to the Board for approval.

Pursuant to Section 205(3)(b) of the Companies Act, 2016 and the Company's Constitution, one-third of the Directors for the time being shall retire from office at each AGM. A retiring Director shall be eligible for re-election. The Company's Constitution also provide that all Directors shall retire at least once in three years.

Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next AGM held following their appointments.

Accordingly, Mr. Koh Hong Muan @ Koh Gak Siong and Ms. Tan Lay Ching will retire and offer themselves for re-election at the forthcoming AGM.

All Directors have complied with the restrictions on the number of directorships in public listed companies as prescribed under the Listing Requirements. The Directors observe the recommendation of the MCCG that they are required to notify the Chairman of the Board before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

10. RC

The objective of the RC is 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. The responsibilities for developing and determining the remuneration packages of Executive Directors and Senior Management lie with the RC. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors.

The RC of the Company consists of 4 members, comprising three (3) Independent Non-Executive Directors and an Executive Chairman.

The Composition of the RC is as follows:

Director	Designation
Ms. Tan Lay Ching	Chairperson (Independent Non- Executive Director)
Mr. Koh Hong Muan @ Koh Gak Siong	Member (Executive Chairman)
Mr. Low Tuck Meng	Member (Independent Non- Executive Director)
Encik Ihsan Bin Ismail	Member (Independent Non- Executive Director)

During the financial year ended 30 April 2019, the RC held one (1) RC meeting. Below is a summary of the key activities undertaken by the RC in discharging of its duty:

- To recommend to the Board the remuneration of the Executive Directors and Non-Executive Directors in all its forms. The determination of remuneration packages of Executive Directors and Non-Executive Directors, should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration.
- To assist the Board in assessing the responsibility and commitment undertaken by the Board membership.
- To assist the Board in ensuring the remuneration of the Directors reflects the responsibility and commitment of the Director concerned.

A copy of the RC's Terms of Reference can be found in the Company's website at www.komark.com.my.

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 detailed disclosure of the remuneration of the individual Directors and two (2) Key Senior Management of the Company during the financial year under review are set out below: -

Name of Directors	Fee (RM)	Salary & other emoluments (RM)	Total (RM)
Mr. Koh Hong Muan @ Koh Gak Siong	-	898,931	898,931
Mr. Koh Chie Jooi	-	430,731	430,731
Ms. Tan Lay Ching	48,000	-	48,000
Mr. Low Tuck Meng	42,000	-	42,000
Encik Ihsan Bin Ismail	42,000	-	42,000
Total	**132,000**	**1,329,662**	**1,461,662**

Range of Remuneration	Number of Key Senior Management
RM100,001 – RM200,000	1
RM200,001 – RM300,000	1

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

1. Composition

The AC comprise of three (3) members all of whom are Independent Non-Executive Directors. All the members of the AC undertook continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules. The composition of the following members: -

Director	Designation
Ms. Tan Lay Ching	Chairperson (Independent Non- Executive Director)
Mr. Low Tuck Meng	Member (Independent Non- Executive Director)
Encik Ihsan Bin Ismail	Member (Independent Non- Executive Director)

The Chairman of the AC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the AC's findings and recommendation remains intact.

The roles and responsibilities of AC are set out on pages 39 to 42 under the AC Report in this Annual Report. The duties and responsibilities of the AC is also available in the AC's Terms of Reference.

II. External Auditors

1. Independence and Effectiveness

The Board upholds the integrity of financial reporting. The AC is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management and compliance systems and practice, financial statements, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business. The AC is 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.

The AC met six (6) times during the financial year to discuss financial reporting (quarterly results and annual reporting). Prior to the release of the Company's quarterly results and annual reports, the AC members reviewed the Company's financial statements in the presence of External Auditors prior to its recommendation to the Board for approval and issuance to stakeholders.

The AC is responsible to monitor the performance, objectivity and independence of the External Auditor. The AC acknowledges that it is important to maintain an open communication between the Board, the Internal Auditors and External Auditors to enhance their efficiencies and effectiveness.

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 in order to fulfil its responsibility for assessing the external audit process.

The AC meets with the External Auditors without the presence of the Executive Directors and management three (3) times a year to discuss key matters within their responsibilities. In addition, the External Auditors are invited to attend the Company's AGM and are available to attend questions from the shareholders.

In safeguarding and supporting the External Auditors' independence and objectivity, the Board had established an External Auditors' Assessment Policy to spell out the selection process of new External Auditors, basic principles on the prohibition of non-audits services and the approval process for the provision of non-audit services. The same Policy had been approved and adopted to be aligned with MCCG, Companies Act, 2016 and Listing Requirements on 28 June 2018.

The AC has also reviewed the nature and extent of non-audit services provided by the External Auditors during the financial year. There was no non-audit fee paid or payable to External Auditors and their affiliated company for the financial year ended 30 April 2019. The Board is satisfied that the non-audit services during the year by External Auditors does not affect the auditor's independence.

The AC reviews annually the appointment of the auditors taking into account the effectiveness and independence of External Auditors and ensure that other non-audit works will not be in conflict with the functions of the auditors. To review and assess the independence and effectiveness of the External Auditors, the AC completes an External Auditors evaluation form on the performance of the assigned audit team on an annual basis. Following the review, the AC, together with the feedback from the management, makes recommendation to the Board.

2. Auditors Appointment

The Board was of view that the objectivity and independence of the External Auditors are not in any way impaired by reason of the non-audit services provided to the Group.

The AC has reviewed the independence and suitability of the external auditor, Messrs. Ong & Wong and is satisfied that the external auditor has met the relevant criteria set out in the Bursa's Listing Requirements. Hence, the AC has recommended to the Board to reappoint the external auditor for the following financial year.

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.

The Company has on 10 December 2018 received a notice in writing dated 6 December 2018 from Messrs. Ong & Wong on their resignation as External Auditors of the Company. Messrs. Ong & Wong's term of office will end after 21 days from 6 December 2018. The general announcement on the resignation had been made to Bursa Securities by the Company Secretary on the 12 December 2018.

The new External Auditors of the Company, Messrs. KC Chia & Noor was appointed on 15 March 2019 and shall hold office until the conclusion of the next AGM. The general announcement on the appointment of new External Auditors had been made to Bursa Securities by the Company Secretary on the same day.

III. Risk Management and Internal Control Framework

The Risk Management Committees assists the Board in fulfilling its responsibilities in the risk governance and oversight functions via establishing a sound internal control framework to manage risks with the overall responsibility for overseeing the risk management activities of the Group and approving the appropriate risk management procedures and measurement methodologies across the Group.

IV. Internal Audit Function

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 internal audit function are set out in the AC Report and the Statement on Risk Management and Internal Control of this Annual Report.

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

I. Communication 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.

II. Appropriate Corporate Disclosure Policies and Procedures

The Group is committed to a policy which provides accurate, balanced, clear, timely and complete disclosure of corporate information to enable informed orderly market decisions by investors.

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.

III. Leverage on information Technology for Effective Dissemination of Information

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

The Company ensures timely release of the financial results on a quarterly basis to provide an overview of the Group's performance and operations to its shareholders. The Company also makes timely announcements for the information of its shareholders and the general public of any corporate manoeuvres in accordance with the Listing Requirements.

IV. Conduct of General Meetings

The last AGM was held on 23 October 2018. The AGM is the principal forum for dialogue with shareholders. AGM provides an opportunity for shareholders to understand the financial and operational performance of the Company and to ask questions of the Chairman, other Directors and key management.

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.

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

V. Poll Voting

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.

VI. Directors' Responsibility Statement

The Board is required to present the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs, the results and cash flows of the Group and the Company.

The Board is satisfied that the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable prudent judgement and estimates, adopted to include new and revised MFRSs where applicable, in preparing the financial statements of the Group and of the Company for the financial year ended 30 April 2019. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Board has also taken all such necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

The Corporate Governance Overview Statement was approved by the Board of Directors on 19 August 2019.

INTRODUCTION

The Board of Directors ('the Board') of Komarkcorp Berhad ("KMC or "the Group') is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and the internal control systems for the financial year ended 30 April 2019 pursuant to Paragraph 15.26 (b) of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound risk management and internal controls system to safeguard shareholders' investments as well as the Group's assets. The Board further affirms to embed risk management in all aspects of the Group's activities and review the adequacy and integrity of these systems in mitigating risks within the Group's acceptable risk appetite.

As there are inherent limitations in any risk management and internal control systems, such systems put into effect by the management can only reduce but not to eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, such systems can only provide reasonable but not absolute assurance against any material misstatement, fraud or loss.

INTERNAL CONTROL

There are always opportunities to further improve the current risk management and internal control system of the Group. A program of actions to enhance the risk management and internal control system has been undertaken in line with corporate governance compliance. The Company has also outsourced the internal audit function of the Group to a professional firm, which reports directly to the Audit Committee on its findings and recommendations for further improvement.

The Internal Auditor's main role is to independently assess the adequacy and integrity of such system of risk management and internal control established by the Management based on the audit plans approved by the Audit Committee and to make appropriate recommendations for Management's approval and implementation. This will provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group.

Key Elements Of Internal Control

The following are the key elements of the Group's internal control:-

- A clearly defined organisational and hierarchical structure that outlining line of reporting and job responsibilities with strong risk control culture at the operational level.

- Limits of authority have been set within the Group to provide a functional framework of approval authority.

- A comprehensive Code of Conduct policy is developed to foster long-lasting and harmonious working relationship among the employees and set out the rules and regulations to be adhered by the employees in performing their duties. The policy will be reviewed periodically.

- A quality management system has been established, in accordance with the requirement of ISO 9001 : 2015 and FSSC 22000 standards and committed on continuous compliance, which will pave to continuous self-improvement. Annual internal quality audit is conducted to ensure that the Group's system procedures and standard operating procedures had been established, implemented and documented.

- A Health and Safety Policy is established to assist in maintaining a safe working environment for all employees and others in its premises.

- Training Policy is established to train and develop the staff towards the creation of a highly productive, innovative and disciplined workforce.

- Quarterly financial results announcements are tabled to the Audit Committee and the Board for review, approval and correction will be made if necessary prior to its release to Bursa Malaysia.

Risk Management

The responsibility for reviewing the adequacy and effectiveness of the risk management system has been delegated by the Board to the Risk Management Committee that led by Group Chief Operating Officer, of which the members comprised of Senior Management of the Group. The Risk Management Committee reports to Audit Committee semi-annually.

The Board recognises that the management of principal risks plays an important and integral part of the Group's daily operations and that the identification and the management of such risk will affect the achievement of the Group's corporate objectives.

As an ongoing process, business issues faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining business issues in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate the risks arising from these issues.

Risk are managed in accordance with KMC's Risk Management Framework, basically modelled from ISO 31000 : 2009 Risk Management 's Principles and Guidelines which have been implemented across the entire Group.

During the financial year, the Group had identified major risk areas of concern and mitigating actions were taken. The major risks are outlined below:-

1. **Business continuity**

   The Group incurred loss after taxation of RM9.847 million with accumulated losses of RM46.502 million as at 30 April 2019. To mitigate the losses and enhance business continuity, the Group has embarked rationalization scheme by cutting costs and divesting of non-profit generating operations while exploring, expanding and acquisition of the new businesses with strong revenue bases which may have significant synergistical effects on the existing Group's operations.

2. **Competition**

   The Group faces strong competition in the label printing industry with aggressive margin pressure from local and international competitors. Effort is continually directed at maintain a good relationship with existing customers, develop new key customers, cost cutting or cost savings and adopt more customer focus approach.

3. **Loss of key customers risk**

   The Group relies on a single large customer which accounts for 15.33% (2018: 17.44%) of the Group's sales. Despite the Group has long term relationship with this customer, the Group faces challenges in maintaining the sales volume in this competitive market. A loss of this significant customer or a decrease in the sales could have a material adverse effect on the business, financial condition and results of operations of the Group. To mitigate loss of key customers risk, the Group has focused on maintaining a good relationship with existing customers; developing new key customers, maintaining on time delivery, producing quality products and improving production efficiency

4. **Catastrophic events**

   There is always a threat of fire, flood, riot, information system and major equipment failures that affects the continuity of business operations. To manage catastrophic events risk, the Group has insured adequately and regularly reviewed the insurance coverage where it is available on economically acceptable terms to minimize its financial impacts. The Group's operation is fully back-up by having other branches that can temporarily support the affected operations.

Review of The Statement By External Auditors

As required by paragraph 15.23 of the Bursa Securities MMLR, the external auditors have reviewed this Statement on Risks Management and Internal Control.

Conclusion

In reviewing the risk management and internal control system of the Group, the Board has, through the Audit Committee, received reports from Internal Auditors and Risk Management Committee in relation to the findings on risk and internal audit control system. The Board has also received assurance from the Chairman and Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively in all material aspects, based on the review on the risk management and internal control system of the Group.

The objective of the Audit Committee ("AC") is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

In addition, the AC shall:-

(a) Oversee and appraise the quality of the audits conducted both by the Company's Internal and External Auditors;

(b) Maintain open lines of communication between the Board of Directors, the Internal Auditors and External Auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and

(c) Determine the adequacy of the Group's system of risk management and internal control including administrative, operating and accounting controls.

The terms of reference of the AC is available for reference on the Company's website at www.komark.com.my.

MEMBERS AND MEETINGS

The AC comprises three (3) members, all of whom are independent non-executive directors. During the financial year, the AC comprise the following members and details of the attendance are as follows:-

Name	Designation	Attendance
Ms. Tan Lay Ching* (Independent Non-Executive Director)	Chairman	6/6
Mr. Low Tuck Meng* (Independent Non-Executive Director)	Member	6/6
Encik Ihsan Bin Ismail (Independent Non-Executive Director)	Member	6/6

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

The Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires at least one member of the AC must fulfil the financial expertise requisite of paragraph 15.09 (1) (c) of Bursa Securities Listing Requirements. The AC chairman and one of the member are members of the MIA and have fulfilled this requirement. Collectively, all the members are financially literate and to able to have an understanding on matters under the purview of the AC.

The profile of the members is available on pages 20 to 21 of this annual report.

The AC met six (6) times during the financial year and all the meetings are held coincide with the key events in the group's financial calendar.

The quorum in respect of the AC meetings are formed with Independent Directors as the majority members. The AC invites the Executive Chairman, Group Operating Officer, Chief Financial Officer and other individuals deem appropriate to attend its meetings. The Internal Auditors, External Auditors and other managers also attended the meetings upon invitation to present reports as required for the AC to discharge its duties.

SUMMARY OF WORKS

During the financial year, the AC had carried out its duties and responsibilities in accordance with its terms of reference. The works of the AC were summarized as follows:-

Financial Reporting Results

1. Reviewed the unaudited quarterly financial results of the Group. The AC had sought explanations and additional information from the Executive Directors/Chief Financial Officer on the financial performance of the Group, including the key business and operating expenses, before recommending the same to the Board for approval;

2. Reviewed the annual audited financial statements of the Group and the Company with the External Auditor, Messrs. KC Chia & Noor ("External Auditors") with particular focus on significant matters highlighted in its management letter, including financial reporting issues, significant judgements made by the Management, significant and unusual events or transactions, if any, and how these matters are addressed, and the responses/actions taken by the Management on resolution of such issues, prior to submission to the Board for their approval. The review was to ensure that the financial reporting and disclosures requirements are in compliance with:

   - Provisions of the Companies Act, 2016;
   - Listing Requirements of Bursa Securities;
   - Applicable approved accounting standards in Malaysia; and
   - Other legal and regulatory requirements.

   In the review of the annual audited financial statements, the Committee discussed with Management and Messrs. KC Chia & Noor the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements, including accounting estimates and assumptions, going concern, materiality and related disclosures.

External Audit

1. Discussed and reviewed the appointment of new External Auditors of the Company, Messrs. KC Chia & Noor to replace Messrs. Ong & Wong and recommended to the Board for approval.

2. Assessed the External Auditors' findings in relation to audit and accounting issues arising from the audit of the Group's financial statements and updates on the changes in the reporting of financial statements as at 30 April 2019.

3. Reviewed the Audit Planning Memorandum with the External Auditors.

4. Reviewed the independence, objectivity and effectiveness of the External Auditors and the services provided, including non-audit services and corresponding fees.

5. Reviewed and recommended the re-appointment of External Auditors and the Audit Fees to the Board for its approval.

6. Reviewed of the report of the External Auditors, Messrs. KC Chia & Noor.

7. Discussed the audit strategy, scope of work, audit plan and area of emphasis with the External Auditors.

8. Conducted three private sessions on 19 July 2018, 17 August 2018 and 26 September 2018 with the External Auditors in the absence of the Executive Directors and Management to ensure there were no restrictions and the scope of their audit is in line with the Malaysian Code on Corporate Governance.

Internal Audit

1. Examined the findings of the Internal Auditors, key audit matters and recommendations raised by Internal Auditors, management's response and follow up actions.

2. Reviewed the adequacy of the scope, function, competency and resources of the internal audit functions.

3. Monitored the implementation of mitigating actions by Management on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses were properly and timely addressed.

4. Reviewed and adopted Production Process Standard Operating Procedures

5. Conduct private meetings on 26 March 2019 with the Head of Internal Audit for discussions on audit related matters and activities of the Internal Audit Department without the presence of Management.

6. Reviewed the Key Performance Indicators, performance, competency and resources of the Internal Audit functions to ensure that it has the required expertise and professionalism to discharge its duties.

7. Discussion of audit strategy and plan with the Internal Auditors.

Risk Management and Internal Control

1. Overseeing the Group's system of internal control and the risk management. AC continues to monitor and review the effectiveness of the system of control and risk management with the support of the Internal Auditor and risk management committee.

Related Party Transaction

1. Reviewed the related party transactions entered into by the Company and the disclosure of such transaction in the annual report of the Company, if any.

Compliance

1. Reviewed the Terms of Reference of the Audit Committee to be in line with the Malaysian Code on Corporate Governance prior to the recommendation to the Board of Directors for adoption.

2. Reviewed of the Corporate Governance Overview Statement, AC Report, Management Discussion and Analysis, Sustainability Statement and Statement on Risk Management and Internal Control prior to submission to the Board for consideration and approval for inclusion in the Annual Report 2019.

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

4. Conducted a self-assessment exercise to evaluate their own effectiveness in discharging their duties and responsibilities for the financial year ended 30 April 2019.

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

INTERNAL AUDIT FUNCTION

The Group's internal audit function of the Company which reports directly to the AC has been outsourced to MESSRS. INDAH CORPORATE GOVERNANCE SDN BHD an independent professional firm, which assists the AC in discharging its duties and responsibilities. The internal audit is undertaken by a team of independent qualified executives and is led by the internal audit partner. The lead audit partner in charge of the engagement, who is a member of The Institute of Internal Auditors, a Fellow Member of the Malaysian Institute of Accountants, a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and an Associate Member of the Chartered Tax Institute of Malaysia.

During the financial year under review, the Internal Audit Function carried out the following:-

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

   - Policy & procedures on production
   - Effectiveness and efficiencies of production planning
   - Process, assess the measures of quality control
   - Safeguarding of the Documentations and book keeping
   - Process and arrangement of inventory management
   - Compliance of inventory management Process Flow
   - Segregation of duties between departments
   - Efficiency and Effectiveness of inventory management process
   - Production & sales management (gross profit margin audits)
   - Associated Business Risks
   - Findings & Recommendations

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

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

The cost incurred for the Internal Audit Function of the Group in respect of the financial year ended 30 April 2019 was RM22,500.

An overview of the state of internal control within the Company is set out in the Statement on Risk Management and Internal Control on page 37 to page 38 of this Annual Report.

Other Information

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

1. **Non-Audit Fees**

   There was no non-audit fee paid or payable to external auditors and their affiliated company for the financial year ended 30 April 2019.

2. **Material Contracts**

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

3. **Utilisation of Proceeds**

   There was no fund raising exercise during the financial year.

Directors' Report

For the Year Ended 30 April 2019

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and provision of management services to its subsidiaries.

The principal activities of the Company's subsidiaries are described in Note 5 to the financial statements.

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(9,847)	(30,171)
Loss attributable to:		
- Owners of the Company	(9,847)	(30,171)
- Non-controlling interests	-	-
	(9,847)	(30,171)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

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

RESERVES AND PROVISIONS

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

DIRECTORS

The directors in office during the financial year and during the period from the end of the current financial year to the date of this report are:

Koh Hong Muan @ Koh Gak Siong
Koh Chie Jooi
Ihsan Bin Ismail
Tan Lay Ching (f)
Low Tuck Meng

DIRECTORS (CONT'D)

Further to those serve as directors of the Company, the directors of the Company's subsidiaries during the financial year and up to the date of this report are as follows:

Koh Chee Hao
Koh Chee Kian
Ong Ann Boon
Koh Soo Choo (f)
Karnrawee Cherdchai

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

SHARE OPTIONS

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors or the fixed salary of a full-time employee of the Company or of related corporation as disclosed in Note 23 to the financial statements or other than benefits included in remuneration as director and/or employee of related corporations) by reason of a contract made by the Company or a related corporation with any director or with a company of which the director is a member, or with a company in which he has a substantial financial interest.

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares of the Company credits related corporations during the financial year were as follows:

	Number of ordinary shares				
	Balance at 01.05.2018	**Bonus Issue**	**Bought**	**Sold**	**Balance at 30.04.2019**
Direct Interests					
Koh Hong Muan @ Koh Gak Siong	26,159,466	-	-	-	26,159,466
Indirect Interests					
Koh Hong Muan @ Koh Gak Siong	21,813,777[1]	-	-	-	21,813,777
Koh Chie Jooi	47,973,243[1][2]	-	-	-	47,973,243[1][2]

[1] Deemed interested in the shares by virtue of shares held by a company in which the director has interest.

[2] Deemed interested in the shares held by connected persons under Section 8 of the Companies Act, 2016.

	Number of warrants 2015/2020					
	Balance at 01.05.2018	Bonus Issue	Exercised	Bought	Sold	Balance at 30.04.2019
Direct Interest						
Koh Hong Muan @ Koh Gak Siong	983,600	-	-	-	-	983,600
Indirect Interest						
Koh Hong Muan @ Koh Gak Siong	7,271,258	-	-	-	-	7,271,258
Koh Chie Jooi	8,254,858	-	-	-	-	8,254,858

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

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

WARRANT

As at the end of the financial year, the Company has the following outstanding warrants:-

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding as at 30.4.2019
Warrants 2015/2020	RM0.23	21 January 2020	50,551,921

Each warrant entitles its registered holder to subscribe one (1) new ordinary share in the Company at an exercise price of RM0.23 per share, subject to adjustments in accordance with the provisions of the deed poll, at any time within 5 years from the date of issue of the warrants. The last date to exercise the warrant rights is 21 January 2020.

There were no new ordinary shares issued by virtue of the exercise of warrants. As at the end of the financial year, 50,551,921 warrants remained unexercised.

The salient features, terms and details of Warrants 2015/2020 are disclosed in Note 16 to the financial statements.

TREASURY SHARES

During the financial year, the Company repurchased 3,630,600 of its issued ordinary shares from the open market at an average price of RM0.15 per share totalling RM553,882 and re-sold all 11,303,100 treasury shares in the open market at an average price of RM0.19 per share for RM2,122,040.

As at end of the financial year, there was a nil balance of treasury shares and the Company resumed to repurchase its issued ordinary shares subsequent to the financial year.

OTHER STATUTORY INFORMATION

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

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

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

(c) At the date of this report, the directors are not aware of any circumstances, 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.

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

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

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

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

(f) In the opinion of the directors:

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

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

AUDITORS

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

Auditors' remuneration is disclosed in Note 23 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND DIRECTORS

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

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

KOH HONG MUAN @ KOH GAK SIONG **KOH CHIE JOOI**

Kuala Lumpur
Dated: 23 August 2019

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, KOH HONG MUAN @ KOH GAK SIONG and KOH CHIE JOOI, being two of the directors of Komarkcorp Berhad do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 54 to 103 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 April 2019 and of their financial performance and cash flows for the financial year then ended.

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

KOH HONG MUAN @ KOH GAK SIONG **KOH CHIE JOOI**

Kuala Lumpur
Dated: 23 August 2019

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, CHONG JIUN SHYANG, being the officer primarily responsible for the financial management of Komarkcorp Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 54 to 103, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed CHONG JIUN SHYANG
(NRIC NO.650319-05-5519),
MIA membership number CA 20291
at Kuala Lumpur in the Federal Territory
on 23 August 2019

CHONG JIUN SHYANG

Before me

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 of the Group and of the Company as at 30 April 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 103.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are key audit matters to communicate in our report on the financial statements of the Group and 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 and of the Company 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.

Key Audit Matters (cont'd)

Key audit matters	How we addressed the key audit matters
Impairment review of property, plant and equipment for subsidiaries (Refer to Note 4 to the financial statements) In accordance with MFRS136: Impairment of Assets, the Group is required to perform impairment test of cash generating unit ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount. Recoverable amount is defined as the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). Certain subsidiaries of the Group continuously reported losses for the past financial years, indicating that the carrying amount of the related property, plant and equipment of the segment ("said properties") may be impaired. Accordingly, the Group estimated the recoverable amount of the said properties based on fair value less cost of disposal method. The Group had engaged an independent valuer to determine the fair value of the said properties. When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of property in the current market. We considered this as an area of audit focus because the assessment process is complex and is based on assumptions that are highly judgmental.	Our audit procedures focused on the valuations performed by the independent valuer, which included amongst others the following procedures: (i) We reviewed the revaluation policy of property, plant and equipment of the Group; (ii) We considered the objectivity, independence and expertise of the independent valuer; (iii) We obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the said properties and assessed whether such methodology is consistent with those used in the industry; and (iv) As part of our evaluations of the fair values of the said properties, we discussed the valuation with the independent valuer to obtain an understanding of the properties and related data used as input to the valuation model.
Impairment review of investment in subsidiaries and amounts due from subsidiaries **(a) Cost of investment in subsidiaries - rethink to include when there is nothing there to assess** (Refer to Note 5 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 higher of FVLCD and 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.	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 or contractees) 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.

Key Audit Matters (cont'd)

Key audit matters	How we addressed the key audit matters
Impairment review of investment in subsidiaries and amounts due from subsidiaries (Cont'd)	
(b) Amounts due from subsidiaries and receivables (Refer to Note 10 to the financial statements) MFRS 9: Financial instruments, entails amongst others the adoption of Expected Credit Loss ("ECL") impairment requirements. The measurement of the ECLs reflects a probability-weighted outcome, time value of money and the best available forward-looking information. 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.	In addressing this area of concern, amongst others: (i) We obtained an understanding of the relevant internal controls of the Company over the estimation of recoverable amounts due from subsidiaries; and (ii) We evaluated the assumptions applied in the determination of the amounts and timing of receipts from the subsidiaries in light of the estimation of profits and the resulting cash flows to be derived from the operations of the subsidiaries.

Information Other than the Financial Statements and Auditors' Report

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above when it becomes available 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.

When we read the other information, 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 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 266 (3) of the Act.

OTHER MATTERS

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

KC CHIA & NOOR
AF: 0922
Chartered Accountants

CHIA KWONG CHOW
01027/01/2020-(J)
Chartered Accountant

Kuala Lumpur
Dated: 23 August 2019

Statements of Financial Position
As at 30 April 2019

	Note	Group 2019 RM' 000	Group 2018 RM' 000 (Restated)	Company 2019 RM' 000	Company 2018 RM' 000 (Restated)
ASSETS					
Non-current assets					
Property, plant and equipment	4	65,532	64,707	-	-
Investment in subsidiaries	5	-	-	1,615	30,337
Investment in associate	6	-	-	-	-
Deferred tax assets	7	74	66	-	-
Goodwill on consolidation	8	1,750	1,750	-	-
Total non-current assets		67,356	66,523	1,615	30,337
Current assets					
Inventories	9	3,534	4,624	-	-
Trade and other receivables	10	9,290	13,120	57,362	53,875
Derivative financial instrument	11	-	40	-	-
Tax recoverable		317	5	13	5
Cash and bank balances	12	2,938	6,247	224	3,176
Total current assets		16,079	24,036	57,599	57,056
TOTAL ASSETS		83,435	90,559	59,214	87,393
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	13	48,425	48,425	48,425	48,425
Treasury shares	14	-	(2,027)	-	(2,027)
Warrant reserve	16	6,017	6,017	6,017	6,017
Reserves	17	28	9,348	2,317	32,947
Total equity		54,470	61,763	56,759	85,362
LIABILITIES					
Non-current liabilities					
Post-employment benefit	18	714	263	-	-
Borrowings	19	6,947	5,693	-	-
Hire purchase payables	20	7,085	5,777	-	-
Deferred tax liabilities	7	248	1,978	-	-
Total non-current liabilities		14,994	13,711	-	-
Current liabilities					
Trade and other payables	21	8,533	8,688	2,455	2,031
Borrowings	19	2,683	3,934	-	-
Hire purchase payables	20	2,719	1,778	-	-
Tax payable		36	685	-	-
Total current liabilities		13,971	15,085	2,455	2,031
TOTAL LIABILITIES		28,965	28,796	2,455	2,031
TOTAL EQUITY AND LIABILITIES		83,435	90,559	59,214	87,393

The accompanying notes are an integral part of these financial statements

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 April 2019

	Note	Group 2019 RM' 000	Group 2018 RM' 000 (Restated)	Company 2019 RM' 000	Company 2018 RM' 000 (Restated)
Continuing Operations					
Revenue	22	47,743	56,949	-	-
Cost of sales		(43,050)	(56,648)	-	-
Gross profit		4,693	301	-	-
Other operating income		2,655	517	323	564
Other operating expenses		(17,116)	(20,740)	(30,494)	(3,161)
Finance costs		(1,322)	(1,020)	-	-
Loss before taxation	23	(11,090)	(20,942)	(30,171)	(2,597)
Tax expense	24	1,243	(727)	-	31
Loss for the financial year		(9,847)	(21,669)	(30,171)	(2,566)
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to profit of loss:					
- Re-measurement gain on defined benefit plan		62	(16)	-	-
Items that will be reclassified subsequently to profit of loss:					
- Exchange differences on translating foreign operation		405	(93)	-	-
- Reversal of re-measurement gain on derivative financial instrument		(40)	40	-	-
- Deferred tax liabilities on revaluation reserve		-	4	-	-
- Deferred tax asset benefit		(8)	-	-	-
Total comprehensive loss for the financial year		(9,428)	(21,734)	(30,171)	(2,566)
Loss for the financial year attributable to:					
Owners of the Company		(9,847)	(21,669)	(30,171)	(2,566)
Non-controlling interests		-	-	-	-
		(9,847)	(21,669)	(30,171)	(2,566)
Total comprehensive loss attributable to:					
Owners of the Company		(9,428)	(21,734)	(30,171)	(2,566)
Non-controlling interests		-	-	-	-
		(9,428)	(21,734)	(30,171)	(2,566)
Loss per ordinary share (sen):					
- Basic	25	(4.59)	(10.31)		
- Diluted	25	- *	- *		

* Anti-dilutive in nature

The accompanying notes are an integral part of these financial statements

Statements of Changes in Equity

For the financial year ended 30 April 2019

	Note	Share Capital RM' 000	Treasury Shares RM' 000	Share Premium RM' 000	General Reserve RM' 000	Foreign Currency Translation Reserve RM' 000	Revaluation Reserve RM' 000	Capital Redemption Reserve RM' 000	Capital Reserve RM' 000	Warrant Reserve RM' 000	Retained Profits/ (Accumulated Losses) RM' 000	Total RM' 000	Non-Controlling Interest RM' 000	Total Equity RM' 000
		Attributable to Owners of the Company												
					Non-Distributable						Distributable			
GROUP														
At 1 May 2017		31,158	(1,375)	17,266	361	121	11,283	1	33,882	6,017	(14,565)	84,149		84,149
Exchange translation differences		-	-	-	-	(93)	-	-	-	-	-	(93)	-	(93)
Deferred tax on revaluation surplus		-	-	-	-	-	4	-	-	-	-	4	-	4
Loss for the year		-	-	-	-	-	-	-	-	-	(21,472)	(21,472)	-	(21,472)
Total comprehensive loss for the financial year		-	-	-	-	(93)	4	-	-	-	(21,472)	(21,561)	-	(21,561)
Transactions with owners:														
Shares buy-back	14	-	(652)	-	-	-	-	-	-	-	-	(652)	-	(652)
Bonus issue of shares	13	9,950	-	(9,950)	-	-	-	-	-	-	-	-	-	-
Transfer to share capital account	15	7,317	-	(7,316)	-	-	-	(1)	-	-	-	-	-	-
Total transactions with owners		17,267	(652)	(17,266)	-	-	-	(1)	-	-	-	(652)	-	(652)
At 30 April 2018														
- As previously reported		48,425	(2,027)	-	361	28	11,287	-	33,882	6,017	(36,037)	61,936	-	61,936
- Effect on adoption of MFRS 9	26	-	-	-	-	-	-	-	-	-	(173)	(173)	-	(173)
As restated		48,425	(2,027)	-	361	28	11,287	-	33,882	6,017	(36,210)	61,763	-	61,763
Exchange translation differences		-	-	-	-	405	-	-	-	-	-	405	-	405
Loss for the year		-	-	-	-	-	-	-	-	-	(9,847)	(9,847)	-	(9,847)
Reversal of re-measurement gain on derivative financial instruments		-	-	-	-	-	-	-	-	-	(40)	(40)	-	(40)
Remeasurement gain on defined benefit plan		-	-	-	-	-	-	-	-	-	62	62	-	62
Related to deferred tax assets benefits		-	-	-	-	-	-	-	-	-	(8)	(8)	-	(8)
Total comprehensive loss for the financial year		-	-	-	-	405	-	-	-	-	(9,833)	(9,428)	-	(9,428)
Transactions with owners:														
Repurchase of treasury shares	14	-	(554)	-	-	-	-	-	-	-	-	(554)		(554)
Disposal of treasury shares	14	-	2,581	-	-	-	-	-	-	-	(459)	2,122		2,122
Transfer from deferred tax		-	-	-	-	-	567	-	-	-	-	567		567
Total transactions with owners		-	2,027	-	-	-	567	-	-	-	459	2,135	-	2,135
At 30 April 2019		48,425	-	-	361	433	11,854	-	33,882	6,017	(46,502)	54,470	-	54,470

The accompanying notes are an integral part of these financial statements

		Attributable to Owners of the Company							
					Non-Distributable			Distributable	
	Note	Share Capital RM' 000	Treasury Shares RM' 000	Share Premium RM' 000	Capital Redemption Reserve RM' 000	Capital Reserve RM' 000	Warrant Reserve RM' 000	Retained Profits/ (Accumulated Losses) RM' 000	Total RM' 000
COMPANY									
At 1 May 2017		31,158	(1,375)	17,266	1	33,882	6,017	1,631	88,580
Total comprehensive loss for the financial year		-	-	-	-	-	-	(2,389)	(2,389)
Transactions with owners:									
Acquisition of treasury shares	16	-	(652)	-	-	-	-	-	(652)
Bonus issue of shares	17	9,950	-	(9,950)	-	-	-	-	-
Transfer to share capital account	17	7,317	-	(7,316)	(1)	-	-	-	-
Total transactions with owners		17,267	(652)	(17,266)	(1)	-	-	-	(652)
At 30 April 2018									
- As previously stated		48,425	(2,027)	-	-	33,882	6,017	(758)	85,539
- Effect on adoption of MFRS 9		-	-	-	-	-	-	(177)	(177)
As restated		48,425	(2,027)	-	-	33,882	6,017	(935)	85,362
Total comprehensive loss for the financial year		-	-	-	-	-	-	(30,171)	(30,171)
Transactions with owners:									
Acquisition of treasury shares	16	-	(554)	-	-	-	-	-	(554)
Disposal of treasury shares	16	-	2,581	-	-	-	-	(459)	2,122
Total transactions with owners		-	2,027	-	-	-	-	(459)	1,568
At 30 April 2019		48,425	-	-	-	33,882	6,017	(31,565)	56,759

The accompanying notes are an integral part of these financial statements

Statements of Cash Flows
For the financial year ended 30 April 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM' 000	RM' 000	RM' 000	RM' 000
					Restated
OPERATING ACTIVITIES					
Loss before tax		(11,090)	(20,942)	(30,171)	(2,597)
Adjustments for :-					
Allowance/(reversal) for slow moving inventories		171	(196)	-	-
Bad debt written off		3	-	-	-
Impairment loss on:-					
- Amount due from associate		407	-	-	-
- Trade receivables		-	957	176	177
- Other receivable		7	-	7	-
- Investment in subsidiary companies		-	-	28,722	-
Depreciation of property, plant and equipment					
- Current year		4,458	5,908	-	-
- Over provided in prior year		(56)			
Gain on disposal of property, plant and equipment		-	(109)	-	-
Interest expense		1,316	1,019	-	-
Interest income		(65)	(304)	(23)	(264)
Impaiment loss on investment in subsidiary companies		-	-	-	1,346
Inventories written off		259	-	-	-
Property, plant and equipment written off		1,685	-	-	-
(Reversal)/allowance for expected credit loss		(21)	173	-	-
Reversal for impairment losses on trade receivables		(275)	(40)	-	-
Unrealised loss on foreign exchange, net		4	489	197	-
Operating loss before working capital changes		(3,197)	(13,045)	(1,092)	(1,338)
Changes in Working Capital:-					
Inventories		660	1,227	-	-
Receivables		2,903	4,402	(3,670)	(6,698)
Payables		(1,214)	(5,223)	227	(1,107)
		(848)	(12,639)	(4,535)	(9,143)
Income tax (paid)/refund - net		(159)	(324)	(8)	(41)
Interest paid		(1,316)	(1,019)	-	-
Interest received		65	304	23	264
Net cash used in operating activities		(2,258)	(13,678)	(4,520)	(8,920)
Balance Carried Forward		(2,258)	(13,678)	(4,520)	(8,920)

The accompanying notes are an integral part of these financial statements

	Note	Group 2019 RM' 000	Group 2018 RM' 000	Company 2019 RM' 000	Company 2018 RM' 000 Restated
Balance Brought Forward		(2,258)	(13,678)	(4,520)	(8,920)
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	A	(3,521)	(7,182)	-	-
Proceeds from disposal of property, plant and equipment		-	949	-	-
Net cash used in investing activities		(3,521)	(6,233)	-	-
FINANCING ACTIVITIES					
Drawdown of facilities		1,500	576	-	-
Placement of deposits pledged to a licensed bank		(87)	(9)	-	-
Proceeds from disposal of treasury shares		2,122	-	2,122	-
Proceeds from disposal of financial currency asset		40	-	-	-
Repayment of hire purchase liabilities		(613)	(1,905)	-	-
Repayment of term loans and other borrowings		(254)	(245)	-	-
Repurchase of treasury shares		(554)	(652)	(554)	(652)
Net cash used in financing activities		2,145	(2,235)	1,568	(652)
CASH AND CASH EQUIVALENTS					
Net changes		(3,625)	(22,146)	(2,952)	(9,572)
Effect of changes in foreign exchange rate		(38)	5,775	-	-
Cash and cash equivalents					
- at beginning of year		4,942	21,313	3,176	12,748
- at end of year	B	1,279	4,942	224	3,176

The accompanying notes are an integral part of these financial statements

NOTE

A. PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash	3,521	7,182	-	-
Hire purchase	2,862	7,994	-	-
	6,383	15,176	-	-

B. CASH AND CASH EQUIVALENTS

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

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits with licensed banks		902	4,459	-	3,099
Cash and bank balances		2,036	1,788	224	77
Bank overdrafts		(843)	(576)	-	-
		2,095	5,671	224	3,176
Less: Deposits pledged with licensed banks		(816)	(729)	-	-
		1,279	4,942	224	3,176

The accompanying notes are an integral part of these financial statements

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at Lot 132, Jalan 16/1, Kawasan Perindustrian Cheras Jaya, 43200 Balakong, Selangor Darul Ehsan.

The registered office is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 5.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on

2. 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 ("MFRSs"), International Financial Reporting Standards and the Companies Act 2016 in Malaysia.

These financial statements of the Group and of the Company also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

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

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

The Group and the Company had, as of 1 May 2018, adopted new and amended MFRSs (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standard Board ("MASB") as described in Note 2.3.

2.2 Changes in accounting policies

On 1 May 2018, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 May 2018.

Effective for annual periods beginning on or after 1 January 2018

Amendments to MFRS 1	Annual improvements to MFRS 2014-2016 Cycle
Amendments to MFRS 2	Share Based Payment - Classification and Measurement of Share Based Payment Transaction
MFRS 9	Financial Instruments
MGRS 15	Revenue from Contract with Customers
Amendments to MFRS 140	Transfer of Investment Properties
IC Interpretation 22	Foreign Currency Transaction and Advance Consideration

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Effective for annual periods beginning on or after 1 January 2018 (cont'd)

The adoption of the above new and amended standards did not have any significant effect on the financial performance or position of the Group and the Company except for those disclosed below:

MFRS 9: Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments, classification and measurement, impairment and hedge accounting. The Group has applied MFRS 9 using prospective approach, with the initial application date of 1 January 2018 and will not restate comparative information.

Differences in carrying amounts of the financial assets and financial liabilities arising from the adoption of MFRS 9 have been recognised directly in retained earnings as at 1 May 2018.

The nature of these adjustments are described below:

(i) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Company's business model for managing assets; and whether the instruments' contractual cash flows represent 'soley payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made of the date of initial application, 1 May 2018. The assessment of whether contractual cash flows on debt instruments are soley comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The Company continued measuring at fair value all financial assets previously held at fair value under MFRS 139. The changes to the classification and measurement requirements of MFRS 9 are disclosed as below.

Derivative financial assets that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured which were previously measured at cost as at 30 April 2018 are classified and measured as financial at fair value through profit or loss beginning 1 May 2018. There was no impairment losses recognised in profit or loss for this financial asset in prior periods.

The Company have not designated any financial liabilities at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit ("ECL") approach. MFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The Company have adopted the simplified expected credit loss model for their trade receivables and contract assets. The Company have also elected to apply the limited exemption in MFRS 9 relating to transition for impairment, and accordingly the allowance for impairment has not been restated in the comparative period in the year of initial application. Adjustments arising from the initial application of the new impairment model have been recognised in the opening balance of retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

MFRS 9: Financial Instruments (cont'd)

(ii) Impairment (cont'd)

	Effect of adoption of MFRS 9 to opening balance Group 2018 RM'000
Increase in accumulated losses	173
Decrease in trade receivables	(173)

2.3 New and revised pronouncements yet in effect

The Group has not adopted the following standards and interpretations that have been issued but not yet effective.

Description	Effective for annual period beginning on or after
IC Interpretation 23, Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9, Prepayment Features with Negative Compensation	1 January 2019
MFRS 16, Leases	1 January 2019
Amendments to MFRS 119, Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128, Long-term interest in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015-2017 Cycle:	
• Amendments to MFRS 3	1 January 2019
• Amendments to MFRS 112	1 January 2019
• Amendments to MFRS 123	1 January 2019
Amendments to MFRS 3, Definition of a Business	1 January 2020
Amendments to MFRS 101, Definition of Material	1 January 2020
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 117, Insurance Contracts	1 January 2020
Amendments to MFRS 10 and MFRS 128, Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Except for the new MFRS discussed below, there are no other new or revised MFRSs and amendments to MFRSs that are not yet effective and that would be expected to have a material impact on the Group and the Company in the current or future reporting periods.

MFRS 16 Leases

In April 2017, MASB issued MFRS 16: Leases which sets out principles for the recognition, measurement, presentation and disclosure of leases, and replaces the existing MFRS 117: Leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, apart from those where the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a present value basis, including non-cancellable lease payments as well as payments to be made in optional periods if the lessee is reasonably certain to exercise the option of not terminating the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New and revised pronouncements yet in effect (Cont'd)

MFRS 16: Leases (Cont'd)

Lessor accounting is substantially unchanged from the existing MFRS 117. However, MFRS 16 requires enhanced disclosures to be provided by lessors on lessor's risk exposure, particularly on residual value risk.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted for entities that have applied MFRS 15.

The Company has assessed the estimated financial impact on its financial statements upon initial application of MFRS 16. As allowed by the transitional provision of MFRS 16, the Company has elected the modified retrospective approach with no restatement of comparative and the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 May 2018.

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 to like transactions and events in similar circumstances.

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

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

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions are eliminated in full.

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

2.5 Subsidiaries

Subsidiaries are entities controlled by the Company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Subsidiaries (cont'd)

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment charges. Dividends received from subsidiaries are recorded as a component of revenue in the Company's profit or loss.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

(b) Foreign currency transactions (Cont'd)

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment except for freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

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

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

Freehold buildings	2% and 10%
Plant and machinery	5% to 25%
Office equipment, furniture and fittings	5% to 25%
Motor vehicles	10% to 20%
Mould and die cutters	10% to 20%
Renovation	10% to 20%

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.

2.8 Goodwill

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

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

2.9 Intangible assets - Development expenditure

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

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

2.10 Impairment of non-financial assets

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.

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

(a) Recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Company commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

(i) Financial assets at amortised cost (debt instruments)
(ii) Financial assets at fair value through OCI (debt instruments)
(iii) Financial assets at fair value through profit or loss

<u>Financial assets at amortised cost</u>

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

(i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial assets (cont'd)

(b) Subsequent measurement (cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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 statement of profit or loss.

The Group designated its short-term investment in money market funds as financial assets at fair value through profit or loss.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

(i) The rights to receive cash flows from the asset have expired; or

(ii) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Group and the Company have transferred substantially all the risks and rewards of the asset, or
- The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company would require to repay.

2.12 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of financial assets (cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 to 120 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Cash and cash equivalents

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

2.14 Inventories

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

- Materials and component parts, spares and tools and consumables: purchase costs on a first-in-first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. 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.

2.15 Provisions

Provisions are recognised when the Group and the Company 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.

2.16 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Financial liabilities (cont'd)

The Group's and the Company's financial liabilities include trade and other payables, provision and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Loans and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Hedge Accounting

The Group and the Company use interest rate swaps to manage its exposures to interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Hedge Accounting (cont'd)

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedging relationship is classified as:

(i) Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or

(ii) Cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

(iii) Hedges of a net investment in a foreign operation.

As the inception of a hedge relationship, the Group and the Company formally designate and document the hedge relationship to which the Group and the Company wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs. Where the hedged item is a non-financial asset or a non-liability, the amounts recognised previously in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, of it is designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

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

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

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

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

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

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

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

2.20 Leases

(a) As lessee

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

(a) As lessee (cont'd)

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

(b) As lessor

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

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.21 Revenue from contract with customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

The performance obligation is satisfied upon the delivery of goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Management fees

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

2.22 Income Taxes

(a) Current 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Income Taxes (cont'd)

(b) Deferred tax

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

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

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

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

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

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

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

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

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

Deferred tax 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.

2.23 Sales and Services Tax and Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Sales and Services Tax and Goods and Services Tax except:

- Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the Sales and Services Tax or Goods and Services Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of Sales and Services Tax and Goods and Services Tax included.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Sales and Services Tax and Goods and Services Tax (cont'd)

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

Goods and Services Tax ceased to be operative effective from 1 September 2018.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

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.

2.26 Contingencies

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

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

2.27 Fair value measurements

Fair value of an assets or a liability, except for shre-based payment and lease transactions, 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 measurements 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.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Group's and the Company's can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires 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 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

(a) Provision 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 receivables and contract assets is disclosed in Note 10.

(b) 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 5.

(c) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of recognised and unrecognised deferred tax assets are disclosed in Note 7.

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

3.2 Key sources of estimation uncertainty (cont'd)

(d) Impairment of investment in Associate

The Company reviews its investments in associated company 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 associated company.

The carrying amount at the reporting date for investments in associated company is disclosed in Note 6.

(e) Allowance for impairment loss of loans and receivables

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

The information on allowance for impairment loss of loans and receivables are disclosed in Notes 10 respectively.

(f) Impairment of property, plant and equipment

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

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

(g) 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.

(h) 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.

(i) Write-down of inventories

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

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Office equipment, and furniture and fittings RM'000	Motor vehcicles RM'000	Mould and die cutters RM'000	Renovation RM'000	Total RM'000
Group								
30.04.2019								
Cost/valuation								
At 1 May 2018	18,000	14,995	65,678	7,574	2,199	1,893	4,046	114,385
Reclassification	700	(595)	(53)	(2,216)	72	447	48	(1,597)
	18,700	14,400	65,625	5,358	2,271	2,340	4,094	112,788
Additions	-	-	6,111	49	-	97	125	6,382
Writen off	-	-	(8,964)	(3,227)	(218)	(1,897)	(2,200)	(16,506)
Disposal	-	-	-	-	(317)	-	-	(317)
Exchange differences	-	-	1,229	70	25	-	69	1,393
At 30 April 2019	18,700	14,400	64,001	2,250	1,761	540	2,088	103,740
Accumulated depreciation								
At 1 May 2018	-	1,232	36,034	5,975	1,468	1,179	3,327	49,215
Reclassification	-	(24)	(1,254)	(1,327)	55	643	329	(1,578)
	-	1,208	34,780	4,648	1,523	1,822	3,656	47,637
Additions	-	288	3,353	139	205	377	96	4,458
Writen off	-	-	(7,280)	(3,226)	(218)	(1,813)	(2,200)	(14,737)
Disposal	-	-	-	-	(317)	-	-	(317)
Exchange differences	-	-	728	54	22	-	59	863
Rectification	-	(56)	-	-	-	-	-	(56)
At 30 April 2019	-	1,440	31,581	1,615	1,215	386	1,611	37,848
Accumulated impairment losses								
At 1 May 2018	-	-	379	-	-	84	-	463
Reclassification	-	-	(19)	-	-	-	-	(19)
	-	-	360	-	-	84	-	444
Additions	-	-	-	-	-	-	-	-
Writen off	-	-	-	-	-	(84)	-	(84)
Disposal	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-
At 30 April 2019	-	-	360	-	-	-	-	360
Net book value								
At 30 April 2019	18,700	12,960	32,060	635	546	154	477	65,532

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

	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Office equipment, and furniture and fittings RM'000	Motor vehcicles RM'000	Mould and die cutters RM'000	Renovation RM'000	Total RM'000
Group								
30.04.2018								
Cost								
At 1 May 2017	18,000	14,995	76,130	7,263	1,614	1,301	3,973	123,276
Additions	-	-	13,890	388	683	592	129	15,682
Writen off	-	-	-	-	-	-	-	-
Disposal	-	-	(23,420)	(6)	(67)	-	-	(23,493)
Exchange differences	-	-	(922)	(71)	(31)	-	(56)	(1,080)
At 30 April 2018	18,000	14,995	65,678	7,574	2,199	1,893	4,046	114,385
Accumulated depreciation								
At 1 May 2017	-	930	48,498	5,608	1,357	690	3,249	60,332
Charge for the year	-	302	4,394	411	207	489	105	5,908
Writen off	-	-	-	-	-	-	-	-
Disposal	-	-	(16,378)	(6)	(67)	-	-	(16,451)
Exchange differences	-	-	(480)	(38)	(29)	-	(27)	(574)
At 30 April 2018	-	1,232	36,034	5,975	1,468	1,179	3,327	49,215
Accumulated impairment losses								
At 1 May 2017	-	-	360	-	-	84	-	444
Additions	-	-	19	-	-	-	-	19
Writen off	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-
At 30 April 2018	-	-	379	-	-	84	-	463
Net book value								
At 30 April 2018	18,000	13,763	29,265	1,599	731	630	719	64,707

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

The net carrying amount of plant and machinery and motor vehicles of the Group acquired under hire purchase agreements amounted to RM16,342,809 (2018: RM10,143,000) and RM544,035 (2018: RM744,000) respectively.

Freehold land and freehold buildings of the Group amounting to RM30,600,000 (2018: RM30,880,000) is charged to licensed banks and financial institutions as security for borrowings granted to the Company and certain subsidiaries (Note 19).

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	**2018 RM'000**
Unquoted shares, at cost		
At 1 May 2018/2017	30,337	31,683
Written off during the year	-	(1,346)
Accumulated impairment losses	(28,722)	-
At 30 April 2019/2018	1,615	30,337

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

The details of the subsidiaries are as follows:-

Name of company	Country of incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
General Labels & Labelling (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing of self-adhesive labels and stickers, and labelling machines and trading of related products
Komark International (M) Sdn. Bhd	Malaysia	100	100	Manufacturing of self-adhesive labels
General Labels & Labelling (JB) Sdn. Bhd.	Malaysia	100	100	Manufacturing of self-adhesive labels and stickers, and trading of related products.
General Labels & Labelling Pte. Ltd. *+	Singapore	100	100	Printer of labels and stickers
Komark (Thailand) Co,. Ltd *	Thailand	100	100	Manufacturing and selling of self-adhesive labels

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

Name of company	Country of incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
PT Komark Labels and Labelling Indonesia *	Indonesia	100	100	Manufacturing and trading of self-adhesive labels

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

6. INVESTMENT IN ASSOCIATE

	Group 2019 RM'000	Group 2018 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 2019 %	Effective equity interest 2018 %	Principal activities
Komark Enterprise Co. Ltd. *	Thailand	49	49	Trading of self-adhesive labels and related tools and equipment.

* Audited by another firm of auditors.

7. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2019 RM'000	Group 2018 RM'000 (Restated)
Deferred tax assets/(liabilities)		
Balance as at 1 May 2018/2017	(1,912)	(1,271)
Transferred to statements of profit or loss and other comprehensive income	1,736	(117)
Overprovision in prior year	-	(511)
Exchange translation difference	2	(13)
At 30 April 2019/2018	(174)	(1,912)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		(Liabilities)		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Provision on revaluation surplus	593	-	-	(23)	593	(23)
Temporary timing differences	-	-	(841)	(1,955)	(841)	(1,955)
Others	74	66	-	-	74	66
Net tax assets/ (liabilities)	667	66	(841)	(1,978)	(174)	(1,912)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority and same entity.

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

As at 30 April 2019, the Group has not recognised the estimated net deferred tax assets/(liabilities) computed at the current tax rate of the following items:

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Deferred tax assets/(liabilities) not recognised		
Temporary timing differences	(2,094)	(2,188)
Provision on revaluation surplus	-	(569)
Unabsorbed capital allowances	7,556	-
Unutilised tax losses	7,817	107
Unutilised reinvestment allowances	7,835	2,996
At 30 April 2019/2018	21,114	346

8. GOODWILL ON CONSOLIDATION

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Amount recognised on acquisitions	2,413	2,413
Accumulated amortisation	(663)	(663)
Net book value	1,750	1,750

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

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

9. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
At cost:		
Raw materials	4,137	4,320
Work-in-progress	218	428
Finished goods	2,473	2,999
	6,828	7,747
Less : Allowance for obsolete inventories	(3,294)	(3,123)
At 30 April 2019/2018	3,534	4,624

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

Inventories recognised as cost of sales in the profit or loss is RM38,200,964 (2018: RM 42,364,837).

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Trade Receivables				
- Third parties	7,898	10,868	-	-
- Associate	1,233	1,568	-	-
- Subsidiaries	-	-	591	576
	9,131	12,436	591	576
Less: Allowance for impairment loss				
- Third parties	(96)	(36)	-	-
- Associate	(1,233)	(1,568)	-	-
- Subsidiaries	-	-	(353)	(177)
	(1,329)	(1,604)	(353)	(177)
Less: Allowance for expected credit loss	(152)	(173)	-	-
Total net trade receivables	7,650	10,659	238	399
Other receivables				
Other receivables, deposits and prepayments	1,647	2,461	7	19
Amount due from associate	407	-	-	-
Amount due from subsidiaries	-	-	57,124	53,457
	2,054	2,461	57,131	53,476
Less: Allowance for Impairment loss				
- Amount due from associate	(407)	-	-	-
- Third party	(7)	-	(7)	-
	(414)	-	(7)	-
Total net other receivables	1,640	2,461	57,124	53,476
Total trade and other receivables	9,290	13,120	57,362	53,875

Trade receivables are non-interest bearing and are generally on 1 to 120 (2018: 1 to 120) days credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2019 RM'000	2018 RM'000 (Restated)
1 - 90 days	7,802	10,146
91 - 180 days	-	501
181 days and above	-	185
	7,802	10,832
Amount impaired	1,329	1,604
At 30 April 2019	9,131	12,436

10. TRADE AND OTHER RECEIVABLES (CONT'D)

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.

Receivables that are impaired

The Group'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:

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

The movement in the allowance for impairment losses of trade receivables during the financial year 2018 are as follows:

	Group 2018 Trade receivables		
	Lifetime ECL RM'000	**Credit impaired RM'000**	**Total RM'000**
At 1 May 2017 under MFRS 139	-	1,604	1,604
Effect of adoption of MFRS 9	173	-	173
As at 30 April 2018 under MFRS 9	173	1,604	1,777

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.

The amounts due from associate and subsidiaries are non-trade in nature, unsecured, non-interest bearing and are repayable on demand.

11. DERIVATIVE FINANCIAL INSTRUMENT

	Group			
	2019		**2018**	
	Contract amount RM'000	**Financial Assets RM'000**	**Contract amount RM'000**	**Financial Assets RM'000**
Derivative financial instrument				
- Forward currency contracts	-	-	1,422	40

11. DERIVATIVE FINANCIAL INSTRUMENT (CONT'D)

(a) The Group entered into Nil (2018: 1) currency forward contract with a bank.

(b) This currency forward contract is entered into with the objective of managing exposures to currency risk for receivables, which are denominated in a currency other than the functional currencies of the Group. The fair value of the forward currency contracts has been determined based on counter parties' quotes as at the end of each reporting period.

(c) The above derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

(d) The fair value of derivative financial assets of the Group are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Derivative financial asset				
- Forward currency contracts	-	-	-	-
2018				
Derivative financial asset				
- Forward currency contracts	40	-	-	40

There is no transfer between levels in the hierarchy during the financial year.

(e) The notional amount and maturity date of the forward currency contracts outstanding are as follows:

	Contractual amount in Foreign Currency USD'000	Equivalent amount in Ringgit Malaysia RM'000	Expiry date
2019			
United States Dollar	-	-	-
2018			
United States Dollar	353	1,422	3 July 2018

12. CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Deposits with licensed banks	902	4,459	-	3,099
Cash in hand and at banks	2,036	1,788	224	77
	2,938	6,247	224	3,176
Less: Bank overdraft	(843)	(576)	-	-
	2,095	5,671	224	3,176

Included in deposits with licensed banks for the Group is an amount of RM816,000 (2018: RM729,000) pledged as security for banking facilities extended to its subsidiaries (Note 19).

13. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Units	**Amount RM'000**	**Units**	**Amount RM'000**
Issued and fully paid				
At 1 May 2018/2017	164,433,704	48,425	124,633,848	31,158
Bonus issue		-	39,799,856	9,950
Transfer in accordance with Section 618(2) of Companies Act 2016				
- Share premium	-	-	-	7,316
- Capital redemption reserve	-	-	-	1
At 30 April 2019/2018	164,433,704	48,425	164,433,704	48,425

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.

14. TREASURY SHARES

	Group and Company			
	2019		2018	
	Units '000	**Amount RM'000**	**Units '000**	**Amount RM'000**
At 1 May 2018/2017	7,673	2,027	4,381	1,375
Acquisition of treasury shares	3,631	554	3,292	652
Disposal of treasury shares	(11,304)	(2,581)	-	-
At 30 April 2019/2018	-	-	7,673	2,027

During the financial year, the Company repurchased 3,630,600 (2018: 3,291,500) of its ordinary shares from the open market at an average price of RM0.15 (2018: RM0.20) per share. The total consideration for the repurchase was RM553,882 (2018: RM652,562). The repurchase transactions were financed by the internally generated funds.

During the financial year, the Company disposed 11,303,100 (2018: Nil) ordinary shares in the open market at an average price of RM0.19 (2018: Nil) per share. The total sales consideration received was RM2,122,040 (2018: Nil), which made a loss on disposal of RM458,962.

Subsequent to the financial year, the Company resumed the repurchase of its ordinary shares.

15. SHARE PREMIUM

	Group and Company	
	2019	2018
	RM'000	RM'000
At 1 May 2018/2017	-	17,266
Issuance of shares by way of bonus issue	-	(9,950)
Adjustment for the effects under Section 618(2) of the Companies Act 2016		
- transfer to share capital account	-	(7,316)
At 30 April 2019/2018	-	-

Share premium comprised the premium paid on subscription of shares in the Company over and above the par value of the shares.

The Companies Act 2016 (the"Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of issued share. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM7,316,232 for the purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The Company did not maintain the share premium account as its amount had been transferred to share capital in the previous financial year.

16. WARRANTS 2015/2020

On 22 January 2015, the Company issued a renounceable rights issue of 40,637,005 new ordinary shares of RM0.25 each with 40,637,005 free detachable new warrants on the basis of one (1) rights share and one (1) warrant for every two (2) existing ordinary shares of RM0.25 each held in the Company at an issue price of RM0.30 per rights share. These rights shares and warrants were listed and quoted on the Bursa Malaysia on 29 January 2015. The issuance resulted in net proceeds of RM11,655,132 received by the Company.

Arising from the issue of 40,637,005 warrants with the rights shares in previous year, the amount of RM6,449,093 had been allocated as warrant reserve based on the theoretical fair value of RM0.1587 per warrant with a corresponding debit amount taken to 'Accumulated Loss' account. The warrant reserve will be transferred to the 'Accumulated Loss' account upon the exercise of warrant and the warrant reserve in relation to the unexercised warrants, on expiry of the exercise period, shall remain in equity.

Pertinent terms of the warrants are as follows:

(a) The exercise period commenced on the date of issue of the warrants and will expire five years from the date of issuance. Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid.

(b) The warrants were issued in registered form and constituted by a Deed Poll dated 15 December 2014.

(c) The exercise price is RM0.30 payable in full in respect of each new share of the Company issued upon the exercise of the warrant. Each warrant carries the entitlement to subscribe for one (1) new ordinary share of the Company.

The exercise price was adjusted from RM0.30 to RM0.23 with the additional 12,637,749 warrants issued arising from the adjustment of the effects from the bonus issue of shares on 4 January 2018. These additional issued warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 5 January 2018.

16. WARRANTS 2015/2020 (CONT'D)

The movement of the outstanding warrants is as follows:

	Group and Company			
	2019		2018	
	Units	Amount RM'000	Units	Amount RM'000
At 1 May 2018/2017	50,551,921	6,017	37,914,172	6,017
Bonus issue during the year	-	-	12,637,749	-
At 30 April 2019/2018	50,551,921	6,017	50,551,921	6,017

17. OTHER RESERVES

		Group		Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Non-distributable					
General reserve	(a)	361	361	-	-
Translation reserve	(b)	433	28	-	-
Revaluation reserve	(c)	11,854	11,287	-	-
Capital reserve	(d)	33,882	33,882	33,882	33,882
		46,530	45,558	33,882	33,882
Distributable					
At 1 May 2018/2017		(36,210)	(14,565)	(935)	1,631
Total comprehensive loss for the year		(10,292)	(21,472)	(30,630)	(2,389)
Effect on adoption of MFRS 9		-	(173)	-	(177)
At 30 April 2019/2018		(46,502)	(36,210)	(31,565)	(935)

(a) General Reserve

The Thai subsidiary is required to set aside a statutory reserve of 5% or more of the net income each time when a dividend is declared until the general reserve reaches 10% of the registered share capital.

(b) Translation Reserve

The translation reserve is in respect of the foreign currency exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies differ from the presentation currency of the Company.

(c) Revaluation Reserve

This represents the accumulated revaluation surplus arising from the revaluation of certain freehold lands of the Group by various firms of independent valuer in May 2014.

(d) Capital Reserve

This represents the excess credit arising from par value reduction of the then issued and paid-up share capital in previous financial years.

18. POST-EMPLOYMENT BENEFITS

Group

PT Komark Label and Labelling Indonesia

The liability for post-employment benefits consists of service payments, severance and termination benefits based on Indonesia Labour Law No. 13/2003 and other compensations.

The actuarial valuation of other long-term employee benefits for the years ended 30 April 2019 and 2018 was performed by a registered actuarial consulting firm, PT Gemma Aktuaria, using the "Projected Unit Credit" method.

Employee benefit expenses are recognized by PT Komark Label and Labelling, Indonesia in its statements of comprehensive income as follow:

	2019 RM'000	2018 RM'000
Current service cost	94	33
Interest cost	20	15
Actuarial profit/(loss)	(28)	(1)
	86	47

Reconciliation of prepaid expenses/(reserves) is as follows:

	2019 RM'000	2018 RM'000
At 1 May 2018/2017	263	233
Payment of benefits	(28)	(1)
Expenses	94	18
Measurement of defined benefit	20	8
Recognised to OCI of actuarial loss/(gain)	(62)	16
Effects of foreign exchange rates	8	(11)
At 30 April 2019/2018	295	263

Komark (Thailand) Co,. Ltd

The liability for post-employment benefits represents the obligations payable to the employees when they reach retirement age. The provision amounts are based on the employee's age, length of employment services, salary increase rate and other relevant assumptions.

The valuation of other long-term employee benefits for the years ended 30 April 2019 and 2018 was generally based on management's discretion and no registered actuarial consulting firm was engaged in calculating the post-employment benefits.

As the amount involved is relatively insignificant, the directors are of the opinion such non-compliance has no material impact on the Group's results and financial position.

Employee benefit expenses are recognized by Komark (Thailand) Co,. Ltd in its statements of comprehensive income as follow:

	2019 RM'000	2018 RM'000
Current service cost		
- Current year	39	-
- Prior year	368	-
	407	-

18. POST-EMPLOYMENT BENEFITS (CONT'D)

Komark (Thailand) Co,. Ltd (cont'd)

Reconciliation of prepaid expenses/(reserves) is as follows:

	2019 RM'000	2018 RM'000
At 1 May 2018/2017	-	-
Recognised to statement of comprehensive income	407	-
Effects of foreign exchange rates	12	-
At 30 April 2019/2018	419	-

The total post-employment benefits are as follows:

	2019 RM'000	2018 RM'000
Post-employment benefits		
– PT Komark Labels & Labelling Indonesia	295	263
– Komark (Thailand) Co, Ltd	419	-
	714	263

19. BORROWINGS

		Group	
		2019 RM'000	2018 RM'000
Current			
Bank overdrafts	- secured	843	576
Bankers' acceptance	- secured	1,580	3,090
Term loans	- secured	260	268
		2,683	3,934
Non-current			
Term loans	- secured	5,447	5,693
Loans from a credit company	- unsecured	1,500	-
		6,947	5,693
Total borrowings		9,630	9,627

Bank overdrafts, bankers' acceptance and term loans are secured by the freehold land and building of a subsidiary with a carrying value of RM30,600,000 (2018: RM30,880,000) and also corporate guarantee of the Company.

The weighted average interest rates during the financial year for short term borrowing facilities is as follows :-

	Group	
	2019 %	2018 %
Bank overdraft	1.75	6.70 – 7.70
Bankers' acceptance	5.36 – 5.53	5.36 – 5.53
Term loans	5.47 – 5.72	5.20 – 5.45
Loans from a credit company	18	-

20. HIRE PURCHASE PAYABLES

	Group	
	2019 RM'000	2018 RM'000
Minimum payment		
- not later than one year	3,101	2,165
- later than one year and not later than five years	8,053	6,553
	11,154	8,718
Future finance charges on hire purchase	(1,350)	(1,163)
Present value of hire purchase payables	9,804	7,555
Current	2,719	1,778
Non-current	7,085	5,777
	9,804	7,555
Present value of hire purchase payables		
- not later than one year	2,719	1,778
- later than one year and not later than five years	7,085	5,777
	9,804	7,555

Hire purchase payables are subject to effective interest rates ranging from 3.86% to 8.08% (2018: 3.12% to 5.39%).

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables	6,170	7,419	-	-
Other payables, accruals and deposits received	2,217	1,269	746	518
Amount due to subsidiaries	-	-	1,709	1,513
Amount due to directors	146	-	-	-
	8,533	8,688	2,455	2,031

(a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 120 (2018: 120) days credit term.

(b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2018:90) days credit term.

(c) Amount due to subsidiaries and directors

These balances are unsecured, non-interest bearing and are repayable on demand.

22. REVENUE

Revenue consists of the following:

	Company 2019 RM'000	Company 2018 RM'000
Sales of adhesive labels and stickers	47,743	56,949

23. LOSS BEFORE TAXATION

	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Loss before taxation is arrived at after charging:				
Allowance/(reversal) for obsolete inventories	171	196	-	-
Impairment losses on:				
- Trade receivables	-	957	176	177
- Amount due from associate	407	-	-	-
- Other receivables	7	-	7	-
- Investment in subsidiaries			-	1,346
Auditors' remuneration				
- Current year's provision	186	141	44	44
- Under provision in prior years	31	4	25	4
Bad debts written off	3	-	-	-
Depreciation of property, plant and equipment				
- Current year	4,458	5,908	-	-
- Over provided in prior years	(56)	-	-	-
Directors' remuneration				
- Fees	968	865	132	132
- Other emoluments	1,382	1,680	153	235
- Retirement benefit	-	127	-	-
- Gratuity	160	160	160	160
(Reversal)/ allowance for Expected credit loss	(21)	173	-	-
Finance costs				
- Bank overdrafts interest	72	4	-	-
- Bankers' acceptance interest	124	160	-	-
- Hire purchase and finance lease interest	696	430	-	-

23. LOSS BEFORE TAXATION (CONT'D)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before taxation is arrived at after charging (cont'd):				
Finance costs (cont'd)				
- LC charges	-	26	-	-
- Term loans interest	319	390	-	-
- Trust receipt interest	-	9	-	-
- Loan from a credit company interest	105	-	-	-
Inventories written off	259	-	-	-
Loss on foreign exchange				
- Realised	156	277	-	-
- Unrealised	4	489	197	-
Property, plant and equipment written off	1,685	-	-	-
Rental of hostel	30	105	-	-
Rental of premises	839	985	-	-
Staff costs				
- Salaries, allowances and others	9,999	10,306	361	404
- EPF	772	900	44	49
- SOCSO and EIS	145	179	4	4
- Overtime	796	1,299	-	-
- Incentive	4	13	-	-
- Bonus	115	304	-	-
and crediting:				
Gain on disposal of property, plant and equipment	-	(109)	-	-
Gain on foreign exchange				
- Realised	-	-	-	-
Government grant	-	(21)	-	-
Interest income	(65)	(304)	(22)	(264)
Management fee charged to subsidiaries	-	-	(300)	(300)
Rental income	(170)	(161)	-	-
Reversal of impairment losses on:				
- Trade receivables	(275)	(40)	-	-
Sale of scrap	-	(8)	-	-

24. TAX EXPENSE

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Malaysian income tax				
- Current year	-	345	-	5
- over provision in prior year	(85)	(38)	-	(36)
Overseas income tax				
- Current year	-	(198)	-	-
- Overprovision in prior year	-	-	-	-
	(85)	109	-	(31)
Deferred taxation				
- Current year's provision/(reversal)	(1,158)	12	-	-
- Under provision in prior year	-	606	-	-
Income tax expense attributable to continuing operations	(1,243)	727	-	(31)
Income tax expense attributable to discontinued operations	-	-	-	-
Income tax expense recognised in statement of profit or loss and other comprehensive income	(1,243)	727	-	(31)

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 30 April 2019 and 2018 are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000 (Restated)**
Loss before taxation from continuing operations	(11,090)	(20,942)	(30,171)	(2,597)
Loss before taxation from discontinued operations	-	-	-	-
Loss before taxation	(11,090)	(20,942)	(30,171)	(2,597)
Taxation at Malaysian statutory tax rate of 24%	(2,661)	(5,026)	(7,241)	(623)
Effect of different tax rates in foreign jurisdictions	(8,773)	1,085	-	-
Non-deductible expenses	9,923	1,328	7,241	691
Income not subject to tax	(662)	(354)	-	(63)
Deferred tax assets not recognised	1,015	3,277	-	-
	(1,158)	310	-	5
Over provision of income tax in prior year	(85)	(38)	-	(36)
Under provision of deferred tax in prior year	-	606	-	-
Tax incentive utilised	-	(151)	-	-
Tax expense	(1,243)	727	-	(31)

(i) Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

(ii) Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

25. LOSS PER SHARE

Continuing operations

The basic loss per share is calculated by dividing loss for the year net of tax from continuing operations attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following reflect the loss and share data used in computation of basic loss per share and diluted loss per share for the years ended 30 April 2019 and 2018 are as follows:

	Group	
	2019 RM'000	**2018 RM'000 (Restated)**
Loss for the year from continuing operations attributable to equity holders of the Company	(9,847)	(21,669)
Loss for the year from discontinued operations attributable to equity holders of the Company	-	-
Loss for the year attributable to equity holders of the Company	(9,847)	(21,669)

	Group	
	2019 Unit '000	**2018 Unit '000**
Number of ordinary shares in issue at 1 May 2019/2018	164,434	124,634
Effect of the bonus Issue	-	39,800
Effect of repurchase of treasury shares	(2,047)	(4,955)
Effect of disposal of treasury shares	1,444	-
Warrants exercised	-	-
Weighted average number of ordinary shares in issue for basic earnings per share	163,831	159,479
Effects of dilution :		
- Unexercised warrants	50,552	50,552
Weighted average number of ordinary shares in issue for diluted earnings per share computation	214,383	210,031
Basic loss per share (cent)	(4.59)	(10.31)
Diluted loss per share (cent)	-*	-*

* Antidilutive in nature

26. RELATED PARTY DISCLOSURES

Significant related party transactions

Parties are considered to related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries;
(ii) A company in which Directors' of the Company have substantial financial interest;
(iii) A corporate shareholder of subsidiary; and
(iv) Key management personnel, comprise persons (including Directors) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

26. RELATED PARTY DISCLOSURES (CONT'D)

Significant related party transactions (cont'd)

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transaction between the Group and related parties took place at terms agreed between the parties during the financial year.

	Company	
	2019	**2018**
	RM'000	**RM'000**
Related parties transactions		
- Management fee charged to subsidiaries	300	300

27. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and market risk (equity price risk). It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts as the Group had no substantial long-term interest-bearing assets as at 30 April 2019. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amount as at reporting date was:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial Assets				
- Deposits with licensed banks	902	4,459	-	3,099
Financial Liabilities				
- Bank Overdraft	(843)	(576)	-	-
- Hire purchase payables	(9,804)	(7,555)	-	-
- Term loans	(5,707)	(5,961)	-	-
- Loan from a credit company	(1,500)	-	-	-
Floating rate instruments				
Financial Liabilities				
- Bankers' acceptance	(1,580)	(3,090)	-	-

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax and total equity would have been RM4,633 (2018: RM3,181) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Foreign currency risk

The Group is exposed to various currencies, mainly United States Dollar ("USD"), Singapore Dollar ("SGD"), Indonesian Rupiah ("IDR"), Thai Baht ("THB"), Euro ("Euro") and a small percentage in other foreign currencies. Foreign currencies denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currency of the Company and all of its subsidiaries are kept to an acceptable level.

	Group	
	2019 **RM**	**2018** **RM**
Net unhedged financial assets/(liabilities):		
United States Dollar ("USD")	(442,077)	888,994
Singapore Dollar ("SGD")	283,865	1,712,051
Thailand Baht ("THB")	(1,985,911)	5,005,205
Euro Dollar ("EUR")	-	(1,105)
Indonesian Rupiah ("IDR")	207,308	1,196,671
	(1,936,815)	8,801,816

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.

		Group Profit net of tax	
		2019 **RM**	**2018** **RM**
USD/RM	- strengthened 10% (2018: 10%)	44,208	88,899
	- weakened 10% (2018: 10%)	(44,208)	(88,899)
SGD/RM	- strengthened 10% (2018: 10%)	28,387	171,205
	- weakened 10% (2018: 10%)	(28,387)	(171,205)
THB/RM	- strengthened 10% (2018: 10%)	198,591	500,521
	- weakened 10% (2018: 10%)	(198,591)	(500,521)
EUR/RM	- strengthened 10% (2018: 10%)	-	110
	- weakened 10% (2018: 10%)	-	(110)
IDR/RM	- strengthened 10% (2018: 10%)	20,731	119,667
	- weakened 10% (2018: 10%)	(20,731)	(119,667)

27. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company adopt a prudent approach to manage their liquidity risk. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 April 2019				
Group				
Financial Liabilities:				
- Trade and other payables	8,533	-	-	8,533
- Borrowings	2,683	6,947	-	9,630
- Hire purchase payables	2,719	7,085	-	9,804
	13,935	14,032	-	27,967
Company				
Financial Liabilities:				
- Trade and other payables	746	-	-	746
- Amount due to subsidiaries	1,709	-	-	1,709
	2,455	-	-	2,455

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 April 2018				
Group				
Financial Liabilities:				
- Trade and other payables	8,688	-	-	8,688
- Borrowings	3,934	5,693	-	9,627
- Hire purchase payables	1,778	5,777	-	7,555
	14,400	11,470	-	25,870
Company				
Financial Liabilities:				
- Trade and other payables	518	-	-	518
- Amount due to subsidiaries	1,513	-	-	1,513
	2,031	-	-	2,031

27. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the results that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 10 to the financial statements.

<u>Credit risk concentration profile</u>

The Group determines concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis.

At the reporting date, there was no significant concentration of credit risk for the Group and the Company other than those receivables as analysed in Note 10 to the financial statements.

<u>Financial assets that are not impaired</u>

Information regarding trade and other receivables that are not impaired is disclosed in Note 10 to the financial statements.

(f) Fair values

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and current portion of loans and borrowings are reasonable approximate of their fair values due to relatively short term nature of these financial instruments.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market date (unobservable input).

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group monitors capital using gearing ratio, which is the amount of borrowings (Note 19 to the financial statements), divided by equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio within manageable levels. Capital represents equity attributable to the owners of the parent less the fair value adjustment reserve.

	Group	
	2019 RM'000	**2018 RM'000 (Restated)**
Borrowings	9,630	9,627
Cash and bank balances	(2,938)	(6,247)
Net debt	6,692	3,380
Equity attributable to the owners of the parent, representing total capital	54,470	61,763
Gearing ratio	0.12	0.05

29. SEGMENT INFORMATION

Group

Segmental information is presented in respect of the Group's geographical segments based on the Group's management and internal reporting structure.

Inter-segment pricing is determined based on negotiated basis in the normal course of business.

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 mainly comprise of expenses and assets of the Company and its dormant subsidiaries.

Business Segment

There was no business segment presentation, where the core business of the Group is manufacturing of self-adhesive labels and stickers and trading of related products. The manufacturing of automatic labelling machineries business had been ceased since 2016.

Geographical segment

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of assets.

29. SEGMENT INFORMATION (CONT'D)

Geographical segment (cont'd)

	Malaysia RM'000	Singapore RM'000	Thailand RM'000	Others RM'000	Elimination RM'000	Total RM'000
2019						
Revenue from external customers by location of customers	19,935	8,961	20,412	3,094	(4,659)	47,743
Segment of assets by location of assets	142,133	2,491	19,942	6,817	(87,927)	83,456
2018						
Revenue from external customers by location of customers	27,564	8,948	23,320	2,392	(5,275)	56,949
Segment of assets by location of assets	94,968	4,038	21,173	7,455	(36,902)	90,732

30. CONTINGENT LIABILITIES

	Group and Company	
	2019 RM'000	2018 RM'000
Corporate guarantees granted in respect of the banking facilities extended to subsidiaries	18,447	17,422

31. SIGNIFICANT EVENTS AFTER FINANCIAL YEAR

Subsequent to the financial year, the Company subscribed for the following new ordinary shares issued by two of its subsidiaries:

(i) 24,054,374 units of new ordinary shares at RM1.00 per share in General Labels & Labelling (M) Sdn Bhd by way of debt capitalisation; and

(ii) 28,657,142 units of new ordinary shares at RM1.00 per share in Komark International (M) Sdn Bhd by way of debt capitalisation.

32. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 30 April 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 23 August 2019.

33. COMPARATIVES FIGURES

(i) Certain prior year comparative figures have been restated as summarised below:

		Group		
	Note	As previously reported RM' 000	Adjustments RM'000	As restated RM'000
Statement of financial position				
As at 1 May 2018				
Trade and other receivables	10	13,293	(173)	13,120
Accumulated losses	17	(36,037)	(173)	(36,210)

		Company		
	Note	As previously reported RM' 000	Adjustments RM'000	As restated RM'000
Statement of financial position				
As at 1 May 2018				
Trade and other receivables	10	54,052	(177)	53,875
Accumulated losses	17	(758)	(177)	(935)

	Group		
	As previously reported RM' 000	Adjustments RM'000	As restated RM'000
Statement of profit or loss and other comprehensive income			
As at 1 May 2018			
Other operating expenses	(20,567)	(173)	(20,740)
Loss before taxation	(20,769)	(173)	(20,942)
Loss after taxation	(21,496)	(173)	(21,669)

	Company		
	As previously reported RM' 000	Adjustments RM'000	As restated RM'000
Statement of profit or loss and other comprehensive income			
As at 1 May 2018			
Other operating expenses	(2,984)	(177)	(3,161)
Loss before taxation	(2,420)	(177)	(2,597)
Loss after taxation	(2,389)	(177)	(2,566)

(ii) The comparative figures for prior year were audited by a firm other than KC Chia & Noor.

Analysis of Shareholdings

as at 31 July 2019

Issued share capital	:	165,467,104 Ordinary Shares (including shares held as Treasury Shares)
Treasury Shares	:	NIL
Class of shares	:	Ordinary Shares
Voting rights	:	One (1) vote per Ordinary share

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS/ DEPOSITORS	% OF SHAREHOLDERS/ DEPOSITORS	NO. OF SHARES HELD	% OF ISSUED CAPITAL
1 - 99	600	16.32	26,504	0.02
100 - 1,000	238	6.47	83,138	0.05
1,001 - 10,000	1,634	44.44	6,737,766	4.07
10,001 - 100,000	1,070	29.10	27,905,014	16.86
100,001 - 8,273,355[1]	132	3.59	69,744,773	42.15
8,273,356 and above[2]	3	0.08	60,969,909	36.85
TOTAL	**3,677**	**100.00**	**165,467,104**	**100.00**

Notes:
[1] Less than 5% of issued shares
[2] 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS AS AT 31 JULY 2019

NAME	DIRECT NO. OF SHARES	DIRECT % OF ISSUED CAPITAL	INDIRECT NO. OF SHARES	INDIRECT % OF ISSUED CAPITAL
Koh Hong Muan @ Koh Gak Siong	26,159,466	15.81	21,813,777[1]	13.18
Aimas Enterprise Sdn Bhd	21,813,777	13.18	-	-
King Regal Investments Limited	12,996,666	7.86	-	-
Koh Chie Jooi	-	-	47,973,243[2]	28.99

Notes:
[1] Deemed interested in the shares by virtue of Section 8 of the Companies Act 2016, held through Aimas Enterprise Sdn Bhd.
[2] Deemed interested in the shares by virtue of Section 59 and 8 of the Companies Act 2016, held through his parent, namely Koh Hong Muan @ Koh Gak Siong and Aimas Enterprise Sdn Bhd respectively.

DIRECTORS' INTERESTS AS AT 31 JULY 2019

	NO. OF SHARES			
DIRECTOR'S NAME	DIRECT INTEREST	%	INDIRECT INTEREST	%
Koh Hong Muan @ Koh Gak Siong[1]	26,159,466	15.81	21,813,777[2]	13.18
Koh Chie Jooi[1]	-	-	47,973,243[3]	28.99
Tan Lay Ching	-	-	-	-
Low Tuck Meng	-	-	-	-
Ihsan bin Ismail	-	-	-	-

Notes:
[1] By virtue of their interests in shares of the Company, the Directors are also deemed to have an interest in the shares of all the subsidiaries of the Company to the extent the Company has an interest.
[2] Deemed interested in the shares by virtue of Section 8 of the Companies Act 2016, held through Aimas Enterprise Sdn Bhd.
[3] Deemed interested in the shares by virtue of Section 59 and 8 of the Companies Act 2016, held through his parent, namely Koh Hong Muan @ Koh Gak Siong and Aimas Enterprise Sdn Bhd respectively.

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 31 JULY 2019

NO.	NAME OF SHAREHOLDERS/DEPOSITORS	NO. OF SHARES	% OF ISSUED CAPITAL
1.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR KOH HONG MUAN @ KOH GAK SIONG	26,159,466	15.81
2.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR AIMAS ENTERPRISE SDN. BHD.	21,813,777	13.18
3.	RHB NOMINEES (ASING) SDN BHD EXEMPT AN (BP) FOR RHB SECURITIES HONG KONG LIMITED A/C CLIENTS (RETAIL)	12,996,666	7.86
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CAROL VUN ON NEI (8078831)	7,366,700	4.45
5.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR NOMURA PB NOMINEES LTD	3,836,700	2.32
6.	WANG TSUN SIANG	2,900,000	1.75
7.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,600,000	1.57
8.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE KIM HEW (E-KLG/BTG)	2,286,900	1.38
9.	SIM WING THONG	2,000,000	1.21
10.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON FOO MUN (SMT)	1,952,400	1.18
11.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	1,855,300	1.12
12.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK YONG WAH	1,690,000	1.02
13.	LEW YOK KEE	1,500,000	0.91
14.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG KIA FATT	1,480,000	0.89
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAW KIM KIN	1,350,000	0.82
16.	WONG NGIE TIEN	1,343,033	0.81
17.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG POH CHEN (STA 1)	1,309,200	0.79
18.	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG (SMART)	1,185,066	0.72
19.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KIAN HUAT	1,100,100	0.67
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEN PANG (E-KLG/BTG)	1,015,600	0.61
21.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KIM YU	1,010,000	0.61
22.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO KER-WEI (MARGIN)	1,000,000	0.60
23.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM BOON HONG (SMT)	892,465	0.54
24.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI YEE VOON	857,400	0.52
25.	SIAH SUE WIN	711,600	0.43
26.	CHEE CHIEW KIN	700,100	0.42
27.	WONG KIAN BOON	650,000	0.39
28.	CHIA SUE YIN	628,300	0.38
29.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	625,000	0.38
30.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW SIEW LIN (STA1)	610,000	0.37
	TOTAL	**105,425,773**	**63.71**

Analysis of Warrant Holdings
as at 31 July 2019

Total number of outstanding Warrants	:	49,518,521
Issue date of the Warrants	:	22 January 2015
Expiry date of the Warrants	:	21 January 2020
Exercise price per Warrant	:	RM0.23

ANALYSIS OF WARRANT HOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF WARRANTS	% OF ISSUED WARRANTS
1 - 99	97	12.33	5,248	0.01
100 - 1,000	98	12.45	51,493	0.10
1,001 - 10,000	326	41.42	1,306,761	2.64
10,001 - 100,000	210	26.68	6,793,022	13.72
100,001 - 2,475,926[1]	52	6.61	18,827,597	38.02
2,475,927 and above[2]	4	0.51	22,534,400	45.51
TOTAL	**787**	**100.00**	**49,518,521**	**100.00**

Notes:-
[1] Less than 5% of issued Warrants
[2] 5% and above of issued Warrants

DIRECTORS' WARRANT HOLDINGS AS AT 31 July 2019

	NO. OF WARRANTS			
DIRECTOR'S NAME	DIRECT INTEREST	%	INDIRECT INTEREST	%
Koh Hong Muan @ Koh Gak Siong	-	-	-	-
Koh Chie Jooi	-	-	-	-
Tan Lay Ching	-	-	-	-
Low Tuck Meng	-	-	-	-
Ihsan bin Ismail	-	-	-	-

THIRTY LARGEST WARRANT HOLDERS

NO.	NAME OF WARRANT HOLDERS	NO. OF WARRANTS	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT	8,186,000	16.53
2	WANG TSUN SIANG	5,800,000	11.71
3	LIM KAY KEONG	5,000,000	10.10
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAW KIM KIN (7006687)	3,548,400	7.17
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE KIM HEW (E-KLG/BTG)	2,142,300	4.33
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW HUI TONG (7006561)	1,887,600	3.81
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIE MING CHUNG (7002470)	1,560,533	3.15
8	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SONG EE BENG (STA 2)	1,050,000	2.12
9	SIM WING THONG	1,000,000	2.01

THIRTY LARGEST WARRANT HOLDERS (CONTD.)

NO.	NAME OF WARRANT HOLDERS	NO. OF WARRANTS	%
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG HAN JOE	700,000	1.41
11	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIU CHUN FONG (CCTS)	540,566	1.09
12	RAZALI BIN DAUD	533,333	1.07
13	TEO CHIN WEI	530,000	1.07
14	GEORGE LEE SANG KIAN	510,000	1.03
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD LIU CHUN FONG	498,933	1.01
16	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR WONG AH YONG (SMART)	425,822	0.86
17	LAU FUI SENG	362,033	0.73
18	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOO THIAM YOONG (SMT)	360,000	0.73
19	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM BOON HONG (SMT)	333,354	0.67
20	SAHARUL BIN LARONDA	300,000	0.61
21	AHMAD KAMARULZAMAN BIN AHMAD BADARUDDIN	299,966	0.61
22	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOKHIRE AZMANI BIN MOHAMED (STA 2)	282,133	0.57
23	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO AI LING (STA 2)	270,000	0.55
24	KHOO PUI SIK	266,666	0.54
25	TEH SWEE LIP	266,666	0.54
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHIN CHUEA @ LIM CHOON PENG	233,333	0.47
27	LING THIK PING	233,333	0.47
28	SIM SIEW CHOO @ SIM SIEW LEE	222,400	0.45
29	KHOR BE SIANG	205,866	0.42
30	CHUA SOO CHAI	200,000	0.40
	TOTAL	**37,749,237**	**76.23**

LIST OF PROPERTIES

Owner	Title No/ Location	Existing usage	Expiry Date	Land Area/ Build Up Area Sq. Ft	Age Of Building (Year)	Tenure	Date of last revaluation/ acquisition	Net book Value as at 30.04.2019 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	16	Freehold	2/14/2014	30,600
General Labels & Labelling (M) Sdn. Bhd	Lot PTD 112290, Mukim of Plentong District, Johor Bahru.	Factory Cum Office	-	L-10,200 B-5,394	22	Freehold	5/16/2014	1,060

KOMARKCORP BERHAD
(Company No. : 374265-A)(Incorporated in Malaysia)

PROXY FORM

No. of Shares	
CDS account No.	

I/We, ______________________________ (NRIC No./Company No.) ______________________

of ____

being a member of KOMARKCORP BERHAD hereby appoint the *Chairman of the Meeting or ______________________

______________________________ (NRIC No. ______________________)

of ____

failing whom ______________________________ (NRIC No. ______________________)

of ____,

as my/our proxy(ies) to vote for me/us on my/our behalf at the Twenty-Third Annual General Meeting ("AGM") of Komarkcorp Berhad to be held at Parameswara 1, Philea Mines Beach Resort, Jalan Dulang, Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 9 October 2019 at 2.30 p.m. and at any adjournment thereof for/against the resolutions to be proposed thereat.

* Please delete the words "Chairman of the Meeting" if you wish to appoint other person(s) to be your proxy/proxies.

NO	RESOLUTIONS		FOR	AGAINST
1.	To approve the Directors' fees and benefits payable to the Directors of the Company of up to RM300,000 from 9 October 2019 until the conclusion of the next AGM of the Company.	Ordinary Resolution 1		
2.	Re-election of Mr. Koh Hong Muan @ Koh Gak Siong as Director.	Ordinary Resolution 2		
3.	Re-election of Ms. Tan Lay Ching as Director.	Ordinary Resolution 3		
4.	Re-appointment of Messrs. KC Chia & Noor as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4		
5.	Authority for Encik Ihsan Bin Ismail to continue in office as an Independent Non-Executive Director of the Company.	Ordinary Resolution 5		
6.	Authority under Section 76 of the Companies Act, 2016 for the Directors to allot and issue shares.	Ordinary Resolution 6		
7.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 7		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his (her) discretion.)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

____
Signature/Common Seal

Date : ______________________

Contact No. : ______________________

NOTES:

(1) A member entitled to attend and vote at the meeting is entitled to appoint one or more than one (1) proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.

(2) A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.

(3) Where a member appoints two (2) proxies the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

(4) 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.

(5) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the AGM or Adjourned AGM.

(6) 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.

(7) If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

(8) In respect of deposited securities, only members whose names appear on the Record of Depositors on 2 October 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 August 2019.

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AFFIX
STAMP
HERE

The Share Registrar
KOMARKCORP BERHAD (374265-A)
c/o Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

2nd fold here

KOMARKCORP BERHAD
(Company No. 374265-A) Incorporated In Malaysia

Lot 132, Jalan 16/1, Kawasan Perindustrian Cheras Jaya
43200 Balakong, Selangor Darul Ehsan, Malaysia.
Tel: [603]9080 3333 Fax: [603]9080 5233
Email: enquiry@komark.com.my

www.komark.com.my