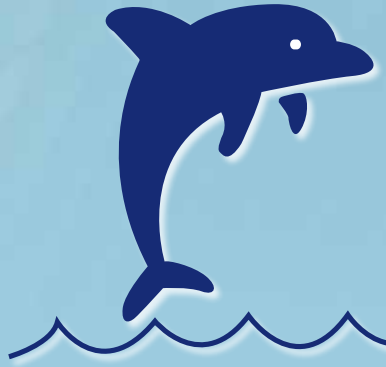


ANNUAL REPORT 2021<sup>®</sup>



# DOLPHIN INTERNATIONAL BERHAD

201201016010 (1001521-X)





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# CORPORATE PROFILE

The Dolphin group of companies (“Group”), founded in 1992, was operating in the palm oil milling machineries sector. The product offerings of the Group include milling systems and software as well as the supply of parts and maintenance services. End of 2019, Dolphin International Berhad set its sight on food and beverage industry and since then embarked on diversifying its business portfolio.

Dolphin International Berhad ventured into food and beverage industry by acquiring Asia Poly Food and Beverage Sdn Bhd in year 2020. Asia Poly Food and Beverage Sdn Bhd has 3 branches of Uncle Don’s franchise. In March 2021, United Delight Sdn Bhd, a wholly-owned subsidiary of Dolphin invested in Verona Trattoria, an Italian restaurant located in Section 17, Petaling Jaya, Selangor and its subsidiary Verona Wines.

The Group is looking to expand the ready-to-eat convenient segment to broaden the group’s revenue stream within the food and beverage service industry. United Delight Sdn Bhd, had on 12 July 2021 entered into a master licensing agreement with Uncle Don’s Restaurants Sdn Bhd (the Licensor) for a 5-year plus a renewable 5-year exclusive master license for the use and sub-license of the operating system developed by the Licensor for developing, opening and operating of F&B convenience concept stores under the trademark “UD Express”.

In addition, United Distribution Sdn Bhd, a wholly-owned subsidiary of Dolphin was set up to undertake the distribution of Uncle Don’s brand of chili sauce and tomato sauce. United Distribution is now selling the chilli and tomato sauces to wholesaler in bulk purchases, retailers and online sale and marketing gateways in the region at a competitive prices to compete in market space.



# CORPORATE INFORMATION

## Board of Directors

**YM Tengku Ahmad Badli Shah Bin Raja Hussin**

*Chairman  
Independent Non-Executive Director*

**Serena Goh Fhen Fhen**

*Chief Executive Officer  
Non-Independent Executive Director*

**Tan Ban Tatt**

*Independent Non-Executive Director*

**Lim Seng Hock**

*Independent Non-Executive Director*

**Hoh Yeong Cherng**

*Non-Independent Non-Executive Director*

**Yeo Boon Ho**

*Non-Independent Non-Executive Director*

### Audit and Risk Management Committee

Tan Ban Tatt (*Chairman*)  
YM Tengku Ahmad Badli Shah Bin Raja Hussin  
Lim Seng Hock

### Nomination Committee

YM Tengku Ahmad Badli Shah Bin Raja Hussin  
(*Chairman*)  
Tan Ban Tatt  
Lim Seng Hock

### Remuneration Committee

YM Tengku Ahmad Badli Shah Bin Raja Hussin  
(*Chairman*)  
Tan Ban Tatt  
Serena Goh Fhen Fhen

### Company Secretary

Ho Meng Chan (MACS 00574)  
SSM PC No. 202008003175  
Wu Siew Hong (MAICSA 7039647)  
SSM PC No. 202008002457

### Registered Office

308, Block A (3rd Floor)  
Kelana Business Centre  
97, Jalan SS 7/2, Kelana Jaya  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: + 603 -7492 1818  
Fax: +603-7492 1933

### Head Office/Principal Place of Business

E-G-2, Block E, Oasis Square  
No. 2, Jalan PJU 1A/7A, Ara Damansara  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: +603 -78327563  
Fax: +603 -78327635  
Website: [www.dolphinbhd.com](http://www.dolphinbhd.com)  
Email: [dolphin@dolphinint.com.my](mailto:dolphin@dolphinint.com.my)

### Auditors

PCCO PLT [(LLP0000506-LCA)(AF1056)]  
17, Jalan Ipoh Kecil, Chow Kit  
50350 Kuala Lumpur  
Tel: +603-4042 1177  
Fax: +603-4041 9216

### Principal Banker

United Overseas Bank (Malaysia) Berhad  
CIMB Bank Berhad

### Share Registrar

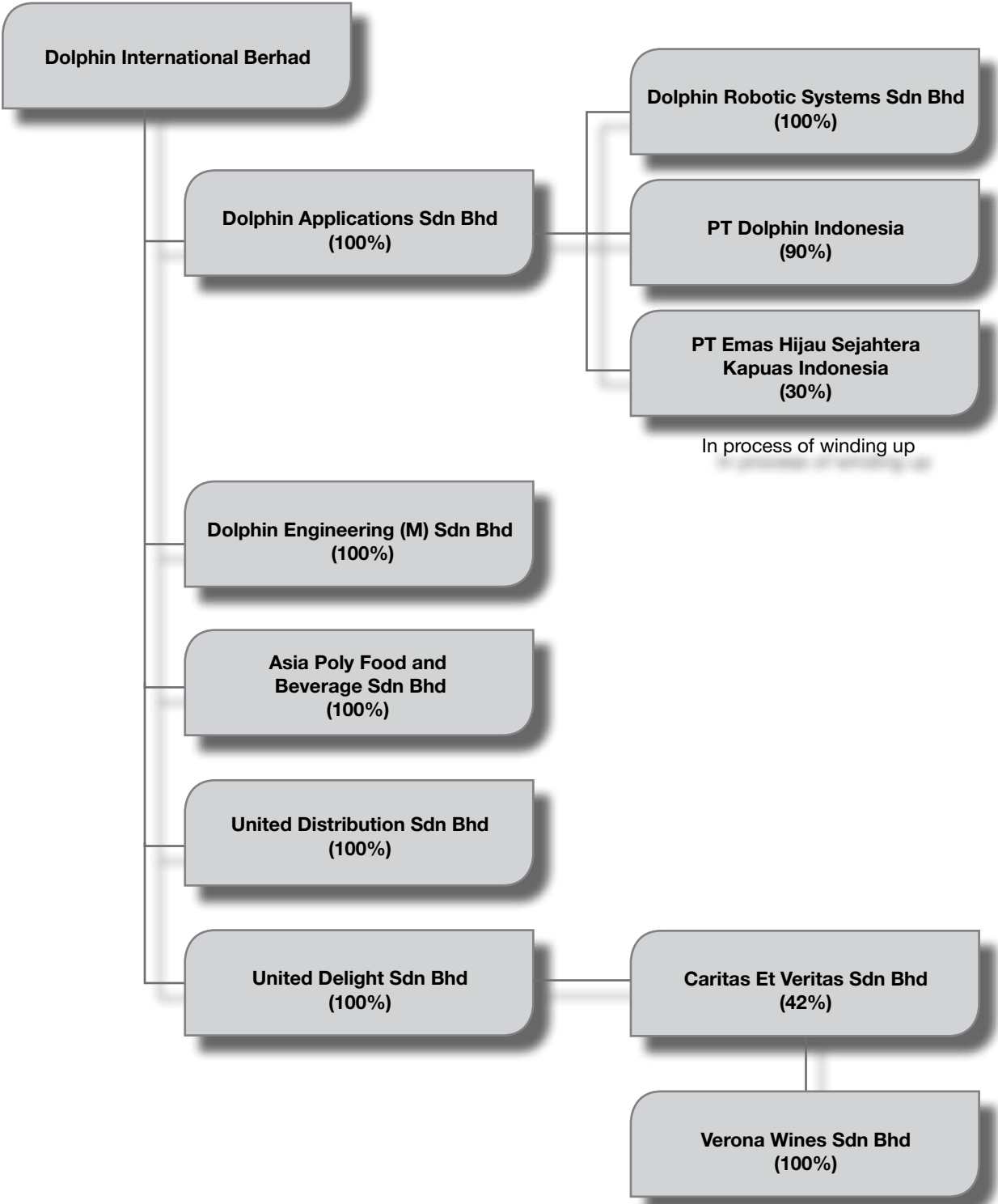
Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony, No. 5  
Jalan Prof. Khoo Kay Kim, Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: +603-7890 4700  
Fax: +603-7890 4670

### Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad  
Stock name: DOLPHIN  
Stock Code: 5265

# CORPORATE STRUCTURE

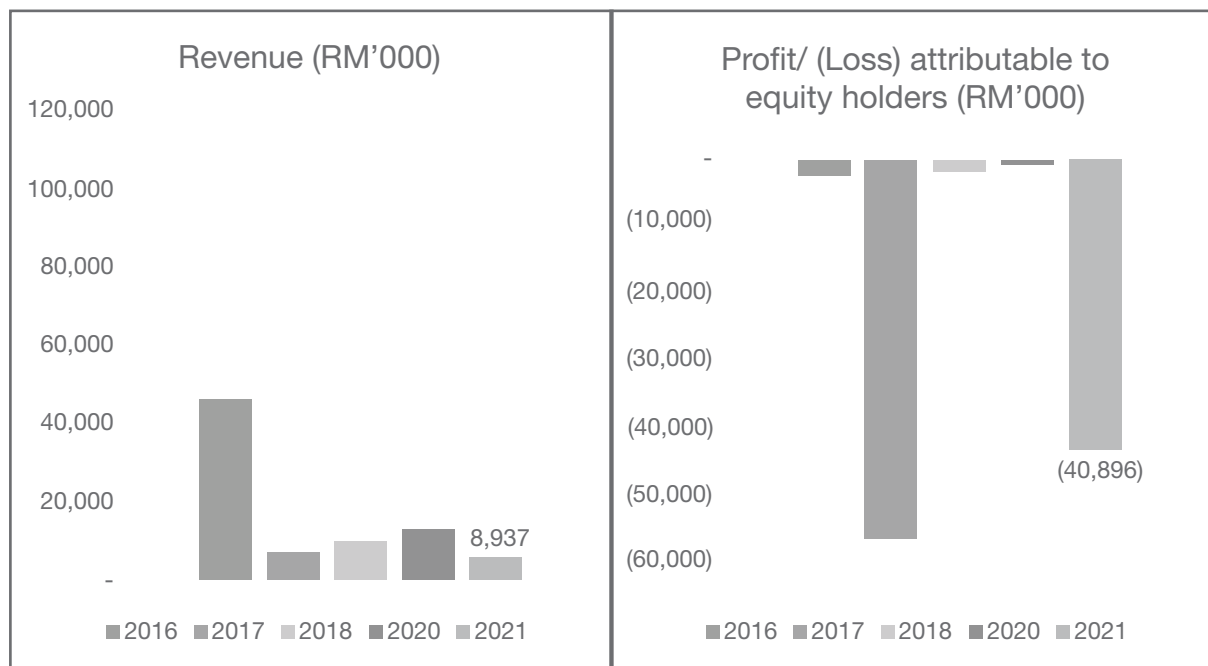
As at 26 October 2021





# GROUP FINANCIAL HIGHLIGHTS

## Financial Highlights



## Five Years Group Financial Summary

	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	30.6.2020 * RM'000	30.6.2021 RM'000
Revenue	44,136	10,641	13,353	15,898	8,937
Profit/(loss) before taxation	(4,519)	(57,941)	(4,389)	(1,294)	(40,724)
Profit/(loss) attributable to equity holders	(4,626)	(57,139)	(4,230)	(1,077)	(40,896)

\*18 months period

# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW OF GROUP'S BUSINESS OPERATIONS

Dolphin International Berhad (“DIB” or “the Company”) is a public listed Company listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activity of the Company is investment holding while its subsidiaries are involved in the sale, design, engineering, development and integration of electro-automation, pneumatic, hydraulic, hardware and software systems and related proprietary products for the palm oil milling sector. It also has a subsidiary that operates three (3) outlets which carries out the business of a restaurant and other related services.

The operational activities of DIB and its subsidiaries are in turn broadly segmented into palm oil milling, trading and services, investment holdings and food and beverage.

The Group's palm oil milling solution business had refrained from taking up new projects. The existing operations of the Group's palm oil solutions business were mainly maintenance in nature and the on-going projects had been carried forward from year 2020.

On 1 October 2020, Dolphin made its maiden foray into the food and beverages industry vide its acquisition of the entire equity interest in Asia Poly Food & Beverages Sdn Bhd (AP F&B), which owns and operates 3 restaurants under the brand name of “Uncle Don's”.

Presently, AP F&B owns 3 Uncle Don's restaurant outlets. During the national lockdown period imposed by the Government to curb the COVID-19 cases, AP F&B's 3 Uncle Don's restaurant outlets have been experiencing fewer patrons and lower sales. However, this has been partially mitigated with takeaway orders that had helped to contribute to the revenue and earnings of the Group.

Overall, the food and beverage (“F&B”) service industry, though adversely impacted in the short-term, is expected to recover when the population resume dining out at F&B service outlets as a growing percentage of the population in Malaysia has been vaccinated for COVID-19. While dining at F&B outlets has become a common lifestyle habit amongst consumers to not only have a meal but also socialise, consumers have also increasingly been seeking convenient options for dining such as takeaways and deliveries and/or ready meals.

The COVID-19 pandemic has accelerated the growth of ready meals, as consumers are expected to continue purchasing ready meals as they have been introduced to the convenience of ready meals and availability of different options in the market.

In addition, United Distribution Sdn Bhd (“UDSB”) was set up to undertake the distribution of Uncle Don's brand of chilli sauce and tomato sauce. UDSB had on 5 January 2021 accepted the letter of award from Uncle Don Manufacturing Sdn Bhd for the exclusive distributorship rights in relation to the distribution of Uncle Don's brand of chilli sauce and tomato sauce. The awarded exclusive distributorship rights is expected to contribute positively to the future earnings of the Group through the distribution of the chilli sauce and tomato sauce to retailers and restaurants.

## ANTICIPATED OR KNOWN RISK

### Acquisition Risk

As our Group does not have prior experience in the food and beverage business, we might be at a disadvantage due to the industry's low entry barriers and stiff competitions from new and existing market players and our lack of industry know-how.

We have appointed the founder of Uncle Don as the director of our F&B business to assist our Board in overseeing the management and operations of AP F&B. Further, our Group shall also tap into his expertise, experience and networking in the food and business industry specially to advise our Group on key matters.



## MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

### Competition Risk

Generally, all operators of the food services including Uncle Don restaurants in Malaysia face normal competitive conditions namely brand name and market reputation, quality of services and economies of scale. The Group leveraged significantly on the "Uncle Don" brand equity which include brand awareness in the Klang Valley region and customer loyalty which churns competitive advantage to compete effectively in the food services industry.

### REVIEW OF FINANCIAL RESULTS (RM'000)

#### REVENUE

PERIOD	1.7.2020 to 30.6.2021	1.1.2019 to 30.6.2020	1.1.2018 to 31.12.2018
Palm oil mill solutions	3,712	13,747	22,329
Trading and supply of parts & services	826	7,017	7,729
Investment holdings	240	360	240
Food and beverage	4,433	-	-
Eliminations	(274)	(8,612)	(16,945)
Consolidated revenue	8,937	12,512	13,353

#### LOSS AFTER TAX

PERIOD	1.7.2020 to 30.6.2021	1.1.2019 to 30.6.2020	1.1.2018 to 31.12.2018
Palm oil mill solutions	(36,917)	(1,324)	(2,683)
Trading and supply of parts & services	(326)	(342)	284
Investment holdings	(24,765)	(6,509)	(1,150)
Food and beverages	83	-	-
Eliminations	21,662	5,863	(841)
Loss before tax	(40,263)	(2,312)	(4,390)
Tax	(214)	408	143
Consolidated loss after tax	(40,477)	(1,904)	(4,247)

#### Revenue

At the consolidated level, the Group revenue was RM 8.94 million in FYE 30 June 2021 as compared to the 18 month-FPE 30 June 2020 of RM 12.51 million. The group annualised revenue for the comparative year is RM 8.34 million.

The increase in revenue (after annualising for comparative period) is due to contribution from food and beverage segment of RM 4.43 million and mitigated by decrease in revenue from the projects as the project segment had been refrained from taking new projects.



# MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

## Finance cost

The Group incurred finance cost of RM 1.92 million for the FYE 30 June 2021 as compared to 3.01 million for the 18 month-FPE 30 June 2020.

## Loss Before Tax

The Group recorded a higher loss before tax ("LBT") of RM 40.26 million in FYE 30 June 2021 as compared to the 18 month-FPE 30 June 2020 of RM 2.31 million. The LBT was mainly due to the impairment of capital work-in-progress, write-off intangible asset, impairment of goodwill, one-off recognition payment for ex-key management employees and directors, and expenses arising from the Group's corporate restructuring exercise.

## Statement of Financial Position

As at 30 June 2021, total equity attributed to owners of the Company stood at RM 29.23 million as compared to RM 22.99 million as at 30 June 2020.

The net cash position has increased from RM 3.76 million as at 30 June 2020 to RM 13.82 million as at 30 June 2021 from the proceeds of the Rights Issue exercise which was completed on 1 October 2020, Private Placement in November 2020 and February 2021.

## Prospects

To broaden the Group's revenue stream within the F&B service industry, the Board had decided to venture into ready-to-eat convenient outlets through UD Express operations to cater to a different consumer segment, in particular, consumers who visit convenient outlets for ready to consume meals.

The Proposed Private Placement if obtained shareholders' approval, will enable the Group to set up approximately 18 UD Express Outlets within 42 months from the date, the proceeds are raised from the Proposed Private Placement. The Group intends to expand up to 40 UD Express Outlets in Malaysia within the next 5 years.

While the trend for ready meals and/or takeaways and deliveries is growing, dining at F&B outlets will still remain as a common lifestyle habit amongst consumers in Malaysia, particularly to socialise and/or enjoy the ambiance in F&B service outlets.

Applications and electronic wallets which serve as a new marketing avenue for the F&B service industry allowing easier access of its applications. Delivery and takeaway service applications such as "DeliverEat", "Foodpanda" and "GrabFood" enable full-service restaurants to not only serve the customers patronising their outlets, but also customers ordering through these applications.

These delivery and takeaway service applications have also been essential in allowing full-service restaurants to operate during the MCOs, and it is anticipated that these applications will continue supporting the growth of the full-service restaurant segment even after the national lockdown policy has been lifted in the country.

## Conclusion

The Group will proceed to exercise due care of existing core businesses and explore other opportunities. In addition, we shall endeavour to keep abreast with industry trends and cater to customers evolving needs.

We shall strive to seek growth and manage our resources effectively.



## PROFILE OF DIRECTORS

### YM TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN

52 years of age

Malaysian

Chairman  
Independent Non-Executive  
Director

YM Tengku Ahmad Badli Shah Bin Raja Hussin, appointed on 8 January 2020 and re-designated as Chairman on 9 January 2020. He is also a member of the Audit and Risk Management Committee, the Chairman of the Nomination Committee and Remuneration Committee.

He graduated with a Bachelor of Law degree (LLB Hons) from University of East Anglia, United Kingdom. He is a Fellow Member of Institute of Corporate Directors Malaysia (ICDM). He also attended Leadership Program at Cornell University in 2012 and Islamic Leadership Development Program at University Of Cambridge, United Kingdom in 2017.

YM Tengku Ahmad Badli Shah Bin Raja Hussin has extensive years of exposure in the financial industry sector. He started his career as a Management Trainee in Hong Kong and Shanghai Banking Corporation, Hong Kong ("HSBC") in 1994 and continued his stint with HSBC Group in various senior positions covering both corporate and commercial as well as retail & consumer banking division. He later pursued his career with Kuwait Finance House (Malaysia) Berhad in February 2008 as Head of Branch Management prior to joining Pelaburan MARA Berhad in September 2013. He was the Group Chief Operating Officer of Pelaburan MARA Berhad until 31 August 2021.

Currently, YM Tengku Ahmad Badli Shah Bin Raja Hussin is the Director of Netx Holdings Berhad and Fintec Global Berhad, both public listed companies. He also the Director of PMB Investment Berhad and PMB Tijari Berhad.

### SERENA GOH FHEN FHEN

42 years of age

Malaysian

Chief Executive Officer  
Non-Independent Executive  
Director

Serena Goh Fhen Fhen, appointed on 15 October 2020 and re-designated as Chief Executive Officer on 9 November 2020. She is also a member of the Remuneration Committee.

Ms. Serena holds a Bachelor of Business and Finance degree from University of Bolton Manchester, England. She has an excellent track record in developing and leading corporate strategies for local and multinational organisations.

Ms. Serena Goh has established her career in various industry for more than 15 years with vast strategic planning and implementation, process improvement as well as project management. She has served in several position which includes Chief Operations Officer for a local furniture manufacturer as well as a Finance Manager for several multinational corporations.

## PROFILE OF DIRECTORS

(cont'd)

### TAN BAN TATT

44 years of age

Malaysian

Independent Non-Executive  
Director

Tan Ban Tatt, appointed on 9 January 2020. He is Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee.

Mr. Tan holds a bachelor of accountancy degree from University Putra Malaysia, Malaysia. He is a member of Malaysia Institute Accountants (MIA) and a fellow member of the Association of Chartered Certified Accountants (ACCA).

Mr. Tan began his career in one of the big four accounting firm in year 2001 to 2004. Thereafter he enhanced his working experience in finance and business as Group Finance Manager in a public listed company in Malaysia. He joined a mid-size audit firm in 2006 and promoted to partner since year 2014 until his departure in May 2016. He was Chief Financial Officer of a public listed company until June 2019. Currently, he is a Practitioner of a Chartered Accounting firm.

Currently, Mr. Tan is the Independent Non-Executive Director of Asia Poly Holdings Berhad, a public listed company.

### LIM SENG HOCK

64 years of age

Malaysian

Independent Non-Executive  
Director

Lim Seng Hock, appointed on 14 February 2020. He is also a member of the Audit and Risk Management Committee and Nomination Committee.

Mr. Lim Seng Hock is the founder of Stuttgart Parts Centre Sdn. Bhd. ("Stuttgart") which was incorporated in 1993. The business expanded and the Company diversified over to the international arena and Stuttgart currently acted as the stockists with markets in Europe, USA, Middle East and ASEAN region.

With over 45 years of commercial experience both locally and abroad, Stuttgart had made its mark as a leading importer and exporter in the automotive industries.

Due to his extensive travelling in the course of conducting business, Mr Lim had often been entertained and consulted for his culinary aptitudes over time. His enriched passion for the global gourmet served, lead him into much research and development over the food and beverage sector.

He used to be consulted upon by new and seasons restaurateurs on the concepts, designs, varieties in menu on food and beverages before he ventured into the sources while doing business in Australia at the turn of the millennium and subsequently became the importer and exporter for wholesalers and retailers alike for certain delectable items for the dining tables in preferred restaurants, pubs, private caterings and group supermarkets.



## PROFILE OF DIRECTORS

(cont'd)

### HOH YEONG CHERNG

55 years of age

Malaysian

Non-Independent Non-Executive Director

Hoh Yeong Cherng, appointed on 14 May 2012 and re-designated as Non-Independent Non-Executive Director on 9 January 2020. Mr. Hoh has over 29 years of experience in sales, marketing and customer relationship management. He began his career in 1988 as a sales executive with EPA Sdn. Bhd., a company trading in pneumatic products, where he accumulated the technical knowledge in relation to the pneumatic products. He left EPA in 1990 and joined Gentrade Company as a sales executive.

In 1992, he co-founder Dolphin Engineering Sdn. Bhd. with Mr. Low Teck Yin. He has since played an instrumental role in the development of the various operations within the Group. With his extensive experience, expertise and knowledge in the technical nature of pneumatic products and industrial automation field, he has managed to constantly introduce new initiatives for the Group to conduct Research & Development in order to keep abreast with the current trends of the palm oil milling machineries sector.

### YEO BOON HO

50 years of age

Malaysian

Non-Independent Non-Executive Director

Yeo Boon Ho, appointed on 15 April 2021 as the Non-Independent Non-Executive Director of the Company.

After obtaining his diploma in mechanical engineering from the Federal Institute of Technology in 1990, he started his career as marketing executive in an industry-renowned company, Prestar Industries Berhad ("Prestar") which deals with steel fabrication and hardware distribution. He then left Prestar and ventured into the security hardware business by establishing his own brand Gere, a brand specialised in ironmongery and architectural products is now a household name for both the consumer market and developers as well.

Mr. Yeo Boon Ho is also the managing director for Dian Be hardware Co. Sdn. Bhd., a hardware retail outlet established in 1979 and in 2003 converted into modern trade DIY outlet that caters to customers seeking quality goods. He has garnered 20 years of experience in marketing and management.

#### Notes:-

- \* *Mr. Tan Ban Tatt is the Director of Asia Poly Holdings Berhad, a major shareholder of the Company. Whereas Mr. Yeo Boon Ho is the brother of Dato' Yeo Boon Leong, Executive Chairman and major shareholder of Asia Poly Holdings Berhad. Save as disclosed herein, none of the Directors have any relationships with any Directors and/or major shareholder of the Company nor conflict of interest involving the Company.*
- \* *None of the Directors have been convicted for any offences within the past five (5) years other than traffic offences (if any).*
- \* *The details of the interest of Directors are set out on pages 176 and 178 of this Annual Report.*
- \* *Detail of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview Statement in the Annual Report.*

# PROFILE OF KEY MANAGEMENT

## FUNG BEE FOONG

54 years of age
Female
Malaysian
Human Resource Manager

Ms. Fung Bee Foong joined the Group on 9 June 2020. She holds a Private Secretary certificate from Bintang College, Klang. Ms. Fung began her career in 1992 as a Secretary of Chairman and General Manager in Asia Poly Industrial Sdn. Bhd.. She has accumulated experiences in Sales and Marketing, Purchasing and Human Resource before being promoted to Human Resource Manager in 2006.

She does not have any family relationship with any directors and/or major shareholders of the Group and has no conflict of interest with the Group.

She does not have any directorship in any public company and listed issuer.

She has no convictions of any offences within the past 5 years other than traffic offences (if any).

## CHAN YENG LOCK

50 Years of age
Male
Malaysian
Finance Manager

Mr Chan Yeng Lock joined Dolphin International Group on 1 June 2020. He is a member of Malaysian Institute of Accountants (MIA) and a fellow member of the Association of Chartered Certified Accountants (ACCA).

He began his career as an audit assistant in a chartered accountant firm in 1993 and was employed as Group Accountant in Digistar Corporation Berhad before joining Dolphin International Berhad. He has more than 27 years of working experience in financial accounting, statutory reporting and corporate taxation with companies involved in life insurance, investment holding and consumer retail.

He does not have any family relationship with any directors and/or major shareholders of the Group and has no conflict of interest with the Group.

He does not have any directorship in any public company and listed issuer.

He has no convictions of any offences within the past 5 years other than traffic offences (if any).



## PROFILE OF KEY MANAGEMENT

(cont'd)

### IAN ONG MING HOCK

51 Years of age

Male

Malaysian

Director of Asia Poly Food & Beverage Sdn. Bhd.

Ian Ong, a Director of Asia Poly Food & Beverage Sdn. Bhd. since 3 July 2019. He is the CEO and founder of Uncle Don's, graduated in 1992 with an award-winning External University of London Second Class (Upper) Honours and went on to complete his Certificate in Legal Practice in University of Malaya in 1993.

In 2001, after lecturing law for over 8 years, Ian embarked his career in the food & beverage industry. Through the years and armed with a wealth experience, he launched Uncle Don's in 2015 with a perfected business model and under his leadership, guided the brand to be recognized as a distinguished food & beverage group.

Ian is regularly approached by Universities, Colleges and the media for industry comment, advise, direction, quotes and motivation speeches. He was conferred the prestigious BrandLaureate Master Brand Builder of the Decade Award 2019-2020 and the BrandLaureate Brand Leadership Award 2020 and is appointed as Industry Advisory Panel for Taylor's University's School of Food Studies and Gastronomy and Taylor's Culinary Institute. He was conferred Leadership Excellence Award by Desprix Infinitus Malaysia.

He does not have any family relationship with any directors and/or major shareholders of the Group and has no conflict of interest with the Group.

He does not have any directorship in any public company and listed issuer.

He has no convictions of any offences within the past 5 years other than traffic offences (if any).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to present this overview statement made pursuant to Paragraph 15.25 Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) on the Group’s corporate governance practices in accordance with the principles and recommendations as set out in the Malaysian Code on Corporate Governance (“Code”) for financial year ended 30 June 2021. In addition to this, the application of each of the practices set out in the Code is disclosed in the Corporate Governance Report 2021 (“CG Report”), which is made available on the Company’s website : [www.dolphinbhd.com](http://www.dolphinbhd.com).

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

The Board is responsible and is accountable to shareholders for managing the business of the Group. The Board retains full and effective control of the Group and is committed to take full responsibility for the overall corporate governance of the Group, including its strategic business direction and overall wellbeing. For the foregoing, the Board sets the strategic direction of the Group while exercising oversight on the day-to-day management and operation delegated to Chief Executive Officer, Executive Directors and Senior Management to ensure that the conduct of the business of the Group is in compliance with relevant laws, practices, standards and guidelines applicable to the Group. The Board sets the appropriate tone at the top, providing leadership and managing good governance and practices throughout the Group.

In order to ensure orderly and effective discharge of the Board’s function and responsibilities, the Board has in place an internal governance model for Group where specific powers of the Board are delegated to the relevant Board Committees and Senior Management.

The Board has established three (3) Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in carrying out its duties. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities.

The Board, Board of Committees and/or management are supported by the respective terms of references, various policies and procedures in execution of their duties with the following which constitute the key components of the Group’s governance framework :-

- Board Charter
- Terms of References of Board Committees
- Remuneration Policy and Procedures
- Policies and Procedures to assess the suitability and independence of External Auditors
- Operational Policies and Procedures
- Anti-Bribery and Corruption Policy
- Code of Conduct and Ethics
- Whistle-Blowing Policy
- Corporate Disclosure & Communication Policies and Procedures
- Shareholders Communication Policy

The abovementioned Board charter, terms of references, policies and procedures are reviewed and updated periodically in accordance with the needs of the Company and of any new regulations that may have an impact on the Group in order to ensure that they continue to remain relevant and appropriate.

To ensure that the Directors devote sufficient time to carry out their roles and responsibilities and in line with the MMLR, a Director of the Company must not hold directorships of more than five (5) Public Listed Companies. The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held by the Directors of the Company and for notification to Companies Commission Malaysia accordingly.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. Board Responsibilities (cont'd)

During the financial year ended 30 June 2021, the attendance records of Board and Board Committees meetings are as follows:-

Directors	Board Meeting	Audit and Risk Management Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
YM Tengku Ahmad Badli Shah Bin Raja Hussin	9/9	7/7	3/3	2/2
Serena Goh Fhen Fhen -appointed on 15 October 2020	5/5	-	-	-
Tan Ban Tatt	9/9	7/7	3/3	2/2
Lim Seng Hock	8/9	6/7	3/3	-
Hoh Yeong Cherng	9/9	-	-	-
Yeo Boon Ho -appointed on 15 April 2021	1/1	-	-	-
Thoo Soon Huat -resigned on 15 April 2021	8/8	-	-	-
Low Teck Yin -retired on 7 December 2020	1/7	-	-	0/2

The Board is satisfied with the level of commitment given by the Directors in fulfilling their roles and responsibilities as Directors of the Company. In the intervals between Board Meetings, any matters requiring urgent Board decisions and/or approvals can be sought via circular resolutions which are supported with all the relevant information and explanations required for informed decisions to be made.

The Board views continuous learning and training as an integral part of the Directors' development. Directors' education also includes briefings by the Internal Auditors, External Auditors and the Company Secretaries on the relevant updates on statutory and regulatory requirements from time to time during the Audit and Risk Management Committee and Board meetings.

Seminars, training, briefing or courses attended by the Directors during the financial year ended 30 June 2021 including the following:

Name of Directors	Date	Seminar / Training / Briefing /course
YM Tengku Ahmad Badli Shah Bin Raja Hussin	31.12.2020	Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001
	31.12.2020	
	25.03.2021	Briefing on Directors and Officers Liability Insurance
		Introduction to Anti-Money Laundering, Anti-Terrorism Financing, Proceed of Unlawful Activity Act 2001



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. Board Responsibilities (cont'd)

Seminars, training, briefing or courses attended by the Directors during the financial year ended 30 June 2021 including the following: (cont'd)

Name of Directors	Date	Seminar / Training / Briefing / course
Serena Goh Fhen Fhen	30.11.2020 to 2.12.2020	Mandatory Accreditation Programme (“MAP”) organised by The Iclif Leadership and Governance Centre
Tan Ban Tatt	23.11.2020 & 24.11.2020	Annual Tax Symposium, Malaysia Budget Forum
Lim Seng Hock	23.09.2020	Awareness on Anti-Bribery Management System organised by Tricor Hive Sdn. Bhd.
Hoh Yeong Cherng	23.09.2020	Awareness on Anti-Bribery Management System organised by Tricor Hive Sdn. Bhd.
Yeo Boon Ho	28.06.2021 to 30.6.2021	Mandatory Accreditation Programme (“MAP”) organised by The Iclif Leadership and Governance Centre

The Board together with the Senior Management pledge to conduct business ethically and adhere to all applicable laws and regulations whilst embracing zero-tolerance on any form of bribery and corruption. In strengthening its full commitment to govern its business practices with upmost integrity and to deter the occurrence of bribery or corruption within the Group, a professional consultant, NGL Tricor Governance Sdn. Bhd. was engaged to assist in documenting its processes and formalisation of policies and standard operating procedures for an Anti-bribery Management System. An awareness training in relation to the new Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 and its implication was given to the Directors and employees of the Group. A Post-documentation Training was also conducted to brief all relevant owners on the Group’s Anti-bribery/ Anti-corruption manual, which amongst others, the policies, standard operating procedures, the use of certain standard documents templates, records, and registers.

The Code of Conduct and Ethics, “Hand Book for Employees” and Whistle-Blowing Policy have also been reviewed to ensure it remain appropriate and relevant as part of the process of formalisation of an Anti-bribery Management System. In October 2020, the Board reviewed and approved the updated Code of Conduct and Ethics and Whistle-Blowing Policy.

The updated Code of Conduct and Ethics is made available on the Company’s website. It provides direction and guidance to all Directors and employees in the discharge of their duties and responsibilities that will be in the best interest of the Group.

The Whistle-Blowing Policy which provide a channel to enable Directors, employees, shareholders, vendors or any parties with a business relationship with the Group with an avenue to report suspected wrongdoings that may adversely impact the Group. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in good faith. Further details pertaining to the Whistle-Blowing Policy can be found at the Company’s website.

On 23 October 2020, the Board reviewed and approved the amendments made to the Board Charter which sets out amongst others its composition, roles, responsibilities, operations and processes of the Board and also outlines the matters and decisions reserved for the Board. The revised Board Charter is made available on the Company’s website. It serves as a reference and primary induction literature providing insights to prospective Board members and senior management.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. Board Responsibilities (cont'd)

Every Director has unhindered access to all information within the Group and the advice and dedicated support services of two (2) Company Secretaries, who are members of the professional bodies prescribed by the Minister, to ensure that Board procedures are followed and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretaries have an oversight on overall corporate secretarial functions.

#### II. Board Composition

As at 30 June 2021, the Board comprises six (6) Directors and half of the Board consists of Independent Non-Executive Directors in compliance with Paragraph 15.02(1) of MMLR and is in line with the recommendation made by the Code. The Directorships of the Company during the financial year ended 30 June 2021 as follows :-

Directors	Directorate
YM Tengku Ahmad Badli Shah Bin Raja Hussin	Chairman Independent Non-Executive Director
Serena Goh Fhen Fhen -appointed on 15 October 2020 and re-designated as Chief Executive Officer on 9 November 2020	Chief Executive Officer Non-Independent Executive Director
Tan Ban Tatt	Independent Non-Executive Director
Lim Seng Hock	Independent Non-Executive Director
Hoh Yeong Cherng	Non-Independent Non-Executive Director
Yeo Boon Ho -appointed on 15 April 2021	Non-Independent Non-Executive Director
Thoo Soon Huat -resigned on 15 April 2021	*Non-Independent Executive Director
Low Teck Yin -retired on 7 December 2020	*Group Managing Director Non-Independent Executive Director

\* *Mr. Thoo Soon Huat assumed the role as Group Managing Director on 7 August 2020 in place of Mr. Low Teck Yin (whose power and authority as the Group Managing Director were suspended since 7 August 2020) until the appointment of Chief Executive Officer*

The Board acknowledges the importance of fostering diversity to enhance effectiveness of the Board and Senior Management. Having a range of diverse dimensions brings different perspectives to the boardroom and to various levels of management within the Group. The present Directors, with their different backgrounds and specialisation, collectively bring with them experience and expertise in areas such as business development, legal, corporate affairs, accounting, finance, sales & marketing, management and operations. With this mix of expertise, the Company is essentially led and guided by an experienced and competent Board. The brief profile of each Director is presented in this Annual Report under Profile of Directors.

The Company has in place its procedures and criteria for appointment of new directors. Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, management, major shareholders or external parties including the Company's contacts in related industries. The new Directors appointed during the financial year ended 30 June 2021, were basically recommendations from the Directors.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. Board Composition (cont'd)

The Group is committed to maintaining an environment of respect for people in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion or age. As such, all appointments and employment are based on objective criteria including (but not limited to) diversity in skills, experience, age, cultural background and gender.

The Board is judicious of the gender diversity recommendation promoted by the Code in order to offer greater depth and breadth for discussions and constructive debates in Board and Senior Management level. The Board has no specific policy for female directors to sit in the Board. As at 15 October 2020, the percentage of female director sit in the Board was 14% with the appointment of Ms. Serena Goh Fhen Fhen as Director of the Company. The percentage of female Director sit in the Board arose to 17% with the retirement of Mr. Low Teck Yin on 7 December 2020.

The Company currently does not have a policy to limit the tenure of its independent directors to nine (9) years. At this juncture, none of the Independent Directors of the Group has exceeded a cumulative term of nine (9) years.

The Nomination Committee provides advice and assistance to the Board in matters relating to appointment of new Directors, board composition and performance evaluation on effectiveness of the Board, Board Committees and individual directors.

The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance. The evaluation process was based on self and peer assessments whereby the Directors assessed each other and themselves, the Board as a whole and the performance of each Board Committee.

During the financial year ended 30 June 2021, the Company Secretaries assisted in the preparation of documents and facilitation of the annual evaluation. The evaluation process was led by Chairman of the Nomination Committee with the assistance of the Company Secretaries. All Directors save for Serena Goh Fhen Fhen who was new to the Board and Mr. Low Teck Yin who was not contactable at that material time, participated in the annual evaluation.

The results of all assessments and comments were collated and summarised by the Company Secretaries and were deliberated at the Nomination Committee meeting held on 23 October 2020 and thereafter the Nomination Committee's Chairman reported the results and deliberation to the Board.

The results of the assessments indicated that the performance of the Board, the Board Committees, the individual Directors and Members of the Board Committees during the review period had been satisfactory and therefore, they had been effective in their overall discharge of functions, roles and duties. Nevertheless, the Board views that continuous learning and training as an integral part of directors' development and authorised the management to continue arranging relevant training for Directors in order to further enhance their knowledge and to keep abreast with the latest development in the industry as well as to keep abreast with the ever changing regulatory and compliance matters.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. Board Composition (cont'd)

During the financial year ended 30 June 2021, the Nomination Committee had carried out the following activities:

- a) evaluated the proposed appointment of Ms. Serena Goh Fhen Fhen and Mr. Yeo Boon Ho and made recommendation to the Board;
- b) evaluated the proposed appointment of Ms. Serena Goh Fhen Fhen as Chief Executive Officer;
- c) assessed the performance of the Board, Board Committees and individual Directors, including the term of office and performance of the Audit and Risk Management Committee and each of its members;
- d) assessed the independence of each Independent Director by taking into account their self-assessments/ declarations and based on the guidelines as set out in the MMLR and other criteria such as, tenure, relationship between the Independent Directors and the Company and their involvement in any significant transaction with the Company;
- e) deliberated on the re-election of the affected Directors retiring pursuant to the Company's Constitution before making recommendations to the Board for its consideration;
- f) assessed the training needs for Directors; and
- g) reviewed the succession planning programme.

#### III. Remuneration

The Board has in place a set of policies and procedures for remuneration of Directors and Senior Management. The objective of Remuneration Policy of the Company is to attract, retain and motivate Directors and Senior Management of the quality required to manage the business of the Group. The remuneration of Executive Directors and Senior Management comprises basic salary, allowances, bonuses and other customary benefits as appropriate. In the case of the Non-Executive Directors, a basic fee as ordinary remuneration and meeting allowances will be paid. The Executive Directors play no part in deciding their own remuneration. It is the ultimate responsibility of the Board to approve the remuneration package of Executive Directors. The Directors' Fee and other benefits payable to Directors are subject to the members' approval at the AGM in accordance with Section 230(1) of the Companies Act, 2016.

On 28 August 2020, the Remuneration Committee reviewed the Directors' fee and remuneration packages of the Executive Directors to ensure they are competitive and sufficient to attract, retain and motivate individuals to serve on the Board and the Group. In this respect, the Board approved the recommendation by the Remuneration Committee to put forth the Directors' Fee and benefits to the shareholders for approval at the Eighth ("8th") AGM.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III. Remuneration (cont'd)

Details of Directors' remuneration of the Company and of the Group for the financial year ended 30 June 2021 are as follows:

##### Group Level

Name of Directors	Salaries and Other Emoluments/ Fees (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
<b>Non-Executive Directors</b>					
YM Tengku Ahmad Badli Shah Bin Raja Hussin	134	–	–	–	134
Tan Ban Tatt	111	–	–	–	111
Lim Seng Hock	101	–	–	–	101
Yeo Boon Ho *	13	–	–	–	13
Hoh Yeong Cherng	488	–	15	–	503
<b>Executive Directors</b>					
Serena Goh Fhen Fhen#	217	–	30	–	247
Thoo Soon Huat @	367	–	35	–	402

##### Company Level

Name of Directors	Salaries and Other Emoluments/ Fees (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
<b>Non-Executive Directors</b>					
YM Tengku Ahmad Badli Shah Bin Raja Hussin	134	–	–	–	134
Tan Ban Tatt	111	–	–	–	111
Lim Seng Hock	101	–	–	–	101
Yeo Boon Ho *	13	–	–	–	13
<b>Executive Directors</b>					
Serena Goh Fhen Fhen#	217	–	30	–	247
Thoo Soon Huat @	367	–	35	–	402

# appointed as Non-Independent Non-Executive Director on 15 October 2020 and re-designated as Chief Executive Officer on 9 November 2020.

\* appointed as Non-Independent Non-Executive Director on 15 April 2021.

@ resigned as Executive Director on 15 April 2021



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III. Remuneration (cont'd)

At the end of the financial year ended 30 June 2021, the Group has three (3) Senior Management in the context of the Code.

The three (3) Senior Management's remuneration for the financial year ended 30 June 2021 is as follows :-

Range of Remuneration (RM)	Number of Senior Management
RM50,000 to RM100,000	3

*(The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talent. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by disclosure in RM50,000 bands.)*

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit and Risk Management Committee

During the financial year ended 30 June 2021, the Audit and Risk Management Committee consists of three (3) Independent Non-Executive Directors which is in compliance with the MMLR. The Chairman of the Audit and Risk Management Committee is Mr. Tan Ban Tatt who is distinct from the Chairman of the Board. This has ensured the objectivity of the Board's review of the Audit and Risk Management Committee's findings and recommendations. Mr. Tan Ban Tatt is responsible to ensure the overall effectiveness and independence of the Audit and Risk Management Committee.

All members of the Audit and Risk Management Committee are financially literate whilst Mr. Tan Ban Tatt is a member of MIA and a fellow member of the Association of Chartered Certified Accountants (ACCA). The Audit and Risk Management Committee has full access to both the Internal and External Auditors who, in turn, have access at all times to the Chairman of Audit and Risk Management Committee. The Group has always recognised the need to uphold independence, none of the members of the Board were former key audit partners. For any future proposed appointment of key audit partner as a member of Audit and Risk Management Committee, a cooling off period of at least three (3) years will be observed.

The Board, through its Audit and Risk Management Committee maintains a formal and transparent relationship with its External Auditors. The Board delegated the responsibility to the Audit and Risk Management Committee for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as their remuneration. The Company has in place policies and procedures to assess the suitability, objectivity and independence of the External Auditors. In the annual assessment on the suitability, objectivity and independence of the auditors, the Audit and Risk Management Committee is guided by the factors as prescribed under MMLR as well as the policies and procedures which were adopted by the Board.

Details of activities carried out by the Audit and Risk Management Committee during the financial year ended 30 June 2021 are set out in the Audit and Risk Management Committee Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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

### II. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness.

In recognising the importance of risk management, the Board had on 27 November 2020, engaged Tricor Axcelasia Sdn. Bhd. to enhance the Group's current Risk Management Framework. The Report on Establishment of Enterprise Risk Management (ERM) Policy Statement, Framework and Risks Assessment was presented to the Board on 24 May 2021. The Board deliberated and accepted the ERM Implementation Roadmap and List of Existing Risks identified and its Rating. The enhanced ERM Framework, ERM Policy, Risk Reporting structure, Risk Management Roles & Responsibility and Frequency of Reporting were approved and adopted by the Board subsequently.

The Audit and Risk Management Committee is entrusted by the Board to oversee the Group's risk management framework and policies while the implementation of the risk management practices and internal controls within the established framework has been delegated to Senior Management. The process of identifying, evaluating, monitoring and managing risks is embedded in various work process and procedures of the respective operational function and management team. Any changes in key business risks or emergence of new key risks will be highlighted and discussed in the regular management meetings. Significant risks affecting the Group's strategic and business plan are escalated to the Board via Audit and Risk Management Committee.

The Audit and Risk Management Committee assessed and monitored the efficacy and effectiveness of the risk management controls and measures taken whilst the adequacy and effectiveness of the internal controls were reviewed by the Audit and Risk Management Committee in conjunction with the activities and reports of the outsourced Internal Auditors.

The internal audit function is outsourced to an independent firm, YYC Advisors Sdn. Bhd. and the internal audit personnel, are free from any family relationship with any Directors and/or major shareholders and do not have any conflict of interest with the Group. The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively.

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

### I. Communication with Stakeholders

The Board leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through Annual Reports, Circular to Shareholders, announcements to Bursa Malaysia Securities Berhad, media releases, AGM, Extraordinary General Meeting ("EGM") and the Company's website, [www.dolphinbhd.com](http://www.dolphinbhd.com).

The Company is not a Large Company as defined by the Code. The Company will consider adopting integrated reporting if the Board is of the view that the benefits of the adoption outweigh the costs.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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

#### II. Conduct of General Meetings

The Company had conducted a fully virtual 8th AGM on 7 December 2020 held at the Broadcast Venue at Level 12, Training Room, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan by leveraging technology in accordance with Section 327 of the Companies Act, 2016, provisions of the Company's Constitution and Guidance notes and FAQs on the Conduct of General Meetings of Listed Issuers issued by the Securities Commission. All Directors, External Auditors together with Company Secretaries were physically present at the Broadcast Venue.

Given the significance of general meeting, the Notice of 8th AGM with the annual report is sent to the shareholders twenty-eight (28) days prior to the 8th AGM, so as to maximise their attendance and to provide sufficient time to consider the resolutions that will be discussed and decided at the general meeting. Concurrently, the Notice of 8th AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision making by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting. The Administrative Guide with detailed registration and voting procedures were shared with the shareholders and the same were also published on the Company's website.

The shareholders were advised to take advantage of the remote participation and voting (RPV) facilities as a precautionary measure in view of the Covid-19 pandemic and were encouraged to appoint proxy/proxies to vote on their behalf if they are unable to attend the meeting. To further encourage engagement between the Directors and shareholders, the shareholders or proxies were invited to submit questions via real time submission of typed texts through a text box within Boardroom Smart Investor Portal's platform during the live streaming of the meeting or to send questions to [investors@dolphineng.com](mailto:investors@dolphineng.com) prior to the 8th AGM. A Questions and Answers session has been allocated to deal with the questions in relation to the Company's financial statements and proposed resolutions before putting the resolutions for voting.

The Company had engaged Boardroom Share Registrars Sdn. Bhd. as the Poll Administrator to provide the electronic polling services for 8th AGM. The poll results were verified by the independent scrutineers before the Chairman declared the resolutions tabled were carried.

#### COMPLIANCE STATEMENT

Overall, the Company has substantially complied with the majority of the Code for the financial year ended 30 June 2021. The Board is committed to strengthen the application of the corporate governance practices and procedures as set out in the updated Malaysian Code of Corporate Governance (as at 28 April 2021) throughout the Group, in pursuit of safeguarding the interest of all shareholders and stakeholders.

This Corporate Governance Overview Statement was approved by the Board of Directors on 26 October 2021.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## OBJECTIVE

The Audit and Risk Management Committee (“ARMC”) was established to act as a Committee for the Board of Directors to fulfil its fiduciary responsibilities in accordance with the Terms of Reference of the ARMC of the Company and to assist the Board in reviewing the adequacy and integrity of the Group’s financial administration, reporting and internal control.

## COMPOSITION OF MEMBERS

As at the date of this Annual Report, the ARMC comprises three (3) Directors as follows:

Chairman

Tan Ban Tatt (Independent Non-Executive Director)

Members

YM Tengku Ahmad Badli Shah Bin Raja Hussin (Independent Non-Executive Director)

Lim Seng Hock (Independent Non-Executive Director)

No alternate Director is appointed as a member of the ARMC.

The composition of the ARMC meets the requirement of paragraph 15.09 (1)(a) and (b) and 15.10 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”).

Mr. Tan Ban Tatt is a member of Malaysian Institute of Accountants (MIA) and a fellow member of the Association of Chartered Certified Accountants (ACCA) and fulfils the requirement of paragraph 15.09 (1)(c)(i) of the MMLR.

On 23 October 2020, the Terms of Reference of the Audit Committee has been reviewed to ensure it remains relevant. The Terms of Reference of the ARMC is available for reference on the Company’s website, [www.dolphinbhd.com](http://www.dolphinbhd.com).

The Board has entrusted the Nomination Committee to review the terms of office of the Audit Committee members and the performance of the Audit Committee and its members through an annual evaluation. The Board is satisfied that the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the Audit Committee, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards.

During the financial year ended 30 June 2021, the Chairman of the ARMC had engaged with the management Internal Auditors and the External Auditors, in order to keep abreast of matters and issues affecting the Company.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(cont'd)

### ATTENDANCE

There were seven (7) meetings of the ARMC held during the financial year ended 30 June 2021, which were attended by the ARMC members as follows :-

Member	Description	No. of Meetings Attended	Percentage (%)
Tan Ban Tatt	Chairman / Independent Non-Executive Director	7/7	100
YM Tengku Ahmad Badli Shah Bin Raja Hussin	Member / Independent Non-Executive Director	7/7	100
Lim Seng Hock	Member / Independent Non-Executive Director	6/7	86

The ordinary ARMC meetings were convened with proper notices and agenda. The Chairman of the ARMC reported the key issues discussed at each meeting to the Board. The management was invited to all ARMC meetings to facilitate direct communication and to provide clarification on audit issues and of the Group's operations.

Deliberations during the ARMC meetings were duly minuted and minutes of the ARMC meetings were tabled for confirmation at every succeeding ordinary ARMC meeting and the Minutes were distributed to each Board member for their notation.

### SUMMARY OF WORKS

The works carried out by the ARMC during the financial year ended 30 June 2021 include the following :-

- i) Reviewed the financial position, unaudited quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval;
- ii) Reviewed the external audit presentation in relation to audit results for the financial period ended 30 June 2020 from the Auditors, Messrs. PCCO PLT. A summary of key findings on significant audit matters, key audit matter and management letters amongst others were presented to the ARMC;
- iii) Reviewed the audited financial statements of the Company and the Group for the period ended 30 June 2020 prior to the submission to the Board for approval;
- iv) Reviewed, evaluated and approved Messrs. PCCO PLT's Audit Plan for the financial year ended 30 June 2021. The Directors' responsibilities, Auditors' responsibilities, audit approach, key audit matters, significant audit matters and its respective approach, new accounting standards and updates, engagement team, audit timetable, audit fees amongst others were discussed and brought to the attention of ARMC;
- v) Reviewed and approved the Proposal for Internal Audit Services of YYC Advisors Sdn. Bhd. ("YYC") which consist of YYC's credentials, engagement plan, engagement team, timeline and client responsibility, deliverables, scope of works and professional fee chargeable;
- vi) Discussed and approved the internal auditable areas and internal audit plan;
- vii) Reviewed and discussed the internal audit report which outlined the recommendations towards correcting areas of weaknesses and ensured that there were management action plans established for the implementation of the Internal Auditors' recommendations. The responsible member of management was invited to attend the ARMC meeting to provide clarification on specific issues raised in the internal audit report;
- viii) Reviewed the Proposal for Consulting Services – Enterprise-wide Risk Management from Tricor Axcelasia Sdn. Bhd. which consist amongst others the objectives, scope of works, key deliverables, timetable and professional fee chargeable, engagement team prior to submission to the Board for consideration and approval;

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(cont'd)

### SUMMARY OF WORKS (CONT'D)

- ix) Reviewed the related party transactions entered by the Company or its subsidiaries to ensure that the related party transactions are in the best interest of the Company, fair, reasonable and on normal commercial terms and are not detrimental to the interest of the non-interested shareholders of the Company;
- x) Reviewed the Terms of Reference of ARMC and new “Policies and Procedures to Assess the Suitability and Independence of External Auditors”;
- xi) Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report;
- xii) Reviewed the ARMC Report for inclusion in the Annual Report; and
- xiii) Reviewed Corporate Proposals of the Group.

### INTERNAL AUDIT FUNCTION AND SUMMARY OF WORKS

The Group outsourced its internal audit function to YYC Advisors Sdn. Bhd. as the Internal Auditors of the Group to assist the ARMC in discharging its duties and responsibilities more effectively. YYC Advisors Sdn. Bhd. act independently and with due professional care and report directly to the ARMC.

The ARMC has full and direct access to the outsourced Internal Auditors, reports on audits performed and monitors its performance. The ARMC also reviews the adequacy of the scope, functions, competency and resources of outsourced internal audit functions from time to time.

In respect of the financial year ended 30 June 2021, the Internal Auditors had carried out internal audit reviews on the following :

Segments	Brief Auditable Process
Dolphin International Berhad - HQ	Financial Process Review <ol style="list-style-type: none"><li>1. Income capturing procedures</li><li>2. Expenses capturing procedures</li><li>3. Accounts receivables</li><li>4. Payables management</li><li>5. Reconciliation and account closing</li><li>6. System support on periodic reporting</li><li>7. User access and authorisation management</li></ol>

The reviews were conducted to assist the ARMC by independently evaluating on the effectiveness of the Group's internal control system and make recommendations for improvement. The internal audit reviews were conducted with reference to the guidelines of International Standards for the Professional Practice of Internal Auditing contained in the International Professional Practice Framework (IPPF) issued by the Institute of Internal Auditors as well as the Group's and Company's policies, where applicable. The internal audit reviews involved walkthrough or high level reviews of the major operations, interviews and discussions held with key management personnel, examination of the policies, manuals and standards that govern these activities, processes, systems and on analysis of the data contained in the accounting and management information systems, where applicable.

The audit findings and recommendations for improvement were presented at the ARMC Meeting.

The fees incurred in maintaining the outsourced internal audit function for the financial year ended 30 June 2021 amounted to RM11,238.

This report is made in accordance with a resolution of the Board of Directors on 26 October 2021.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), and as guided by the Statement of Risk management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”), the Board is pleased to include a statement on the state of the Group’s risk management and internal control in this annual report.

## BOARD’S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group’s system of internal control and risk management, which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness and adequacy to ensure that the Group’s asset and shareholders’ interests are safeguarded.

Owing to the inherent limitation in any system and risk management and internal controls, such system put in place by management can only manage rather than eliminate the risk of failure to achieve the Groups business and corporate objectives, the system could therefore only provide reasonable rather than absolute assurance against material misstatement or loss.

## RISK MANAGEMENT

In recognising the importance of risk management, the Board had on 27 November 2020, engaged Tricor Axcelasia Sdn. Bhd. to enhance the Group’s current Risk Management Framework. The Report on Establishment of Enterprise Risk Management (ERM) Policy Statement, Framework and Risks Assessment was presented to the Board on 24 May 2021. The Board deliberated and accepted the ERM Implementation Roadmap and List of Existing Risks identified and its Rating. The enhanced ERM Framework, ERM Policy, Risk Reporting structure, Risk Management Roles & Responsibility and Frequency of Reporting were approved and adopted by the Board subsequently.

The Group’s overall risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its performance and positions. The Board shall continue to evaluate the existing risk management practises, and where appropriate and necessary, revise such practices accordingly.

## INTERNAL AUDIT FUNCTION

The Group in its efforts to provide an adequate and effective internal control system had appointed an independent firm i.e YYC Advisors Sdn Bhd, to undertake its internal audit function. The Internal Auditors reviewed and addressed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to internal control processes. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

The audit has been conducted with reference to the guidelines of international standards for the professional practice of internal auditing contained in the International Professional Practices Framework (“IPPF”) issued by the Institute of Internal Auditors as well as the group’s company’s policies. The Internal Auditors report directly to the Audit and Risk Management Committee on improvement measures pertaining to internal control, who reviews the findings with Management at its meetings.

The Internal Auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function. The Internal Auditors do not have any direct operational responsibility or authority over any of the activities audited. The Audit and Risk Management Committee is of the opinion that the internal audit function is effective and able to function independently.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## INTERNAL AUDIT FUNCTION (CONT'D)

For the financial year ended 30 June 2021, the Internal Auditors had carried out an internal audit review on the Financial Process of the holding company, Dolphin International Berhad. The review reports were presented in the Audit and Risk Management Committee meetings and corrective actions were recommended.

For the financial year ended 30 June 2021, the total internal audit fees incurred for the outsourced internal audit function is RM11,238.

## KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM

### 1. Control Environment and Control Activities

- The Group maintains an organisation structure and hierarchical reporting with defined lines of responsibility and accountability;
- Designated staff are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control; and
- Authorisation limits at appropriate levels are set out for controlling and approving capital expenditure and expenses.

### 2. Monitoring and Communication

- Regular Board and Management meetings to assess performance and controls;
- Regular visits to operating units by members of the Board and senior management whenever appropriate;
- Management Accounts and reports are prepared regularly for monitoring of actual performance;
- An internal audit function to ascertain the adequacy of and to monitor the effectiveness of operational and financial procedures. The internal audit also reviews and assesses risks faced by the Group and reports directly to the Audit and Risk Management Committee; and
- Reporting of financials, operations and legal issues to the Board on a regular periodic basis.

## REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this SORMIC in accordance with Paragraph 15.23 of the MMLR of Bursa Securities and the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this SORMIC intended to be included in this annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the SORMIC factually inaccurate.

## CONCLUSION

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system is currently in place as far as practicable. Nevertheless, the Board has received assurance from the Chief Executive Officer and Finance Manager that the Group's risk management and internal control system, in all material aspects, is operating effectively and will continuously be improved and enhanced to ensure it operates adequately and effectively. For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary.



# SUSTAINABILITY STATEMENT

## OVERVIEW

The Sustainability Statement for Dolphin International Berhad (“DIB”) is prepared in accordance with the Sustainability Reporting Guide from Bursa Malaysia Securities Berhad (“Bursa Malaysia”) which highlights the Group commitment to undertake business responsibly and sustainability. The information in this section focuses on the operations and management of economic, environmental and social sustainability of DIB for the financial year ended 30 June 2021.

DIB recognises the challenges of its operating environment, as well as the expectations of its various stakeholders and is committed to developing a sustainable business that has positive impacts on the economy, environment and community.

## METHODOLOGY

The COVID-19 pandemic has brought significant disruptions to almost all sectors of economies across the globe. The various lockdown measures enforced by governments around the world to contain the spread have led to various levels of business suspensions.

Sustainability issues are gaining more importance in the decision making of the various stakeholder group due to the emergence of the COVID-19 pandemic. During this challenging period of uncertainties, the Group faced disruptive changes to its business operations with significant impacts across the three main aspects of the Group’s sustainability pillars - economic, environmental and social. Nevertheless, the respective sectors of the Group were able to operate during the various lockdown periods, albeit at a lower capacity. The Group implemented stringent hygiene standards as mandated by the local government authorities to ensure business continuity in the new normal and to safeguard the well-being of its employees and the various stakeholder groups.

The Group strives to maintain economic growth that benefits every level of society while minimising any adverse environmental and social impacts arising from business continuity comprising 3 main aspects: -

### ECONOMIC SUSTAINABILITY

Creation of value for shareholders and value add for all the stakeholders of the Group.

### ENVIRONMENTAL SUSTAINABILITY

The Group is mindful of the environmental impact of our work by improving the efficiency of resources, reducing waste produced and supporting conservation efforts.

### SOCIAL SUSTAINABILITY

Dealing with customers and the public according to good market practices and regulatory requirements and conducive workplace practices.

# SUSTAINABILITY STATEMENT

(cont'd)

## STAKEHOLDERS ENGAGEMENT

The Group believes that the approach of stakeholder engagement is integral to the development of its sustainability strategy. The Group's key stakeholders and engagement platform are listed below: -

Stakeholders	Engagement Platforms	Expectation and Concerns
Investors	<ul style="list-style-type: none"> <li>- Corporate website</li> <li>- Quarterly results announcements</li> <li>- Material issue announcements</li> <li>- Annual Report</li> <li>- Annual General Meeting</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate governance practices</li> <li>- Risk management practices</li> <li>- Sustainable growth and return</li> </ul>
Regulatory bodies	<ul style="list-style-type: none"> <li>- Forum and dialogues/meetings</li> <li>- Briefing</li> <li>- Seminar</li> </ul>	<ul style="list-style-type: none"> <li>- Health and safety development</li> <li>- Environment and social compliance</li> <li>- Discuss implications of government policies</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- Feedback from customers</li> <li>- Site visits</li> </ul>	<ul style="list-style-type: none"> <li>- Receive feedback on product and service specifications</li> <li>- Enable bilateral communications</li> </ul>
Business Partner (Suppliers, Contractors)	<ul style="list-style-type: none"> <li>- Company website</li> <li>- Trade fairs</li> </ul>	<ul style="list-style-type: none"> <li>- Provide and receive feedback on product quality</li> <li>- Assess business needs</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Weekly meetings</li> <li>- Shift briefings</li> <li>- Safety meetings</li> <li>- Trainings</li> <li>- Performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>- Communicate safety work procedures</li> <li>- Highlight hazard incidents</li> <li>- Allow questions from floor and furnish feedback</li> <li>- Ensure follow-up actions with resolutions</li> </ul>

## KEYS TOPICS

Among from the stakeholders' engagements, we have identified and summarised the Key Topic that are significant to the Group's economic, environmental and social performance and will be highlighted in this sustainability statement.

Material Topics	Engagement Platforms	Expectation and Concerns
Environment (Occupational health and safety)	<ul style="list-style-type: none"> <li>- Workplace safety and awareness to work injury</li> <li>- Unsafe act and condition</li> <li>- Appropriate use of personal protective equipment</li> </ul>	<ul style="list-style-type: none"> <li>- Training</li> <li>- Highlight hazard incidents</li> <li>- Safety campaign</li> </ul>
Product and food quality	<ul style="list-style-type: none"> <li>- Quality of product and food</li> <li>- Food poisoning</li> <li>- Compliance to standard operating procedures</li> <li>- Compliance to mandatory regulations</li> </ul>	<ul style="list-style-type: none"> <li>- Quality certification audits</li> <li>- Food serving satisfactory and food poisoning occurrence</li> </ul>
People	<ul style="list-style-type: none"> <li>- Training and personnel development</li> <li>- Remuneration and benefits</li> <li>- Workplace safety and health training</li> </ul>	<ul style="list-style-type: none"> <li>- Knowledge gap analysis with required training</li> <li>- Annual performance evaluation based on KPI set</li> </ul>



# SUSTAINABILITY STATEMENT

(cont'd)

## KEYS TOPICS (CONT'D)

Material Topics	Engagement Platforms	Expectation and Concerns
Profit and Growth	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- Cash flow and treasury managements</li> <li>- Risk managements</li> </ul>	<ul style="list-style-type: none"> <li>- Annual statutory audit</li> <li>- Quarterly review of expense management</li> <li>- Half yearly internal audit review</li> <li>- Half yearly risk management reviews</li> </ul>
Corporate governance	<ul style="list-style-type: none"> <li>- Business conduct and ethics</li> <li>- Related party transactions</li> <li>- Internal audit</li> <li>- Whistle blowing</li> </ul>	<ul style="list-style-type: none"> <li>- Code of ethics and conduct</li> <li>- Mandated RRPT</li> <li>- Independent reporting by internal auditors to Audit Committee</li> <li>- Adoption of Anti-Bribery and Corruption policy</li> </ul>

## KEYS TO SUSTAINABILITY

The Group identifies and prioritise the relevant and important material issues across the business units and focus its efforts on charting the directions to improve the sustainability. The material issues are defined as elements that are expected to have a significant effect on the Group's stakeholders. The material issues identified as keys to sustainability are as follows: -

### ECONOMIC

#### a. Investors

The Company maintains a good relationship with our investors and provides improved sustainability disclosures and generate economic growth to assist shareholders to prosper with the Company's continuous revenue.

The Board continue with sustainability effort to ensure effective governance process to drive investment decisions, working capital and source for new business opportunities to our future businesses.

#### b. Customer satisfaction

The Group strives to put customers at the forefront of everything and aim to produce quality products and serve quality meals to our valued customers. Priority of customer satisfaction is essential to sustainability and on-going business growth to the Group.

#### c. Corporate governance and risk management

The Group believes that essential good corporate governance is fundamental to sustainable business and implemented several policies as follows: -

##### i. Anti-Bribery and corruption policy ("ABC Policy")

The ABC Policy sets out responsibilities of DIB Group to comply with laws against bribery and corruption and provide guidance on how to recognise and deal with bribery and corruption issues and to ensure that the Group's business is conducted in an ethical manner.

##### ii. Whistle blowing policy

The Whistle-Blowing Policy seeks to enhance corporate governance by helping to foster an environment where integrity and ethical behaviour is maintained and any illegality, misconduct and / or wrongdoings in DIB and its subsidiaries be exposed.

The policy provides a formal, confidential channel to enable employees to report in good faith, serious concerns of any misconduct and / or wrongdoing that could adversely impact the Company and its stakeholders, e.g. employees and shareholders.



# SUSTAINABILITY STATEMENT

(cont'd)

## ENVIRONMENTAL

### a. 3R (Reduce, Recycle and Reuse)

The Group is mindful of the environmental impact of our work and address them in business decision-making. Employees must demonstrate a commitment to comply with environmental legislation, regulations as well as the Group's Policy. Over the years, the Group has taken preventive measures to reduce environmental impact and carbon footprint from various initiatives such as:

- Minimising the usage of paper; and
- Minimising energy and fuel consumption.

## SOCIAL

### a. Consumer health and safety risks

DIB is committed to prioritising its customers' and employees' safety and health. During the MCO, DIB undertook various measures to ensure the safety and wellbeing of its employees and customers, such as regular cleaning and sanitising its stores and appliances, and observing the standard operating procedures by the National Security Council.

### b. Labour practices

DIB seeks to inspire and nurture the human spirit, understanding that each person brings distinct life experience to table. DIB employees are diverse not only in gender, race, ethnicity, religion and age but also in cultural backgrounds, life experiences, thoughts and ideas.

### c. Education and training

The Group organises various trainings to upgrade and enhance the skills and knowledge of our employees.

As part of its commitment to developing its employees' capabilities and skills, DIB leverages on constant delivery of product, services and prompt meals.

### d. Workplace injury

It is important to promote a safe environment to ensure the well-being of staff are protected to avoid adverse reputation and also financial effects to the Company.

Staff or personnel working at outlet especially in the kitchen are exposed to various safety and health hazards e.g. fall due to slippery floor, thermal stress in kitchen.

### e. Food poisoning

Outbreak of health risk due to food hygiene concern could result the outlet being penalised by authorities, legal suits or possible halt of operations.

The food legislation that F&B outlet has to comply are Food Act 1983, Food Regulation 1985, Food Hygiene Regulations 2009, Food Irradiation Regulations 2011, etc to avoid penalty or/and stoppage of business operation.

## CONCLUSION

DIB commits to support economic growth that benefits every level of society, while minimizing the adverse environmental and social impacts arising from its daily operations guided by its strategy for Economic, Environmental and Social impacts.



## OTHER COMPLIANCE INFORMATION

### 1) UTILISATION OF PROCEEDS

The corporate exercises undertaken by the Company during the financial year ended 30 June 2021 which involve inter-alia the following:-

#### 1.1 Private Placement 1

On 29 November 2019, the Company had proposed to undertake the Private Placement 1. The Private Placement 1 was undertaken in accordance with the approval obtained from the Shareholders at the Seventh Annual General Meeting of the Company held on 28 June 2019.

24,420,000 shares were issued at RM0.0757 per share and listed on the Main Market of Bursa Securities Malaysia Berhad on 23 November 2020. The Private Placement 1 was completed on the same date.

As at 26 October 2021, the status of utilisation of proceeds raised from the Private Placement 1 is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Expected timeframe for utilisation of proceeds from the date of listing of the Private Placement Shares
Working Capital	1,749	1,697	52	Within 12 months
Estimate expenses for the Private Placement 1	100	60	40*	Within 2 weeks
<b>Total</b>	<b>1,849</b>	<b>1,757</b>	<b>92</b>	

\* *The unutilised balance of RM40,000 arising from the estimated expenses relating to the Private Placement 1 had been re-allocated to the working capital as the actual expenses incurred was lower than the estimated expenses budgeted.*

#### 1.2 Private Placement 2

On 26 January 2021, the Company had proposed to undertake the Private Placement 2. The Private Placement 2 was undertaken in accordance with the approval obtained from the Shareholders at the Eighth Annual General Meeting of the Company held on 7 December 2020.

135,607,860 shares were issued at RM0.0719 per share and listed on the Main Market of Bursa Malaysia Securities Berhad on 25 February 2021. The Private Placement 2 was completed on the same date.

## OTHER COMPLIANCE INFORMATION

(cont'd)

### 1) UTILISATION OF PROCEEDS (CONT'D)

#### 1.2 Private Placement 2 (cont'd)

As at 26 October 2021, the status of utilisation of proceeds raised from the Private Placement 2 is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Expected timeframe for utilisation of proceeds from the date of listing of the Private Placement Shares
Working capital for the Uncle Don's outlets	2,000	–	2,000	Within 12 months
Set up costs for a new distribution company	1,150	–	1,150	Within 9 months
Set up costs for a new Uncle Don's outlet	1,500	–	1,500	Within 9 months
Building renovation works	900	399	501	Within 3 months
Repayment of bank borrowings	1,700	893	807	Within 12 months
Group working capital	2,376	1,421	955	Within 9 months
Estimated expenses for the Private Placement 2	139	139	–	Within 1 month
<b>Total</b>	<b>9,765</b>	<b>2,852</b>	<b>6,913</b>	

#### 1.3 Disposal of Subsidiary

As at 26 October 2021, the status of the utilisation of proceeds raised from for the disposal of the Company's 80% equity interest in Dolphin Biogas Sdn. Bhd. to Asia Poly Green Energy Sdn. Bhd. for the cash consideration of RM2,123,675.50 which was completed on 1 July 2020 is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Expected timeframe for utilisation after completion of the Disposal
Working capital	1,924	1,924	–	Within 24 months
Estimated expenses for the Disposal	200	200	–	Immediately
<b>Total proceeds</b>	<b>2,124</b>	<b>2,124</b>	<b>–</b>	



## OTHER COMPLIANCE INFORMATION

(cont'd)

### 1) UTILISATION OF PROCEEDS (CONT'D)

#### 1.4 Rights Issue of Ordinary Shares with Warrants

As at 26 October 2021, the status of the utilisation of proceeds raised from the Renounceable Rights Issue of 305,250,005 new ordinary shares ("Rights Shares") together with 183,150,003 Warrants-B ("Rights Issue") which was completed on 1 October 2020 is as follows:

Purpose	Approved Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Expected timeframe for utilisation of proceeds from the date of listing of the Rights Shares
Proposed Acquisition	9,800	9,800	–	Within 1 months
SLPOM Project	2,744	–	2,744	Within 12 months
Operational expenditures and working capital requirements of secured contracts	1,229	878	351	Within 12 months
Repayment of borrowings	819	819	–	Within 3 months
Working capital	2,223	2,217	6	Within 12 months
Estimated expenses for the Proposals	1,500	1,440	60*	Within 1 month
<b>Total</b>	<b>18,315</b>	<b>15,154</b>	<b>3,161</b>	

\* *The unutilised balance of RM60,000 arising from the estimated expenses relating to the Right Issue had been re-allocated to the working capital as the actual expenses incurred was lower than the estimated expenses budgeted.*

*The full information of Disposal of Subsidiary and Rights Issue of Ordinary Shares with Warrants are disclosed in the Circular to Shareholders dated 14 May 2020. A copy of which can be obtained from the Company's website or Bursa Malaysia Securities Berhad's website.*

### 2) NON-AUDIT FEES

The amount of non-audit fees paid or payable to the External Auditors or a firm or corporation affiliated to the Auditors' firm for the financial year ended 30 June 2021 are as follows:-

Particular	Company	Group
Non-Audit Fees paid or payable to External Auditors		
- review of the Statement on Risk Management and Internal Control	RM5,000	RM5,000
Non-Audit Fees paid or payable to a firm or corporation affiliated to the Auditors firm		
- taxation services	RM3,500	RM32,400

### 3) MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interests of Directors and major shareholders of the Company either subsisting at the end of the financial year or entered into since the end of the previous financial year.

# STATEMENT OF RESPONSIBILITY BY DIRECTORS

The Directors are required by the Companies Act 2016 (“Act”) to prepare the financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company and the financial performance and cash flows for the year ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company to enable them to ensure that the financial statements are drawn up in accordance with the provisions of the Act.

In preparing the financial statements for the year ended 30 June 2021, the Directors have:

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

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

This statement is made in accordance with a resolution of the Board of Directors on 26 October 2021.



# DIRECTORS' REPORT

## for the financial year ended 30 June 2021

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. There has been no significant change in the nature of this activity of the Company during the financial year.

The principal activities of the subsidiary companies are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities of the subsidiary companies during the financial year.

### RESULTS

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Loss for the year	<u>40,937,490</u>	<u>25,203,344</u>

### DIVIDEND

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

### SHARE CAPITAL

During the financial year, the Company issued or reduced shares as follows:

- (a) On 3 September 2020, there was an approved capital reduction by High Court of RM62,900,000 pursuant to Section 116 of the Companies Act 2016;
- (b) On 29 September 2020, there was an issuance of 94,690,341 new ordinary shares at an issue price of RM0.076 per share as settlement shares for the capitalisation of an aggregate amount owing by the Group to its identified creditors and a shareholder of the Company;

## DIRECTORS' REPORT

(cont'd)

### SHARE CAPITAL (continued)

- (c) On 29 September 2020, there was an issuance of 131,578,947 new ordinary shares at an issue price of RM0.076 per share as part settlement of purchase consideration towards an acquisition of a subsidiary company;
- (d) On 29 September 2020, there was an issuance of 305,250,005 new ordinary shares together with free detachable 183,150,003 Warrants-B at an issue price of RM0.06 per Rights Share on the basis of 5 Rights Shares for every 4 existing shares held with 3 free Warrants-B for every 5 Rights Shares subscribed;
- (e) On 20 November 2020, there was an issuance of 24,420,000 new ordinary shares at an issue price of RM0.0757 per share for cash via private placement exercise;
- (f) On 23 February 2021, there was an issuance of 135,607,860 new ordinary shares at an issue price of RM0.0719 per share for cash via private placement exercise; and
- (g) On 18 March 2021, there was an issuance of 1,268 new ordinary shares at an issue price of RM0.63 pursuant to exercise of Warrants-A before expiry on 29 March 2021.

The newly issued ordinary shares rank pari passu with the then existing ordinary shares of the Company.

### RESERVES AND PROVISIONS

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

### DIRECTORS

The directors of the Group and of the Company in office during the financial year and up to the date of this report are:

Directors of the Company:

YM Tengku Ahmad Badli Shah Bin Raja Hussin	
Serena Goh Fhen Fhen	(appointed on 15.10.2020) (also a director of certain subsidiaries)
Hoh Yeong Cherng	(also a director of certain subsidiaries)
Tan Ban Tatt	
Lim Seng Hock	
Yeo Boon Ho	(appointed on 15.4.2021)
Low Teck Yin	(retired on 7.12.2020)
Thoo Soon Huat	(also a director of certain subsidiaries) (resigned on 15.4.2021)



**DIRECTORS (continued)**

Other directors of the subsidiaries:

Ian Ong Ming Hock  
Linggarsih  
Gunandawadu Akalangka Susantha De Zoysa

**DIRECTORS' INTERESTS**

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

	As at 1/7/2020	No. of ordinary shares		As at 30/6/2021
		Bought	Sold	
<b>Direct interests</b>				
Hoh Yeong Cherng	18,527	-	-	18,527
Yeo Boon Ho	100,000	-	-	100,000

	As at 1/7/2020	No. of ordinary shares		As at 30/6/2021
		Bought	Sold	
<b>Indirect interests</b>				
Hoh Yeong Cherng*	434,500	-	-	434,500

\* Deemed interested by virtue of the shares held by his sibling, Hoh Yeong Jian, and father, Hoh Kok Wah.

	As at 1/7/2020	No. of warrants		As at 30/6/2021
		Bought	Expired*	
<b>Direct interests</b>				
Hoh Yeong Cherng	31	-	(31)	-
<b>Indirect interests</b>				
Hoh Yeong Cherng#	75	-	(75)	-

# Deemed interested in the warrants held his sibling, Hoh Yeong Jian.

\* The Warrants expired on 29 March 2021.



## DIRECTORS' REPORT

(cont'd)

### DIRECTORS' INTERESTS *(continued)*

	As at 1/7/2020	No. of ordinary shares		As at 30/6/2021
		Bought	Sold	
<u>The Subsidiary</u>				
<b>PT Dolphin Indonesia</b>				
Direct interest				
Hoh Yeong Cherng	175,000	-	-	175,000

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

The above directors by virtue of their shareholdings in the Company are also deemed interested in shares in its related corporations to the extent the Company has an interest.

### DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than benefits disclosed as directors' remuneration under Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 35 to the financial statements.

Neither at the end of the financial year, nor at anytime during the financial year, did there subsist any arrangement to which the Company is a party, being arrangements with the object or objects of enabling directors to acquire benefits by means of the acquisition of shares in the Company or shares in, or debentures of any other body corporate.



### **WARRANTS 2016/2021 (“Warrants-A”)**

On 5 April 2016, the Company issued 55,500,002 Warrants-A pursuant to the Bonus Issue of Warrants. The terms of the Warrants-A are as follows:

- a) **Exercise rights**  
Subject to the terms of the Deed Poll, each Warrants-A will entitle its registered holder to subscribe to one (1) new ordinary share at the exercise price (as defined below).
- b) **Exercise price**  
The Warrants-A is fixed at RM0.80 representing a premium of RM0.0688 or approximately the day's volume weighted average market price (“VWAMP”) of the Dolphin Shares of up to and including 7 March 2016 of RM0.7312 per Dolphin Share.
- c) **Exercise period**  
The period commencing on and including the day of issuance of the Warrants-A and expiring on the fifth anniversary of the issue date. Warrants-A not exercised during the exercise period thereafter lapse and cease to be valid for any purpose.
- d) **Transferability**  
The Warrants-A will be transferable in any manner provided under the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Depository.
- e) **Ranking**  
The new shares to be issued pursuant to the exercise of the Warrants-A shall, upon allotment and issue, rank *pari passu* in all respects with the then existing ordinary shares except that such new ordinary shares shall not be entitled for any dividends, that may be declared prior to the date of allotment and issue of new ordinary shares, nor shall it be entitled to any distributions or entitlements where the record date is prior to the date of exercise of Warrants-A.

On 29 September 2020, as a consequence of the rights issue, the exercise price adjusted to RM0.63 and the Company issued an additional of 14,923,654 Warrants-A following the listing of 305,250,005 Rights Shares on the Main Market of Bursa Securities. The salient terms of these Warrants-A remain the same as its existing warrants.

During the financial year, 1,268 Warrants-A have been exercised at an issue price of RM0.63. Out of a total number of 70,423,656 Warrants-A issued, 70,422,388 Warrants-A were unexercised and had expired on 29 March 2021, and subsequently removed from the Official List of Bursa Securities on 30 March 2021.

## DIRECTORS' REPORT

(cont'd)

### WARRANTS-B 2020/2023 (“Warrants-B”)

On 29 September 2020, the Company issued 183,150,003 Warrants-B pursuant to the issuance of 305,250,005 Rights Shares on the basis of 5 Rights Shares for every 4 existing shares held with 3 free Warrants-B for every 5 Rights Shares subscribed. The terms of the Warrants-B are as follows:

- a) **Exercise rights**  
Subject to the terms of the Deed Poll, each Warrants-B will entitle its registered holder to subscribe to one (1) new ordinary share at the exercise price (as defined below).
- b) **Exercise price**  
The exercise price of Warrants-B is fixed at RM0.08 for one (1) new ordinary share.
- c) **Exercise period**  
The period commencing on and including the day of issuance of the Warrants-B and expiring on the third anniversary of the issue date. Warrants-B not exercised during the exercise period thereafter lapse and cease to be valid for any purpose.
- d) **Transferability**  
The Warrants-B will be transferable in any manner provided under the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Depository.
- e) **Ranking**  
The new shares to be issued arising from the exercise of Warrants-B shall, upon allotment and issue, rank pari passu in all respects with the then existing shares, except that such new shares will not be entitled to any dividend, rights, allotments and/or any other form of distributions where the entitlement date of such dividends, rights, allotments and/or any other form of distributions precedes the relevant date of allotment and issuance of such new shares.

At the end of the current financial year, no exercise of Warrants-B has taken place and the outstanding Warrants-B in the Company remains at 183,150,003.



**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

- (a) Before the financial statements of the Group and of the Company were prepared, 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 been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company have been written down to amounts which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) As at the date of this report, there does not exist:
- (i) any charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
  - (ii) any contingent liabilities of the Group or of the Company which have arisen since the end of the financial year.

## **DIRECTORS' REPORT**

(cont'd)

### **STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS *(continued)***

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report or financial statements of the Group and of the Company, which would render any amount stated in the financial statements misleading.
- (e) No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.
- (f) In the opinion of the directors:
  - (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
  - (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 affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year is as disclosed in Note 39 to the financial statements.

### **EVENTS SUBSEQUENT TO THE REPORTING DATE**

Events subsequent to the reporting date is as disclosed in Note 40 to the financial statements.

### **SUBSIDIARIES**

Details of subsidiaries are set out in Note 16 to the financial statements.



## **AUDITORS' REMUNERATION**

Details of auditors' remuneration are set out in Note 8 to the financial statements.

## **AUDITORS**

The auditors, PCCO PLT, have indicated their willingness to continue in office.

On behalf of the board

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**SERENA GOH FHEN FHEN**

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**HOH YEONG CHERNG**

Kuala Lumpur  
Date: 26 October 2021

# STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 18 to 139 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 at 30 June 2021 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed in accordance with a resolution of the Board

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**SERENA GOH FHEN FHEN**

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**HOH YEONG CHERNG**

Kuala Lumpur  
Date: 26 October 2021



## STATUTORY DECLARATION

I, Serena Goh Fhen Fhen, being the director responsible for the financial management of Dolphin International Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 53 to 174 are 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.

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**SERENA GOH FHEN FHEN**

Subscribed and solemnly declared at Kuala Lumpur, Wilayah Persekutuan on 26 October 2021.

Before me:

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**KAPT (B) AFFANDI BIN AHMAD (W678)**  
Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DOLPHIN INTERNATIONAL BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Dolphin International Berhad, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 174.

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 June 2021 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for opinion

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

### *Independence and Other Ethical Responsibilities*

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



**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF DOLPHIN INTERNATIONAL BERHAD  
(cont'd)

**Key Audit Matters**

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

*Key Audit Matter – Goodwill*

Per the Group's accounting policy as stated in Note 2(d), the Group is required to test goodwill for impairment annually and at other time when such indicators exist. As explained in Note 1(d)(i), the assumptions to determine the value in use requires significant judgments.

Our audit procedures are as follows:

We discussed with management to understand the key assumptions used to calculate the value in use of the cash generating unit to which goodwill is allocated. We evaluated the key assumptions used with reference to future market trends and externally derived data. We also assessed the potential risk for management bias and adequacy of the disclosure on goodwill in Note 15. We found the assumptions used has no indication of management bias and the disclosures are adequate.

There are no key audit matters in relation to the financial statements of the Company.

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

## **INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF DOLPHIN INTERNATIONAL BERHAD

(cont'd)

### **Responsibilities of the Directors for the Financial Statements**

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

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

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

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

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

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



**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF DOLPHIN INTERNATIONAL BERHAD  
(cont'd)

**Auditors' Responsibilities for the Audit of the Financial Statements (*continued*)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF DOLPHIN INTERNATIONAL BERHAD

(cont'd)

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that the subsidiary of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

### **Other Matters**

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

**PCCO PLT (LLP0000506-LCA)**

No. AF 1056

Chartered Accountants

Kuala Lumpur

Date: 26 October 2021

**CHUAH SUE YIN**

No. 02540/04/2022 J

Chartered Accountant



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
<b><u>CONTINUING OPERATIONS</u></b>			
REVENUE	6	8,936,915	12,511,858
COST OF SALES	7	<u>(5,068,578)</u>	<u>(6,576,351)</u>
GROSS PROFIT		3,868,337	5,935,507
OTHER INCOME		993,114	4,145,354
ADMINISTRATIVE EXPENSES		(11,140,239)	(6,461,612)
SALES AND MARKETING EXPENSES		(28,434)	(99,218)
OTHER EXPENSES		(32,029,080)	(2,819,814)
FINANCE COSTS		(1,922,068)	(3,012,496)
SHARE OF LOSSES IN ASSOCIATE COMPANIES		<u>(5,102)</u>	<u>-</u>
LOSS BEFORE TAXATION	8	(40,263,472)	(2,312,279)
TAXATION	9	<u>(213,736)</u>	<u>408,109</u>
LOSS FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		(40,477,208)	(1,904,170)
<b><u>DISCONTINUED OPERATIONS</u></b>			
(LOSS)/PROFIT FOR THE YEAR/PERIOD FROM DISCONTINUED OPERATIONS	10	<u>(460,282)</u>	<u>827,635</u>
LOSS FOR THE YEAR/PERIOD		(40,937,490)	(1,076,535)

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(cont'd)

	NOTE	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		30,607	92,108
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD</b>		<u>(40,906,883)</u>	<u>(984,427)</u>
<b>(LOSS)/PROFIT FOR THE YEAR/PERIOD ATTRIBUTABLE TO:</b>			
<b>OWNERS OF THE PARENT</b>			
Continuing operations		(40,435,772)	(1,886,075)
Discontinued operations		(460,282)	827,635
		<u>(40,896,054)</u>	<u>(1,058,440)</u>
<b>NON-CONTROLLING INTERESTS</b>		<u>(41,436)</u>	<u>(18,095)</u>
		<u>(40,937,490)</u>	<u>(1,076,535)</u>
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT ATTRIBUTABLE TO:</b>			
<b>OWNERS OF THE PARENT</b>			
Continuing operations		(40,410,874)	(1,789,062)
Discontinued operations		(460,282)	827,635
		<u>(40,871,156)</u>	<u>(961,427)</u>
<b>NON-CONTROLLING INTERESTS</b>		<u>(35,727)</u>	<u>(23,000)</u>
		<u>(40,906,883)</u>	<u>(984,427)</u>

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



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021  
(cont'd)

	NOTE	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
<b>EARNINGS PER SHARE (sen)</b>			
- basic	11	<u>(4.37)</u>	<u>(0.43)</u>
- diluted	11	<u>(4.37)</u>	<u>(0.43)</u>
<b>EARNINGS PER SHARE FOR CONTINUING OPERATIONS (sen)</b>			
- basic	11	<u>(4.32)</u>	<u>(0.77)</u>
- diluted	11	<u>(4.32)</u>	<u>(0.77)</u>

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



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	2021 RM	2020 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	23,358,269	31,204,993
Investment property	13	179,147	181,600
Right-of-use assets	14	796,476	1,099,273
Intangible assets	15	14,077,389	17,604,551
Associate companies	17	1,128,898	-
Other receivable	18	292,993	-
Deferred tax assets	30	48,000	-
		39,881,172	50,090,417
<b>CURRENT ASSETS</b>			
Inventories	19	241,704	794,407
Trade and other receivables	20	1,576,712	3,131,122
Contract assets	21	350,522	744,129
Tax recoverable		47,998	121,400
Cash and cash equivalents	22	13,819,786	3,764,221
		16,036,722	8,555,279
<b>ASSETS HELD FOR SALE</b>	10	-	29,559,346
<b>TOTAL ASSETS</b>		<b>55,917,894</b>	<b>88,205,042</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Share capital	24	38,779,872	58,415,108
Foreign currency translation reserve	25	769,549	744,651
Warrant reserve	26	3,846,150	-
Accumulated losses		(14,169,222)	(36,173,168)
		29,226,349	22,986,591
Non-controlling interests		(136,814)	953,530
<b>TOTAL EQUITY</b>		<b>29,089,535</b>	<b>23,940,121</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

(cont'd)

	NOTE	2021 RM	2020 RM
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	27	629,601	682,909
Term loan	28	7,874,361	8,701,753
Provision for retirement benefits	29	40,843	54,604
Preference shares	31	-	4,928,871
		8,544,805	14,368,137
<b>CURRENT LIABILITIES</b>			
Lease liabilities	27	955,143	491,433
Preference shares	31	9,842,673	3,614,665
Trade and other payables	32	5,499,179	17,173,909
Taxation		155,919	13,593
Term loan	28	842,155	575,860
Contract liabilities	21	-	1,323,535
Contingent consideration	33	988,485	-
		18,283,554	23,192,995
<b>LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE</b>			
	10	-	26,703,789
<b>TOTAL LIABILITIES</b>		<u>26,828,359</u>	<u>64,264,921</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>55,917,894</u>	<u>88,205,042</u>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	← Attributable to owners of the Parent →						
	Share capital RM	Revaluation reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total RM	Non- controlling interests RM	Total RM
Balance at 1 January 2019	58,415,108	1,801,171	647,638	(36,915,899)	23,948,018	(48,458)	23,899,560
Loss for the period	-	-	-	(1,058,440)	(1,058,440)	(18,095)	(1,076,535)
Other comprehensive income/(loss):							
Foreign currency translation	-	-	97,013	-	97,013	(4,905)	92,108
Realisation of revaluation surplus on disposal of property, plant and equipment	-	(1,801,171)	-	1,801,171	-	-	-
Total comprehensive income/(loss)	-	(1,801,171)	97,013	742,731	(961,427)	(23,000)	(984,427)
Transactions with owners:							
Effects of changes in stake in a subsidiary company	-	-	-	-	-	1,024,988	1,024,988
Total transactions with owners	-	-	-	-	-	1,024,988	1,024,988
Balance at 30 June 2020	58,415,108	-	744,651	(36,173,168)	22,986,591	953,530	23,940,121

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(cont'd)

	← Attributable to owners of the Parent →						
	Share capital RM	Foreign currency translation reserve RM	Warrant reserve RM	Accumulated losses RM	Total RM	Non- controlling interests RM	Total RM
Balance at 1 July 2020	58,415,108	744,651	-	(36,173,168)	22,986,591	953,530	23,940,121
<b>Transactions with owners</b>							
- Issuance of Rights Shares and Warrants-B (Note 24)	14,468,700	-	3,846,150	-	18,314,850	-	18,314,850
- Issuance of Settlement Shares (Note 24)	7,196,466	-	-	-	7,196,466	-	7,196,466
- Issuance of shares pursuant to Private Placement (Note 24)	11,598,799	-	-	-	11,598,799	-	11,598,799
- Capital reduction (Note 24)	(62,900,000)	-	-	62,900,000	-	-	-
- Issuance of share for part settlement of purchase consideration on acquisition of a subsidiary company (Note 24)	10,000,000	-	-	-	10,000,000	-	10,000,000
- Issuance of shares pursuant to exercised of Warrants-A (Note 24)	799	-	-	-	799	-	799
- Effects of changes in disposal of subsidiary companies	-	-	-	-	-	(1,054,617)	(1,054,617)
Total transactions with owners	(19,635,236)	-	3,846,150	62,900,000	47,110,914	(1,054,617)	46,056,297

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(cont'd)

	← Attributable to owners of the Parent →						
	Share capital RM	Foreign currency translation reserve RM	Warrant reserve RM	Accumulated losses RM	Total RM	Non- controlling interests RM	Total RM
Loss for the year	-	-	-	(40,896,054)	(40,896,054)	(41,436)	(40,937,490)
Other comprehensive income/(loss):							
Foreign currency translation	-	24,898	-	-	24,898	5,709	30,607
Total comprehensive income/(loss)	-	24,898	-	(40,896,054)	(40,871,156)	(35,727)	(40,906,883)
Balance at 30 June 2021	38,779,872	769,549	3,846,150	(14,169,222)	29,226,349	(136,814)	29,089,535

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTE	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation from continuing operations		(40,263,472)	(2,312,279)
(Loss)/profit before taxation from discontinued operations		<u>(460,282)</u>	<u>1,018,213</u>
Loss before taxation		(40,723,754)	(1,294,066)
Adjustments for:			
Impairment loss on disposal group classified as held for sale		-	803,850
(Gain)/loss on disposal of property, plant and equipment		(162,456)	461,116
Loss allowance for receivables		466,094	262,754
Reversal of loss allowance for receivables		(112,029)	(116,866)
Property, plant and equipment written off		81,837	351,773
Provision for foreseeable losses on contract assets		143,197	153,173
Provision for retirement benefits		4,432	20,795
Depreciation of investment property		2,453	3,679
Depreciation of property, plant and equipment		444,420	1,352,930
Depreciation of right-of-use assets		991,790	759,842
Interest income		(44,312)	(113,326)
Interest expenses		1,922,066	3,546,040
Short term leases		185,935	165,763
Low value leases		7,245	-
Losses retained in associate company		5,102	-
Unrealised loss/(gain) on foreign exchange		19,978	(37,778)
Gain on disposal of non-current assets held for sale		-	(3,643,159)
Bad debts written off		96,702	19,495
Reversal of fair value adjustment on other payable		-	10,731
Loss allowance for contract assets		-	760,868
Waiver from other payable		-	(600,000)
Impairment of goodwill		2,500,000	-
Loss on disposal of investments in subsidiary companies		422,816	-
Inventories written off		276,483	-
Reversal of impairment on intangible assets		(208,913)	-
Right-of-use assets written off		626,859	-
Impairment loss on property, plant and equipment		11,689,066	-
Intangible assets written off		17,813,464	-
Intrinsic loss on other receivable		207,007	-

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(cont'd)

	NOTE	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
Amortisation of intangible assets		110,100	-
(Loss)/profit before working capital changes		(3,234,418)	2,867,614
Working capital changes:			
Inventories		470,924	957,846
Contract assets		250,410	4,629,931
Contract liabilities		(1,323,535)	(219,333)
Trade and other receivables		1,894,829	(3,334,805)
Trade and other payables		(22,724,353)	1,390,361
Cash (outflows)/inflows from operations		(24,666,143)	6,291,614
Interest received		44,312	113,326
Interest paid		(622,929)	(1,708,261)
Tax paid		(54,350)	(385,182)
Tax refunded		162,793	492,805
Short term leases paid		(185,935)	(165,763)
Low value leases paid		(7,245)	-
Net cash (outflows)/inflows from operating activities		(25,329,497)	4,638,539
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment in associate company		(1,134,000)	-
Advances to an associate company		(500,000)	-
Purchase of property, plant and equipment		(1,270,452)	(8,307,290)
Proceeds from disposal of non-current assets held for sale		-	9,680,000
Proceeds from disposal of property, plant and equipment		163,856	3,591,165
Net cash inflows from acquisition of subsidiary companies	A	8,537,202	-
Net cash outflows from disposal of subsidiary companies	B	(944,129)	-
Net cash inflows from investing activities		4,852,477	4,963,875
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Withdrawal of deposits pledged		-	4,500,247
Repayment of term loan	C	(561,097)	(3,309,358)
Proceeds from issuance of preference shares		-	1,324,316
Proceeds from issuance of ordinary shares		29,914,448	-
Repayment of lease liabilities	C	(667,542)	(849,714)
Repayment of short term borrowings		-	(2,988,936)
Net cash inflows/(outflows) from financing activities		28,685,809	(1,323,445)



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(cont'd)

	NOTE	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		(123,494)	109,331
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		8,208,789	8,278,969
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD</b>		5,734,491	(2,653,809)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>	D	13,819,786	5,734,491
<b>A. SUMMARY OF EFFECT OF ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES</b>			
			<b>2021 RM</b>
Deferred tax assets			150,000
Property, plant and equipment			3,103,272
Right-of-use assets			596,876
Intangible assets			1,148,700
Inventories			197,250
Trade and other receivables			905,142
Cash and cash equivalents			1,262,798
Trade and other payables			(1,499,848)
Lease liabilities			(614,494)
Net assets acquired			5,249,696
Goodwill on consolidation			15,538,789
Purchase consideration			20,788,485
Portion discharged by issue of shares			(10,000,000)
Contingent consideration			(988,485)
Portion discharged by cash			9,800,000
Cash and cash equivalents acquired			(1,262,798)
Net cash inflows from acquisition of subsidiary companies			8,537,202



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(cont'd)

### B. SUMMARY OF EFFECT OF DISPOSAL OF SHARES IN SUBSIDIARY COMPANIES

	<b>2021 RM</b>
Property, plant and equipment	24,882,054
Right-of-use assets	1,378,420
Investments	51,000
Trade and other receivables	795,631
Cash and cash equivalents	1,970,772
Fixed deposits with licensed banks	1,097,036
Trade and other payables	(7,302,096)
Lease liabilities	(1,428,551)
Term loans	(18,632,292)
Deferred tax liabilities	(176,000)
Taxation	(8,850)
Non-controlling interests	(80,629)
	<hr/>
Net assets disposed	2,546,495
Loss on disposal	(422,816)
	<hr/>
Total consideration received from disposal	2,123,679
Cash and cash equivalents and fixed deposits with licensed banks disposed	(3,067,808)
	<hr/>
Net cash outflows from disposal of subsidiary companies	(944,129)
	<hr/>



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(cont'd)

### C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 1/7/2020 RM	Additions RM	Non-cash movement RM	Cash flows movement RM	Non-cash foreign exchange movement RM	As at 30/6/2021 RM
Lease liabilities	2,602,892	718,227	(1,069,712)	(667,542)	879	1,584,744
Term loans	27,909,905	-	(18,632,292)	(561,097)	-	8,716,516
Preference shares	8,543,536	-	1,299,137	-	-	9,842,673
	As at 1/1/2019 RM	Additions RM	Non-cash movement RM	Cash flows movement RM	Non-cash foreign exchange movement RM	As at 30/6/2020 RM
Lease liabilities	1,993,199	1,458,284	-	(849,714)	1,123	2,602,892
Term loans	31,219,263	-	-	(3,309,358)	-	27,909,905
Short term borrowings	2,988,936	-	-	(2,988,936)	-	-
Preference shares	5,611,579	-	1,607,641	1,324,316	-	8,543,536

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(cont'd)

### D. ANALYSIS OF CASH AND CASH EQUIVALENTS

	NOTE	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
<b><u>Continuing operations</u></b>			
Cash and cash equivalents	22	13,819,786	3,764,221
<b><u>Discontinued operations</u></b>			
Cash and cash equivalents	10	-	1,970,270
		<u>13,819,786</u>	<u>5,734,491</u>

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



# STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		<b>Year ended 30/6/2021</b>	<b>Period from 1/1/2019 to 30/6/2020</b>
	<b>NOTE</b>	<b>RM</b>	<b>RM</b>
<b>REVENUE</b>	6	240,000	360,000
<b>OTHER INCOME</b>		67,511	37
<b>ADMINISTRATIVE EXPENSES</b>		(4,014,471)	(1,772,097)
<b>OTHER EXPENSES</b>		(21,486,833)	(5,096,801)
<b>FINANCE COSTS</b>		<u>(9,551)</u>	<u>-</u>
<b>LOSS BEFORE TAXATION</b>	8	(25,203,344)	(6,508,861)
<b>TAXATION</b>	9	<u>-</u>	<u>-</u>
<b>LOSS FOR THE YEAR/PERIOD</b>		(25,203,344)	(6,508,861)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD</b>		<u>(25,203,344)</u>	<u>(6,508,861)</u>
<b>LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO:</b>			
<b>OWNERS OF THE PARENT</b>		<u>(25,203,344)</u>	<u>(6,508,861)</u>
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:</b>			
<b>OWNERS OF THE PARENT</b>		<u>(25,203,344)</u>	<u>(6,508,861)</u>

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

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	RM	RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Right-of-use assets	14	276,776	-
Subsidiary companies	16	13,038,487	12,698,231
Other receivable	18	985,579	-
		14,300,842	12,698,231
<b>CURRENT ASSETS</b>			
Trade and other receivables	20	8,949,321	137,323
Cash and cash equivalents	22	12,606,242	354,668
		21,555,563	491,991
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	23	-	2,100,000
<b>TOTAL ASSETS</b>		<u>35,856,405</u>	<u>15,290,222</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Share capital	24	61,924,587	81,559,823
Accumulated losses		(31,419,944)	(69,116,600)
Warrant reserve	26	3,846,150	-
<b>TOTAL EQUITY</b>		<u>34,350,793</u>	<u>12,443,223</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	27	204,185	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables	32	236,047	2,846,999
Lease liabilities	27	76,895	-
Contingent consideration	33	988,485	-
		1,301,427	2,846,999
<b>TOTAL LIABILITIES</b>		<u>1,505,612</u>	<u>2,846,999</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>35,856,405</u>	<u>15,290,222</u>

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



# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

←—Attributable to owners of the Parent—→

	Share capital RM	Accumulated losses RM	Warrant reserves RM	Total RM
Balance at 1 January 2019	81,559,823	(62,607,739)	-	18,952,084
Loss for the period	-	(6,508,861)	-	(6,508,861)
Total comprehensive loss	-	(6,508,861)	-	(6,508,861)
Balance at 30 June 2020	81,559,823	(69,116,600)	-	12,443,223
Balance at 1 July 2020	81,559,823	(69,116,600)	-	12,443,223
<b>Transactions with owners</b>				
- Issuance of Rights Shares and Warrants-B (Note 24)	14,468,700	-	3,846,150	18,314,850
- Issuance of Settlement Shares (Note 24)	7,196,466	-	-	7,196,466
- Issuance of shares pursuant to Private Placement (Note 24)	11,598,799	-	-	11,598,799
- Capital reduction (Note 24)	(62,900,000)	62,900,000	-	-
- Issuance of shares for part settlement of purchase consideration on acquisition of a subsidiary company (Note 24)	10,000,000	-	-	10,000,000
- Issuance of share pursuant to exercised of Warrants-A (Note 24)	799	-	-	799
Total transactions with owners	(19,635,236)	62,900,000	3,846,150	47,110,914
Loss for the year	-	(25,203,344)	-	(25,203,344)
Total comprehensive loss	-	(25,203,344)	-	(25,203,344)
Balance at 30 June 2021	61,924,587	(31,419,944)	3,846,150	34,350,793

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

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTE	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(25,203,344)	(6,508,861)
Adjustments for:			
Interest income		(43,834)	(37)
Impairment loss on investment in subsidiaries		20,448,231	2,929,000
Impairment loss on non-current assets held for sale		-	2,167,801
Gain on disposal of non-current assets held for sales		(23,676)	-
Gain on disposal of investments in subsidiary companies		(2)	-
Interest expenses		9,551	-
Intrinsic loss on amount due from subsidiary company		696,337	-
Loss allowance on amounts due from subsidiary companies		337,748	-
Loss allowance on receivables		4,517	-
Depreciation of right-of-use assets		47,254	-
		<hr/>	<hr/>
Loss before working capital changes		(3,727,218)	(1,412,097)
Working capital changes:			
Trade and other receivables		(22,825)	13,138
Trade and other payables		(520,177)	(217,534)
		<hr/>	<hr/>
Cash outflows from operations		(4,270,220)	(1,616,493)
Interest received		43,834	37
Interest paid		(9,551)	-
		<hr/>	<hr/>
Net cash outflows from operating activities		(4,235,937)	(1,616,456)



**STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021  
(cont'd)

	<b>Year ended 30/6/2021 RM</b>	<b>Period from 1/1/2019 to 30/6/2020 RM</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advances to subsidiary companies	(3,616,888)	(124,000)
Proceeds from disposal of non-current assets held for sale	1,078,496	-
Proceeds from disposal of investments in subsidiary companies	2	-
Acquisition of a subsidiary company	(9,800,002)	-
Repayment of quasi loan from a subsidiary company	-	1,025,177
	<u>(12,338,392)</u>	<u>901,177</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment of advances to)/advances from a subsidiary company	A (1,045,595)	1,045,595
Proceeds from issuance of shares	29,914,448	-
Repayment of lease liabilities	A (42,950)	-
	<u>28,825,903</u>	<u>1,045,595</u>
Net cash inflows from financing activities		
	<u>28,825,903</u>	<u>1,045,595</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,251,574	330,316
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD</b>	<u>354,668</u>	<u>24,352</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>	22 <u>12,606,242</u>	<u>354,668</u>



## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(cont'd)

### A. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 1 July 2021 RM	Additions RM	Cash flows movement RM	As at 30 June 2021 RM
Amount due to subsidiary company	1,045,595	-	(1,045,595)	-
Lease liabilities	-	324,030	(42,950)	281,080

	As at 1 January 2019 RM	Cash flows movement RM	As at 30 June 2020 RM
Amount due to subsidiary company	-	1,045,595	1,045,595

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



# NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

Dolphin International Berhad is a public listed company incorporated and domiciled in Malaysia. The Company is quoted on the Main Market of the Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2021.

### (a) Statement of compliance

The financial statements comply with the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia.

On 1 July 2020, the Group and the Company adopted the following Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 July 2020:

#### **Amendments to Standards**

Amendments to MFRS 3 – Definition of Business

Amendments to MFRS 16 – Covid-19 Related Rent Concessions

Amendments to MFRS 101 – Definition of Material

Amendments to MFRS 108 – Definition of Material

Amendments to MFRS 137 – Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 7, MFRS 9 and MFRS 139 – Interest Rate Benchmark Reform

The adoption of the above Amendments to MFRSs do not have any material effect on the financial statements of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 1. BASIS OF PREPARATION *(continued)*

#### (a) Statement of compliance *(continued)*

The following Amendments to MFRSs have been issued and are relevant but are not yet effective to the Group and the Company:

<b>Amendments to Standards</b>	<b>Effective date</b>
Amendments to MFRS 7, MFRS 9, MFRS 16 and MFRS 139 – Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 16 – Covid-19 Related Rent Concessions beyond to 30 June 2021	1 April 2021
Annual Improvements to MFRS Standards 2018 – 2020	
• Amendments to MFRS 9 – Financial Instruments	1 January 2022
Amendments to MFRS 116 – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
References to the Conceptual Framework (Amendments to MFRS 3 – Business Combinations)	1 January 2022
Amendments to MFRS 101 – Classification of Liabilities as Current and Non-current	1 January 2023
Amendments to MFRS 101 – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The initial adoption of the Amendments to MFRSs do not have any material effect on the financial statements.

#### (b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia which is the Group's and the Company's presentation currency.

The functional currency of the Company is Ringgit Malaysia.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 1. BASIS OF PREPARATION (*continued*)

#### (c) Basis of measurement

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies.

#### (d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and the disclosure of contingent liabilities at the reporting date. However uncertainty about these judgments, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other major sources of estimation uncertainty at the end of the reporting period that have significant risk of resulting in material adjustment to the Group's and the Company's carrying amounts of assets and liabilities within the next financial year are discussed below:

#### **Group**

##### (i) Impairment of goodwill

Goodwill is tested for impairment annually and at other time when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. The assumptions to determine the value-in-use requires the exercise of significant management judgments. Further details are disclosed in Note 15.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 1. BASIS OF PREPARATION *(continued)*

#### (d) Use of estimates and judgments *(continued)*

##### (ii) Construction revenue and expenses

The Group recognises construction revenue and expenses in profit or loss by measuring progress towards complete satisfaction of performance obligation using the input method i.e. the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgment is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects.

The carrying amounts of contract assets and liabilities are disclosed in Note 21 to the financial statements.

#### Company

##### (i) Impairment of investment in subsidiary companies

Investment in subsidiary companies are assessed for indication of impairment at the end of each reporting period.

Significant judgment is required in the estimation of the present value of future cash flows generated by the subsidiary companies, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates.

The carrying amounts of the Company's investment in subsidiary companies is disclosed in Note 16 to the financial statements.

##### (ii) Leases

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Details of right-of-use assets and lease liabilities are disclosed in Note 14 and Note 27.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

#### (a) Basis of consolidation

##### (i) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

##### (ii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (a) Basis of consolidation *(continued)*

##### (iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or financial asset depending on the influence retained.

##### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements except when an unrealised loss may indicate an impairment loss that requires recognition in the consolidated financial statements.

##### (v) Non-controlling interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### (b) **Subsidiary companies**

Subsidiaries are entities, including unincorporated 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. 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. In assessing control, potential voting rights are considered 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 separate financial statements of the Company, investments in subsidiaries are measured at cost less any impairment losses, if any.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

#### (c) **Property, plant and equipment**

All items of property, plant and equipment are initially recorded at costs.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the Company and the costs of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (c) Property, plant and equipment *(continued)*

Freehold lands have an unlimited useful life and therefore are not depreciated. Capital work-in-progress and renovation under construction are not depreciated as these assets are not yet available for use. Capital work-in-progress consists of property, plant and equipment under construction for intended use.

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

	<b>Useful lives</b>
Freehold buildings	50 years
Furniture and fittings	10 years
Motor vehicles	5 years
Office equipment	5 – 10 years
Renovation	10 years
Plant and machineries	16 years
Computers	5 – 10 years
Kitchen and bar equipment	5 years

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

#### (d) Goodwill

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

Goodwill is allocated to cash generating units and is tested for impairment annually or more frequently if event or changes in circumstances indicate that the carrying value might be impaired. Where the recoverable amount of the cash-generating units is less than the carrying amount, an impairment is recognised in the profit or loss. Impairment losses for goodwill are not reversed in subsequent periods.

Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### (e) Intangible assets

##### (i) Research and development costs

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset for use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation commences when the asset is at commercialisation phase or such new processes are commercialised.

##### (ii) License fees

Licensed fees are required to be paid in respect of the opening of new restaurant outlets. The license fees are capitalised and amortised over the remaining year of the licensing agreements. The license fees are amortised from the date and when the respective outlet commences operations.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (e) Intangible assets *(continued)*

The amortisation period and the amortisation method for intangible assets with a finite useful lives are reviewed at the end of each reporting period, to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of future economic benefits embodied in the intangible 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.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

#### (f) Inventories

Inventories are valued at the lower of costs and net realisable values. Costs of inventories comprise the original costs of purchase and the costs of bringing the inventories to their present locations and conditions. Cost of inventories are determined on the first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

#### (g) Taxes

Tax charged on the profit or loss for the year comprises current and deferred taxes.

##### (a) Current tax

Current year tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### (g) Taxes (*continued*)

##### (b) Deferred tax (*continued*)

Deferred tax liabilities and deferred tax assets are provided for under the liability method in respect of temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unused tax losses and capital allowances. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and deferred tax liabilities shall be offset if, and only if:

- (a) there is a legally enforceable right to set off current tax assets and liabilities, and
- (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity, or
  - (ii) different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### (h) Impairment of assets

The carrying amounts of the Group's and Company's assets other than inventories, deferred tax assets and financial assets that are within the scope of MFRS 9, contract assets, non-current assets and disposal group classified as held for sale, investment properties that are measured at fair value, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (h) Impairment of assets *(continued)*

The impairment loss is recognised in the profit or loss immediately. All reversals of an impairment loss are recognised as income immediately in the profit or loss and the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years.

#### (i) Revenue recognition

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

The Group and the Company measure revenue from sale of goods or services at their transaction prices, being the amounts of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the goods or services underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

##### (i) Construction contracts

The Group fabricates palm oil milling machineries under construction contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the commercial and industrial machineries is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. This is based on measuring the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (i) Revenue recognition *(continued)*

##### (i) Construction contracts *(continued)*

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance). The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

##### (ii) Sales of trading goods and services

Revenue from sale of trading goods are recognised at a point in time when control of the products has been transferred, being when the goods are delivered to the customer and the customer has the significant risks and rewards of ownership of the goods i.e. the customer has full discretion over the channel and price to sell the goods, and there is no unfulfill obligation that could affect the customer's acceptance of the goods.

Sales of services i.e. servicing of palm oil systems are recognised over time since the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for the performance complete to date. Revenue from services is recognised when the services are completely rendered.

##### (iii) Sales of food and beverage

Revenue from sales of food and beverage are recognised at a point in time when control of the food and beverage have been transferred, being when the food and beverage have been delivered to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the goods. Payment of the transaction is due at the point the food and beverage being accepted by the customer.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (i) Revenue recognition *(continued)*

##### (iv) Management services

Sales of management services are recognised over time since the customer simultaneously receives and consumes the benefits provided. Revenue from services is recognised on a monthly basis.

Generally there are no variable elements in considerations such as discounts and returns.

No element of financing deemed present as the sales are made which is consistent with market practice i.e. 30 to 90 days and payment upon collection.

#### (j) Share capital

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

#### (k) Preference shares

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

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

#### (l) Employee benefits

##### (i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (l) Employee benefits *(continued)*

##### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (“EPF”).

A foreign subsidiary of the Group provides retirement benefits plan to its employees in conformity with the requirements of the law.

The calculation of estimated liabilities for the retirement benefits plan is determined using management’s calculation. The assumptions used are discount rate, annual salary increment rate and pension age.

The Group recognises the following costs in profit or loss:

- Service cost comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

#### (m) Leases

##### The Group as lessee

Leases are recognised as right-of-use (“ROU”) asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

##### (i) Lease term

In determining in the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term when it is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term or not to exercise an option previously included in the determination of the lease term. A revision in lease term results in remeasurement of the lease liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (m) Leases *(continued)*

##### (ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss if any. The ROU assets are generally depreciated over the shorter of the asset's useful life and lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

ROU assets - office equipment and motor vehicles are depreciated over the lease period of 46 months and 5 years respectively.

ROU assets – premises are depreciated over the lease period of 36 to 60 months.

##### (iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at commencement date;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (m) Leases *(continued)*

##### (iii) Lease liabilities *(continued)*

Lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

##### (iv) Reassessment of lease liabilities

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

##### (v) Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low value leases comprise of office equipment. Payments associated with short term leases and low value assets are recognised on a straight-line bases as an expense in profit or loss.

#### **The Group as a lessor**

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **(m) Leases *(continued)***

##### **(i) Operating leases**

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

#### **(n) Foreign currencies**

##### **(i) Translation of foreign currency transactions and balances**

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period. Non-monetary items carried at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period.

##### **(ii) Translation of foreign operations**

The assets and liabilities of the foreign operations are expressed in Ringgit Malaysia by using exchange rates prevailing at the end of a reporting period. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operations and translated at the closing rate. Income and expense items are translated at average rates for the period, which approximate the actual rates ruling at the dates of the respective transactions. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income, an attributed portion is allocated to non-controlling interests, if applicable, and the balance attributable to owners of the parent is retained in an exchange translation reserve.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### (o) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past events and 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.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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.

#### (p) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term deposits with maturity of not more than three months and liquid investments that are readily convertible to cash with insignificant risk of changes in value.

#### (q) Financial instruments

Financial instruments are recognised on the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

#### **Financial assets**

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (q) Financial instruments *(continued)*

##### Financial assets *(continued)*

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or has been transferred and the Group and the Company has transferred substantially all the risks and rewards of ownership.

##### (i) Classification

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's and the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group and the Company reclassify debt instruments when and only when their business model for managing those assets changes.

##### (ii) Measurement

At initial recognition, trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

Except for trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, at initial recognition, the Group and the Company 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (q) Financial instruments *(continued)*

##### Financial assets *(continued)*

##### (ii) Measurement *(continued)*

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### Debt Instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify its debt instruments:

##### (a) Amortised costs

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is recognised using the effective interest rate method. Any gain or loss arising on derecognition is recognised in profit or loss together with foreign exchange gains and losses.

##### (b) Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through, other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (q) Financial instruments *(continued)*

##### (ii) Measurement *(continued)*

##### Debt Instruments *(continued)*

##### (c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Any gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss.

##### Equity Instruments

The Group and the Company subsequently measure all equity instruments at fair value.

Where the Group and the Company have elected to present fair value gain and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the instruments.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss.

Dividends are recognised in profit or loss when the rights to receive payment is established.

##### (iii) Impairment

The Group and the Company assess on a forward looking basis the expected credit loss associated with their debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (q) Financial instruments *(continued)*

##### Equity Instruments *(continued)*

##### (iii) Impairment *(continued)*

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9, which requires expected lifetime loss to be recognised from initial recognition of the receivables.

##### Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group and the Company.

The Group and the Company shall recognise a financial liability on their statements of financial position when the entities become parties to the contractual provisions of the instruments.

Financial liabilities are derecognised when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

##### (i) Financial liabilities at fair value through profit or loss (“FVTPL”)

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term;
- Part of a portfolio of identified financial instruments that are managed together and there are recent actual pattern of short-term profit-taking;
- It is a derivative (except for financial guarantee contract or a designated and effective hedging instrument).



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (q) Financial instruments *(continued)*

##### (ii) Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as financial liabilities at FVTPL.

Other financial liabilities are initially recognised at fair value plus transactions costs. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the profit or loss.

Other financial liabilities are subsequently carried at amortised cost using the effective interest method. Financial liabilities at FVTPL are measured at fair value except for derivatives liability that are linked to and must be settled by delivery of such unquoted equity instruments whose fair value cannot be reliably measured are measured at cost.

Gains or losses arising from changes in fair value from financial liabilities classified at FVTPL are recognised in profit or loss.

Gains or losses from other financial liabilities carried at amortised costs are recognised through profit or loss.

#### (r) Earning per share ("EPS")

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (s) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

The Group uses the cost model to measure its investment properties after initial recognition. Accordingly investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, if any.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of 95 years.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

#### (t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocation resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group that makes strategic decisions.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (u) Fair value measurement

The fair value of an asset or a liability except for 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 measurement date. The fair value measurement method adopted 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 assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Group and the Company establishes a fair value measurement hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. This fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is classified as a Level 1 measurement if it is estimated using a quoted price in an active market. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Group and the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of Level 1 inputs, a fair value measurement of an item is classified as a Level 2 measurement if it is estimated by a valuation technique using inputs that are observable either directly or indirectly.

In the absence of both Level 1 and Level 2 inputs, a fair value measurement of an item is classified as a Level 3 measurement if it is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### (v) Associate companies

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

The Group's investments in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any non-current investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the separate financial statements of the Company, investment in associate company is stated at cost less impairment losses, if any.

#### (w) Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (w) **Borrowing costs *(continued)***

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

#### (x) **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 and the Company.

Contingent liability is also referred to as a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

#### (y) **Non-current assets and disposal groups held for sale and discontinued operations**

Non-current assets and disposal groups classified as held for sale of their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets and disposed groups classified as held for sale are measured to the lower of their carrying amount and fair value less costs to sell.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (y) Non-current assets held for sale and discontinued operations *(continued)*

The criteria for held for sale classification is regarded as met only when:

- (i) the asset or disposal group is available for immediate sale in its present condition;
- (ii) the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- (iii) the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Any impairment loss on disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's and the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associated and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (z) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions, if any.

Government grants related to expenses are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

#### (a) Credit risk management

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations.

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks, only major banks are accepted. Thus, credit risks are minimised in view of their financial strengths.

As at the end of the reporting period, the maximum exposure to credit risk arising from financial assets are represented by their carrying amounts in the statements of financial position. The carrying amount of financial assets are not secured by any collateral or supported by any other credit enhancements.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (*continued*)

#### (a) Credit risk management (*continued*)

The Group applies the simplified approach in providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risks characteristics and the days past due. The Group also assessed the risk of loss of each customer based on their financial information and past trend of payments, where applicable.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and the Company considers a financial asset in default when:

- the borrower is unable to pay its credit obligations to the Group or the Company in full, without taking into account any credit enhancements held by the Group or the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group or the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

	<b>Gross carrying amount RM</b>
<b>GROUP</b>	
<b>As at 30 June 2021</b>	
Current	176,507
1 to 30 days past due not impaired	53,895
31 to 60 days past due not impaired	176,062
61 to 90 days past due not impaired	36,952
More than 90 days past due not impaired	10,606
	<hr/>
	454,022
Individually impaired	307,791
	<hr/>
	761,813
	<hr/>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (a) Credit risk management *(continued)*

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	Gross carrying amount RM
<b>GROUP</b>	
<b>As at 30 June 2020</b>	
Current	347,221
1 to 30 days past due not impaired	700,513
31 to 60 days past due not impaired	-
61 to 90 days past due not impaired	577,508
More than 90 days past due not impaired	780,029
	<u>2,405,271</u>
Individually impaired	437,334
	<u><u>2,842,605</u></u>

The loss allowance for contract assets is as disclosed in Note 21 to the financial statements.

The credit concentration profile by geographical areas of trade receivables of the Group as at the reporting date is as follows:

By country:	GROUP			
	2021		2020	
	RM	%	RM	%
Malaysia	151,036	33	1,526,704	64
Indonesia	302,986	67	872,853	36
Thailand	-	-	5,714	-
	<u>454,022</u>	<u>100</u>	<u>2,405,271</u>	<u>100</u>

The Group and the Company applied the 12 month expected credit losses on other receivables, deposits and cash and cash equivalents and the credit risk is considered low especially for deposits placed with licensed bank and thus no impairment is required.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (a) Credit risk management *(continued)*

The Group and the Company applied the 12 month expected credit losses on other receivables, deposits, cash and bank balances and the credit risk is considered low especially for deposits placed with licensed bank and thus no impairment is required.

The Group and the Company consider the probability of default upon initial recognition of financial asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there is a significant increase in credit risks, the Group and the Company compare the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

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

The Company is exposed to credit risk in relation to financial guarantees as disclosed in Note 34 to the financial statements.

#### (b) Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. 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's and the Company's exposure to liquidity risk arise principally from trade and other payables, preference shares and lease liabilities.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the Directors to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (b) Liquidity risk management (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations as follows:

As at 30 June 2021	Within 1 year RM	Between 2 and 5 years RM	More than 5 years RM	Total RM
<b>Group</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables	5,499,179	-	-	5,499,179
Term loans	1,117,138	4,468,553	4,505,266	10,090,957
Contingent consideration	988,485	-	-	988,485
Preference shares	10,110,000	-	-	10,110,000
	<u>17,714,802</u>	<u>4,468,553</u>	<u>4,505,266</u>	<u>26,688,621</u>
<b>Company</b>				
<b>Non-derivative financial liabilities</b>				
Financial guarantee	9,586,725	-	-	9,586,725
Contingent consideration	988,485	-	-	988,485
Trade and other payables	236,047	-	-	236,047
	<u>10,811,257</u>	<u>-</u>	<u>-</u>	<u>10,811,257</u>
<b>Maturity analysis of lease liabilities:</b>				
Group	1,015,465	657,700	-	1,673,165
Company	90,000	217,500	-	307,500



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (b) Liquidity risk management (continued)

As at 30 June 2020	Within 1 year RM	Between 2 and 5 years RM	More than 5 years RM	Total RM
<b>Group</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables	17,173,909	-	-	17,173,909
Term loans	1,068,149	4,272,596	10,737,063	16,077,808
Preference shares	4,130,000	5,980,000	-	10,110,000
	22,372,058	10,252,596	10,737,063	43,361,717
<b>Company</b>				
<b>Non-derivative financial liabilities</b>				
Financial guarantee	29,065,362	-	-	29,065,362
Trade and other payables	2,846,999	-	-	2,846,999
	31,912,361	-	-	31,912,361
<b>Maturity analysis of lease liabilities:</b>				
Group	534,532	712,710	-	1,247,242

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (c) Market risks

##### (i) Foreign currency risk management

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in a foreign currency) and the Group's net investments in a foreign subsidiary.

The Group's principal foreign currency exposure relates mainly to United States Dollar ("USD") and Indonesian Rupiah ("IDR") (2020: United States Dollar ("USD"), Euro ("EURO") and Indonesian Rupiah ("IDR")).

During the year, there is no formal hedging policy with respect to foreign exchange risk exposure. The Group monitors its foreign exchange risk exposure on an on-going basis and endeavours to keep the net exposure at an acceptable level.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, Euro and IDR, with all other variables held constant on the Group's total equity and profit for the financial year/period.

	Change in rate	Effect on profit for the financial year/period RM	Effect on equity RM
<b>GROUP</b>			
<b>As at 30 June 2021</b>			
- USD (ii)	+ 15%	(64,484)	(64,484)
	- 15%	64,484	64,484
- IDR (iii)	+ 15%	(1,083)	(1,083)
	- 15%	1,083	1,083
<b>As at 30 June 2020</b>			
- EURO (i)	+ 15%	27,407	27,407
	- 15%	(27,407)	(27,407)
- USD (ii)	+ 15%	(79,227)	(79,227)
	- 15%	79,227	79,227
- IDR (iii)	+ 15%	(1,137)	(1,137)
	- 15%	1,137	1,137



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (c) Market risks *(continued)*

##### (i) Foreign currency risk management *(continued)*

- (i) In prior year, this is mainly attributable to the foreign exchange exposure of outstanding EURO denominated payables at the reporting date.
- (ii) This is mainly attributable to the foreign exchange exposure of outstanding USD denominated receivables and cash and bank balances (2020: payables, receivables and cash and bank balances) as at the reporting date.
- (iii) This is mainly attributable to the foreign exchange exposure of outstanding IDR denominated cash and bank balances as at the reporting date.

##### (ii) Interest rate risk management

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial year/period.

GROUP	Change in basis point	Effect on profit for the financial year/period RM	Effect on equity RM
As at 30 June 2021	+ 50	(33,123)	(33,123)
	- 50	33,123	33,123
As at 30 June 2020	+ 50	(106,129)	(106,129)
	- 50	106,129	106,129

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 4. CAPITAL RISK MANAGEMENT

The primarily objective of the Group's and of the Company's capital management is to maintain a strong credit rating and healthy capital ratio, ensure sufficient funds to manage day-to-day business operation and to fund their expansion and growth.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratios at 30 June 2021 and 30 June 2020 are as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade and other payables	5,499,179	17,173,909	236,047	2,846,999
Term loan	8,716,516	9,277,613	-	-
Lease liabilities	1,584,744	1,174,342	281,080	-
Contingent consideration	988,485	-	988,485	-
Preference shares	9,842,673	8,543,536	-	-
Total debts	<u>26,631,597</u>	<u>30,169,400</u>	<u>1,505,612</u>	<u>2,846,999</u>
Total equity	<u>29,226,349</u>	<u>22,986,591</u>	<u>34,350,793</u>	<u>12,443,223</u>
Gearing ratio	<u>91%</u>	<u>131%</u>	<u>4%</u>	<u>23%</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 5. FINANCIAL INSTRUMENTS BY CATEGORIES

	2021 RM	2020 RM
<b>GROUP</b>		
<b>Financial assets</b>		
Financial assets measured at amortised cost		
- Trade and other receivables excluding prepayments, GST recoverable and advances to supplier	1,348,749	2,687,411
- Cash and cash equivalents	13,819,786	3,764,221
<b>Financial liabilities</b>		
Other financial liabilities measured at amortised cost		
- Trade and other payables	5,499,179	17,173,909
- Term loan	8,716,516	9,277,613
- Contingent consideration	988,485	-
- Preference shares	9,842,673	8,543,536
<b>COMPANY</b>		
<b>Financial assets</b>		
Financial assets measured at amortised cost		
- Trade and other receivables excluding prepayments and GST recoverable	8,941,191	125,000
- Cash and cash equivalents	12,606,242	354,668
<b>Financial liabilities</b>		
Other financial liabilities measured at amortised cost		
- Trade and other payables	236,047	2,846,999
- Contingent consideration	988,485	-

Financial assets and financial liabilities other than preference shares are not carried at fair value but their carrying amounts are reasonable approximation of their values due to their short term nature.

The fair value of preference shares is determined at amortised cost using the effective interest method.

The carrying amount of non-current floating rate term loan is a reasonable approximate of fair value as the loan will be repriced to market interest rate on or near reporting date.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 6. REVENUE

	GROUP		COMPANY	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
Revenue from contracts with customers:				
- Sale of goods and services	6,877,106	6,437,395	-	-
- Contract works	2,059,809	6,074,463	-	-
- Management fees	-	-	240,000	360,000
	<u>8,936,915</u>	<u>12,511,858</u>	<u>240,000</u>	<u>360,000</u>
Timing of revenue recognition:				
- At a point in time	5,550,123	6,437,395	-	-
- Over time	3,386,792	6,074,463	240,000	360,000
	<u>8,936,915</u>	<u>12,511,858</u>	<u>240,000</u>	<u>360,000</u>

### 7. COST OF SALES

	GROUP	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
Cost of goods sold	3,960,269	2,345,926
Project costs related to contract works	1,108,309	4,230,425
	<u>5,068,578</u>	<u>6,576,351</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 8. LOSS BEFORE TAXATION

	GROUP		COMPANY	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
<b>Loss before taxation is stated after charging and (crediting):</b>				
Auditors' remuneration:				
Malaysian operations				
current year	219,000	205,000	80,000	76,500
underprovision in prior year	24,000	32,180	25,000	21,000
Overseas operations				
current year	34,174	38,518	-	-
(Income)/expense from financial assets at amortised costs:				
bad debts written off	96,702	19,495	-	-
loss allowance for receivables	466,094	262,754	4,517	-
reversal of loss allowance for receivables	(112,029)	(116,866)	-	-
intrinsic loss on amount due from subsidiary company	-	-	696,337	-
loss allowance on amounts due from subsidiary companies	-	-	337,748	-
intrinsic loss on amount due from associate company	207,007	-	-	-
Directors' remuneration:				
fees				
current year	260,900	44,000	260,900	44,000
prior years	280,693	-	280,693	-
other emoluments *	1,240,365	303,589	735,988	221,813
(Gain)/loss on disposal of property, plant and equipment	(162,456)	461,116	-	-
Gain on disposal of non-current assets held for sale	-	(3,643,159)	(23,676)	-
Income from financial assets at amortised costs:				
bank interest income	(478)	(5,157)	-	(37)
interest income from fixed deposits	(43,834)	(71,305)	(43,834)	-
Provision for foreseeable loss on contract assets	143,197	153,173	-	-
Provision for retirement benefits	4,432	20,795	-	-

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 8. LOSS BEFORE TAXATION *(continued)*

	GROUP		COMPANY	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
<b>Loss before taxation is stated after charging and (crediting):</b>				
Impairment of goodwill (under other expenses)	2,500,000	-	-	-
Property, plant and equipment written off	81,837	351,773	-	-
Lease interest expenses:				
hire purchase	-	5,710	-	-
right-of use assets	134,211	158,033	9,551	-
Impairment loss on investments in subsidiary companies (under other expenses)	-	-	20,448,231	2,929,000
Loss/(gain) on disposal of investments in subsidiary companies	422,816	-	(2)	-
Expense/(income) on financial liabilities at amortised cost:				
reversal of fair value adjustment on other payable	-	10,731	-	-
waiver from other payable	-	(600,000)	-	-
Expense/(income) on financial assets and financial liabilities at amortised costs:				
realised loss on foreign exchange	7,080	124,498	-	-
unrealised loss/(gain) on foreign exchange	19,978	(37,778)	-	-
Reversal of impairment loss on intangible assets (under other income)	(208,913)	-	-	-
Intangible assets written off	17,813,464	-	-	-
Impairment loss on property, plant and equipment (under other expenses)	11,689,066	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 8. LOSS BEFORE TAXATION *(continued)*

	GROUP		COMPANY	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
<b>Loss before taxation is stated after charging and (crediting):</b>				
Inventories written off	276,483	-	-	-
Right-of-use assets written off	626,859	-	-	-
Amortisation of intangible assets	110,100	-	-	-
Interest expenses on financial liabilities at amortised cost:				
bank overdrafts	-	297,072	-	-
commitment fees	-	1,268	-	-
invoice financing	-	48,628	-	-
term loan	488,718	828,057	-	-
trust receipts	-	66,087	-	-
intrinsic interest an amounts due to directors	-	230,138	-	-
intrinsic interest on preference shares	1,299,137	1,607,641	-	-
Depreciation of property, plant and equipment	444,420	501,655	-	-
Depreciation of investment property	2,453	3,679	-	-
Depreciation of right-of-use assets	991,790	706,675	47,254	-
Operating lease – Rental income from premises**	(3,200)	(14,400)	-	-
Impairment loss on investment in subsidiary company classified as held for sale	-	-	-	2,167,801
Loss allowance for contract assets	-	760,868	-	-
Short term lease – Rental of premises***	183,945	134,422	-	-
Short term leases – Rental of motor vehicle***	1,440	-	-	-
Short term leases – Rental of office equipment***	550	27,741	-	-
Low value leases – Rental of office equipment	7,245	-	-	-
Staff costs*	<u>3,145,702</u>	<u>2,755,096</u>	<u>105,127</u>	<u>113,139</u>

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 8. LOSS BEFORE TAXATION (*continued*)

\* Included in directors' other emoluments and staff costs of the Group and of the Company are amounts totalling RM335,094 and RM89,265 (2020: RM355,998 and RM88,580) respectively contributed to the Employees' Provident Fund. During the year, the Group received an amount of RM391,350 from the Government as wage subsidy under the Economic Stimulus Package.

\*\* These comprise cancellable operating leases whereby two months' notice is required to terminate these agreements.

\*\*\* These comprise of rental contracts whereby no notice is required to terminate these agreements or rental contracts are made for a final period of one year.

### 9. TAXATION

	<b>GROUP</b>	
	<b>Year ended</b>	<b>Period from</b>
	<b>30/6/2021</b>	<b>1/1/2019 to</b>
	<b>RM</b>	<b>30/6/2020</b>
		<b>RM</b>
(a) Current Malaysian taxation	-	19,000
Deferred taxation (Note 30)	102,000	(582,119)
	<u>102,000</u>	<u>(563,119)</u>
Under/(over)provision of taxation in prior year	111,736	(80,699)
Real property gains tax	-	235,709
	<u>213,736</u>	<u>(408,109)</u>

There is no provision for current year and prior period for the Company as there is no chargeable income for the year/period under review.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 9. TAXATION *(continued)*

(b) Reconciliation of tax expense and accounting loss :

	GROUP		COMPANY	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
Accounting loss	<u>(40,263,472)</u>	<u>(2,312,279)</u>	<u>(25,203,344)</u>	<u>(6,508,861)</u>
Tax at the applicable tax rate	(9,656,723)	(554,869)	(6,048,803)	(1,562,127)
Tax effect of expenses that are not deductible in determining taxable profit for income tax purposes	18,659,099	1,729,834	5,736,191	1,562,127
Tax effect of income that are not included in determining taxable profit for income tax purposes	(9,963,042)	(1,083,831)	(5,683)	-
Movement from unrecognised deferred tax assets	1,042,137	(640,925)	318,295	-
Overprovision of deferred tax assets/(liabilities) in prior year	20,529	(13,328)	-	-
Under/(over)provision of taxation in prior year	111,736	(80,699)	-	-
Real property gains tax	<u>-</u>	<u>235,709</u>	<u>-</u>	<u>-</u>
Tax expense	<u>213,736</u>	<u>(408,109)</u>	<u>-</u>	<u>-</u>

The corporate tax rate is 24% (2020: 24%). Consequently, deferred tax assets in Note 30 are measured using this rate.

(c) The Company has unused tax losses of approximately RM1,498,000 (2020: RM Nil) available for set-off against future taxable income.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 10. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

- (a) During the year, the Company disposed its entire investments in subsidiary companies i.e. Dolphin Biogas Sdn. Bhd. and its subsidiary company, Biogas Sulpom Sdn. Bhd., Dolphin Construction Sdn. Bhd. and its subsidiary company, Dolphin Rashford Sdn. Bhd. and Dolphin Components Sdn. Bhd. (“Disposal Group”)

An analysis of the results of the Disposal Group is as follows:

	<b>Year ended 30/6/2021 RM</b>
<b>REVENUE</b>	-
<b>ADMINISTRATIVE EXPENSES</b>	(37,466)
<b>LOSS ON DISPOSAL OF SUBSIDIARY COMPANIES</b>	<u>(422,816)</u>
<b>LOSS FOR THE YEAR</b>	<u><u>(460,282)</u></u>

The net cash flows incurred by Disposal Group are as follows:

	<b>Year ended 30/6/2021 RM</b>
Operating	<u>(53,126)</u>
<b>Net cash outflows</b>	<u><u>(53,126)</u></u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 10. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

- (b) In prior year, on 31 January 2020, the Company entered into a Sales and Purchase Agreement to dispose a subsidiary company, Dolphin Biogas Sdn. Bhd. The disposal group consists of Dolphin Biogas Sdn. Bhd. and its wholly-owned subsidiary, Biogas Sulpom Sdn. Bhd. (“Dolphin Biogas Group”). The fair value is based on the total consideration stated on the Sales and Purchase Agreement to dispose Dolphin Biogas Sdn. Bhd. dated 31 January 2020 that was completed on 1 July 2020.

An analysis of the results of Dolphin Biogas Group is as follows:

	<b>Period from 1/1/2019 to 30/6/2020 RM</b>
<b>REVENUE</b>	3,385,660
<b>COST OF SALES</b>	<u>(1,328,549)</u>
<b>GROSS PROFIT</b>	2,057,111
<b>OTHER INCOME</b>	1,346,812
<b>ADMINISTRATIVE EXPENSES</b>	(1,048,316)
<b>FINANCE COSTS</b>	(533,544)
<b>IMPAIRMENT LOSS RECOGNISED ON THE REMEASUREMENT TO FAIR VALUE</b>	<u>(803,850)</u>
<b>PROFIT BEFORE TAXATION</b>	1,018,213
<b>TAXATION</b>	<u>(190,578)</u>
<b>PROFIT FOR THE PERIOD</b>	<u>827,635</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 10. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

The major classes of assets and liabilities of Dolphin Biogas Group classified as held for sale as at 30 June 2020 are as follows:

	NOTE	Group 2020 RM
<b>ASSETS</b>		
Property, plant and equipment (net of impairment RM481,921)	12	24,882,054
Right-of-use assets (net of impairment RM26,697)	14	1,378,420
Goodwill on acquisition (net of impairment RM295,232)	15	-
Trade and other receivables		231,566
Fixed deposits with licensed banks		1,097,036
Cash and bank balances		<u>1,970,270</u>
<b>ASSETS HELD FOR SALE</b>		<u>29,559,346</u>
<b>LIABILITIES</b>		
Lease liabilities		1,428,551
Term loans		18,632,292
Deferred tax liabilities		176,000
Trade and other payables		6,458,096
Taxation		<u>8,850</u>
<b>LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS AS HELD FOR SALE</b>		<u>26,703,789</u>
<b>NET ASSETS DIRECTLY ASSOCIATED WITH DISPOSAL GROUP</b>		<u><u>2,855,557</u></u>

The net cash flows incurred by Dolphin Biogas Group are as follows:

	Period from 1/1/2019 to 30/6/2020 RM
Operating	4,296,721
Investing	(568,394)
Financing	<u>(2,341,907)</u>
<b>Net cash inflows</b>	<u><u>1,386,420</u></u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 11. EARNINGS PER SHARE

	GROUP	
	2021	2020
Weighted average number of ordinary shares in issue for basic earnings per share	<u>935,748,431</u>	<u>244,200,010</u>
Consolidated loss for the year/period (RM)	<u>(40,896,054)</u>	<u>(1,058,440)</u>
Basic earnings per share (sen)	<u>(4.37)</u>	<u>(0.43)</u>
Diluted earnings per share (sen)	<u>(4.37)</u>	<u>(0.43)</u>

	GROUP	
	2021	2020
<b>Continuing operations</b>		
Consolidated loss for the year/period (RM)	<u>(40,435,772)</u>	<u>(1,886,075)</u>
Basic earnings per share (sen)	<u>(4.32)</u>	<u>(0.77)</u>
Diluted earnings per share (sen)	<u>(4.32)</u>	<u>(0.77)</u>

	GROUP	
	2021	2020
<b>Discontinued operations</b>		
Consolidated (loss)/profit for the year/period (RM)	<u>(460,282)</u>	<u>827,635</u>
Basic earnings per share (sen)	<u>(0.05)</u>	<u>0.34</u>
Diluted earnings per share (sen)	<u>(0.05)</u>	<u>0.34</u>

In current and prior year, the diluted earnings per share is equal to the basic earnings per share as the outstanding warrants are anti-dilutive.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT

GROUP	Lands and buildings* RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Computers RM	Plant and machineries RM	Kitchen and bar equipment RM	Capital work-in-progress RM	Total RM
At cost										
At 1 July 2020	13,334,912	87,115	587,126	259,319	6,279,700	850,900	104,151	-	11,689,066	33,192,289
Arising from acquisition of a subsidiary company	-	3,475,710	14,000	-	-	-	-	23,109	-	3,512,819
Additions	-	87,485	-	8,800	1,153,617	20,550	-	-	-	1,270,452
Disposals	-	(4,996)	(512,675)	(10,711)	-	(58,992)	-	-	-	(587,374)
Written off	-	(108,216)	-	(219,886)	-	(790,108)	-	-	-	(1,118,210)
Exchange differences	-	(528)	(2,720)	(1,044)	(922)	-	(4,688)	-	-	(9,902)
At 30 June 2021	13,334,912	3,536,570	85,731	36,478	7,432,395	22,350	99,463	23,109	11,689,066	36,260,074



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	Lands and buildings* RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Computers RM	Plant and machineries RM	Kitchen and bar equipment RM	Capital work-in-progress RM	Total RM
<b>Accumulated Depreciation</b>										
At 1 July 2020	294,096	58,582	557,524	181,542	55,685	791,046	48,821	-	-	1,987,296
Arising from acquisition of a subsidiary company	-	405,084	1,516	-	-	-	-	2,946	-	409,546
Charge for the year	66,698	272,315	9,169	21,676	10,404	49,614	12,780	1,764	-	444,420
Disposals	-	(3,633)	(512,669)	(10,686)	-	(58,985)	-	-	-	(585,973)
Written off	-	(90,506)	-	(167,984)	-	(777,883)	-	-	-	(1,036,373)
Exchange differences	-	(384)	(1,591)	(929)	(729)	-	(2,544)	-	-	(6,177)
At 30 June 2021	360,794	641,458	53,949	23,619	65,360	3,792	59,057	4,710	-	1,212,739
<b>Accumulated Impairment Loss</b>										
At 1 July 2020	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	11,689,066	11,689,066
At 30 June 2021	-	-	-	-	-	-	-	-	11,689,066	11,689,066
<b>Net book value</b>										
At 30 June 2021	12,974,118	2,895,112	31,782	12,859	7,367,035	18,558	40,406	18,399	-	23,358,269

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

#### \* ANALYSIS OF LANDS AND BUILDINGS

	<b>Freehold lands RM</b>	<b>Freehold buildings RM</b>	<b>Total RM</b>
<b>At cost</b>			
At 1 July 2020 and at 30 June 2021	<u>10,000,000</u>	<u>3,334,912</u>	<u>13,334,912</u>
<b>Accumulated depreciation</b>			
At 1 July 2020	-	294,096	294,096
Charge for the year	-	<u>66,698</u>	<u>66,698</u>
At 30 June 2021	-	<u>360,794</u>	<u>360,794</u>
<b>Net book value</b>			
At 30 June 2021	<u>10,000,000</u>	<u>2,974,118</u>	<u>12,974,118</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT

GROUP	Lands and buildings* RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Computers RM	Plant and machineries RM	Biogas plant RM	Capital work-in-progress RM	Total RM
<b>At cost/valuation</b>										
At 1 January 2019	4,085,392	87,066	754,305	294,548	6,655,052	938,417	449,292	-	42,934,732	56,198,804
Additions	-	1,584	-	38,500	-	-	-	-	8,267,206	8,307,290
Disposals	(4,085,392)	-	(170,000)	(1,658)	-	(2,200)	-	-	-	(4,259,250)
Written off	-	(499)	-	(37,306)	(376,308)	(85,436)	(350,001)	-	-	(849,550)
Reclassification	13,334,912	-	-	-	-	-	-	-	(13,334,912)	-
Transfer (to)/from	-	-	-	-	-	-	-	26,177,960	(26,177,960)	-
Transfer to assets held for sale	-	(1,584)	-	(35,706)	-	-	-	(26,177,960)	-	(26,215,250)
Exchange differences	-	548	2,821	941	956	119	4,860	-	-	10,245
At 30 June 2020	13,334,912	87,115	587,126	259,319	6,279,700	850,900	104,151	-	11,689,066	33,192,289

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	Lands and buildings* RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Computers RM	Plant and machineries RM	Biogas plant RM	Capital work-in-progress RM	Total RM
<b>Accumulated Depreciation</b>										
At 1 January 2019	85,392	48,195	561,172	172,069	394,467	750,394	173,759	-	-	2,185,448
Charge for the period	124,598	10,720	91,465	43,524	42,154	125,787	65,664	849,018	-	1,352,930
Disposals	(109,943)	-	(96,333)	(180)	-	(513)	-	-	-	(206,969)
Written off	-	(492)	-	(32,522)	(187,526)	(84,737)	(192,500)	-	-	(497,777)
Reclassification	194,049	-	-	-	(194,049)	-	-	-	-	-
Transfer to assets held for sale	-	(172)	-	(2,085)	-	-	-	(849,018)	-	(851,275)
Exchange differences	-	331	1,220	736	639	115	1,898	-	-	4,939
At 30 June 2020	294,096	58,582	557,524	181,542	55,685	791,046	48,821	-	-	1,987,296
<b>Net book value</b>										
At 30 June 2020	13,040,816	28,533	29,602	77,777	6,224,015	59,854	55,330	-	11,689,066	31,204,993



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

#### \* ANALYSIS OF LANDS AND BUILDINGS

	Freehold lands RM	Freehold buildings RM	Total RM
<b>At cost/valuation</b>			
At 1 January 2019	3,040,000	1,045,392	4,085,392
Reclassification	10,000,000	3,334,912	13,334,912
Disposals	(3,040,000)	(1,045,392)	(4,085,392)
At 30 June 2020	<u>10,000,000</u>	<u>3,334,912</u>	<u>13,334,912</u>
<b>Accumulated depreciation</b>			
At 1 January 2019	-	85,392	85,392
Reclassification	-	194,049	194,049
Charge for the period	-	124,598	124,598
Disposals	-	(109,943)	(109,943)
At 30 June 2020	-	<u>294,096</u>	<u>294,096</u>
<b>Net book value</b>			
At 30 June 2020	<u>10,000,000</u>	<u>3,040,816</u>	<u>13,040,816</u>

- a) Included in the Group's capital work-in-progress at cost of RM11,689,066 (2020: RM11,689,066) is for a palm oil mill enhancement and optimisation project which the Group had secured in year 2017.

On 1 October 2020, the Group has completed its rights issue of shares to raise funds which includes but not limited to completing the palm oil mill enhancement and optimisation project.

A subsidiary of the Group has not been able to complete the project as at to-date due to several movement control orders imposed by the government due to Covid-19 which have impacted the progression of the project. As at year end, the subsidiary is still in the midst of discussion with the customer in resolving the status of the palm oil mill enhancement and optimisation project. Thus, the management decided to impair the capital work-in-progress as at year end by RM11,689,066 to its recoverable amount i.e. value in use of RM Nil.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

- b) During the year, the motor vehicles with hire purchase contract is fully settled.

Included in prior period's motor vehicles, right-of-use assets are as follows:

	<b>GROUP RM</b>
<b>2020</b>	
<b>At cost</b>	
At 1 January 2019	438,541
Disposal	(170,000)
Exchange differences	2,821
At 30 June 2020	<u>271,362</u>
<b>Accumulated depreciation</b>	
At 1 January 2019	303,187
Charge for the period	38,693
Disposal	(101,334)
Exchange differences	1,220
At 30 June 2020	<u>241,766</u>
<b>Net book value</b>	
At 30 June 2020	<u>29,596</u>

- c) Included under property, plant and equipment are:

	<b>Net book value</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Freehold land and buildings pledged as disclosed in Note 28	<u>12,974,118</u>	<u>13,040,816</u>

- d) In prior period, property, plant and equipment transferred to the disposal group classified as held for sale amounting to RM28,503,159 are assets owned by Dolphin Biogas Group. Refer to Note 10 for further details.

	<b>GROUP</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Property, plant and equipment for current year/period includes:		
Interest expenses	<u>-</u>	<u>1,068,679</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 13. INVESTMENT PROPERTY

	GROUP	
	2021 RM	2020 RM
<b>At cost</b>		
At 1 July 2020/1 January 2019 and at 30 June	<u>194,612</u>	<u>194,612</u>
<b>Accumulated amortisation</b>		
At 1 July 2020/1 January 2019	13,012	9,333
Charge for the year/period	<u>2,453</u>	<u>3,679</u>
At 30 June	<u>15,465</u>	<u>13,012</u>
<b>Net book value</b>		
At 30 June	<u>179,147</u>	<u>181,600</u>

The Group's investment property comprises one unit of leasehold commercial property with a lease period of 95 years expiring on 17 July 2091.

The investment property is measured at level 3 of the fair value hierarchy. The directors estimate fair value of the investment property is approximately at RM210,000 (2020: RM220,000). This is based on the information obtained from a real estate agent's website.

The following are recognised in profit or loss in respect of investment property:

	GROUP	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
Rental income	<u>3,200</u>	<u>14,400</u>
Direct operating expenses:		
Building maintenance	1,427	2,462
Quit rent and assessment	<u>1,064</u>	<u>1,867</u>

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 14. RIGHT-OF-USE ASSETS

	Premises RM	Office equipment RM	Total RM
<b>GROUP</b>			
<b>2021</b>			
<b>At cost</b>			
At 1 July 2020	-	1,805,946	1,805,946
Arising from acquisition of a subsidiary company	631,986	-	631,986
Additions	718,227	-	718,227
Expired lease	(29,099)	-	(29,099)
Written off	-	(1,805,946)	(1,805,946)
At 30 June 2021	<u>1,321,114</u>	<u>-</u>	<u>1,321,114</u>
<b>Accumulated depreciation</b>			
At 1 July 2020	-	706,673	706,673
Arising from acquisition of a subsidiary company	35,110	-	35,110
Charge for the year	519,378	472,412	991,790
Expired lease	(29,099)	-	(29,099)
Written off	-	(1,179,085)	(1,179,085)
Exchange differences	(751)	-	(751)
At 30 June 2021	<u>524,638</u>	<u>-</u>	<u>524,638</u>
<b>Net book value</b>			
At 30 June 2021	<u>796,476</u>	<u>-</u>	<u>796,476</u>
<b>GROUP</b>			
<b>2020</b>			
<b>At cost</b>			
At 1 January 2019			1,805,946
Additions			1,458,284
Transfer to assets classified as held for sale			(1,458,284)
At 30 June 2020			<u>1,805,946</u>
<b>Accumulated depreciation</b>			
At 1 January 2019			-
Charge for the period			759,840
Transfer to assets classified as held for sale			(53,167)
At 30 June 2020			<u>706,673</u>
<b>Net book value</b>			
At 30 June 2020			<u>1,099,273</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 14. RIGHT-OF-USE ASSETS *(continued)*

	<b>Premises RM</b>
<b>COMPANY</b>	
<b>2021</b>	
<b>At cost</b>	
At 1 July 2020	-
Additions	324,030
At 30 June 2021	324,030
<b>Accumulated depreciation</b>	
At 1 July 2020	-
Charge for the year	47,254
At 30 June 2021	47,254
<b>Net book value</b>	
At 30 June 2021	276,776

Right-of-use assets of the Group and of the Company amounting to RM1,350,213 (2020: RM1,805,946) and RM324,030 (2020: RM Nil) respectively were acquired from leases.

### 15. INTANGIBLE ASSETS

	Development costs RM	License fees RM	Goodwill RM	Total RM
<b>GROUP</b>				
<b>2021</b>				
<b>At cost</b>				
At 1 July 2020	17,813,464	-	20,046	17,833,510
Arising from acquisition of a subsidiary company	-	1,278,000	15,538,789	16,816,789
Written off	(17,813,464)	-	(20,046)	(17,833,510)
At 30 June 2021	-	1,278,000	15,538,789	16,816,789
<b>Accumulated amortisation</b>				
At 1 July 2020	-	-	-	-
Arising from acquisition of a subsidiary company	-	129,300	-	129,300
Charge for the year	-	110,100	-	110,100
At 30 June 2021	-	239,400	-	239,400

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 15. INTANGIBLE ASSETS (continued)

	Development costs RM	License fees RM	Goodwill RM	Total RM
<b>Accumulated impairment loss</b>				
At 1 July 2020	208,913	-	20,046	228,959
Charge for the year	-	-	2,500,000	2,500,000
Written off	(208,913)	-	(20,046)	(228,959)
At 30 June 2021	-	-	2,500,000	2,500,000
<b>Net carrying amount</b>				
At 30 June 2021	-	1,038,600	13,038,789	14,077,389

	Development costs RM	Goodwill RM	Total RM
<b>GROUP 2020</b>			
<b>At cost</b>			
At 1 January 2019	17,813,464	315,278	18,128,742
Transfer to assets classified as held for sales	-	(295,232)	(295,232)
At 30 June 2020	17,813,464	20,046	17,833,510
<b>Accumulated impairment loss</b>			
At 1 January 2019 and 30 June 2020	208,913	20,046	228,959
<b>Net carrying amount</b>			
At 30 June 2020	17,604,551	-	17,604,551



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 15. INTANGIBLE ASSETS (*continued*)

#### a) Development costs

During the financial year ended 31 December 2017, a subsidiary company has secured a palm oil mill enhancement and optimisation project. The development expenditures incurred amounting to RM17,604,551 were in relation to the development of an improved automated sterilisation system for palm oil extraction which is yet to be commercialised.

Included in the development costs is also an amount of RM208,913 (2020: RM208,913) in relation to an ultrasonic technology.

Both the development costs were written off during the year as the technologies are no longer commercially viable.

#### b) Goodwill

Goodwill amounting to RM15,538,789 arose from the Group's acquisition of Asia Poly Food and Beverage Sdn. Bhd. on 1 October 2020.

The carrying amount of the goodwill as at 30 June 2021 of RM13,038,789 relating to the food and beverage outlets in Asia Poly Food and Beverage Sdn. Bhd. ("cash generating unit").

During the financial year, the Group recognised impairment of RM2,500,000 in respect of goodwill.

The recoverable amount is determined based on value in use calculated by discounting the future cash flows generated from the continuing use of that cash generating unit.

The cash flows projected based on a ten year financial budgets and projections approved by the Board of Directors. This is based on the durations of the licenses issued for the outlets using a pre-tax discount rate of 5.49%.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 15. INTANGIBLE ASSETS *(continued)*

#### b) Goodwill *(continued)*

The key assumptions i.e. those to which the cash generating unit is most sensitive to are as follows:

- (i) annual revenue growth ranging from negative 3% to 8%; and
- (ii) pre-tax discount rate

The values assigned to the key assumptions represent management's assessment of future trends in the industry.

Any rise in the pre-tax discount rate would result in further impairment to the carrying amount of the goodwill.

Annual growth rate of revenue is based on industry trend and management's expectation of market developments. Management recognises the possibly of new entrants can have adverse impact on the growth rate assumption.

Should the revenue growth rate reduced by 1% with all other variables held constant, the carrying amount of the goodwill is expected to be impaired by RM401,000.

Goodwill amounting to RM20,046 arose from the Group's construction and project management cash generating unit in prior years was written off during the year due to disposal of the subsidiary company.

### 16. SUBSIDIARY COMPANIES

	COMPANY	
	2021	2020
	RM	RM
Unquoted shares, at cost	86,128,487	65,470,002
Loan that are part of net investments	3,453,554	7,721,353
	<u>89,582,041</u>	<u>73,191,355</u>
Impairment losses	(76,543,554)	(56,225,323)
Transfer to non-current assets classified as held for sale	-	(4,267,801)
	<u>13,038,487</u>	<u>12,698,231</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 16. SUBSIDIARY COMPANIES *(continued)*

Movement in impairment loss are as follows:

	COMPANY	
	2021 RM	2020 RM
At 1 July 2020 / 1 January 2019	56,225,323	53,296,323
Impairment loss	20,448,231	2,929,000
Disposal	(130,000)	-
At 30 June	76,543,554	56,225,323

The reversal of the impairment of RM130,000 during the year is due to disposal of subsidiary companies.

During the year, impairment of RM20,448,231 (2020: RM2,929,000) on subsidiary companies due to the recoverable amount is less than the carrying amount. The recoverable amount of investment in the subsidiary companies (2020: a subsidiary company) is determined based on value in use calculations using cash flows projection from financial budgets and forecasts approved by Board of Directors. The discount rate used is 5.49% (2020: 6.50%).

Loans that are part of net investments represent amount due from subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long term source of capital to the subsidiaries. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any.

The subsidiary companies are as follows:

Name of company	Country of incorporation	Principal activities	Percentage of issued share capital held by the Company	
			2021	2020
Dolphin Applications Sdn. Bhd.	Malaysia	Involved in the sale, design, engineering, development and integration of electro-automation and related proprietary systems and products for the palm oil milling sector.	100%	100%



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 16. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Principal activities	Percentage of issued share capital held by the Company	
			2021	2020
Dolphin Engineering (M) Sdn. Bhd.	Malaysia	Involved in the sale, design, engineering, development and integration of pneumatic, hydraulic and related proprietary systems and products for the palm oil milling sector.	100%	100%
Dolphin Construction Sdn. Bhd. *	Malaysia	Involved in the business of general contractors, engineering contractors, civil engineers, site information and plant layout advisers and consultants (whether civil, mechanical, electrical, structural, chemical, marine or otherwise)	-	100%
Dolphin Components Sdn. Bhd.	Malaysia	The Company did not trade during the financial period	-	75%
Dolphin Biogas Sdn. Bhd.	Malaysia	Investment holding	-	80%
Asia Poly Food and Beverage Sdn. Bhd.	Malaysia	Operator of three outlets which carries out the business of a restaurant and other related activities	100%	-
United Delight Sdn. Bhd.	Malaysia	Investment holding	100%	-
United Distribution Sdn. Bhd.	Malaysia	Trading of food related products	100%	-



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 16. SUBSIDIARY COMPANIES *(continued)*

Name of company	Country of incorporation	Principal activities	Percentage of issued share capital held by the Company	
			2021	2020
<b>Held by Dolphin Constructions Sdn Bhd</b>				
Dolphin Rashford Sdn. Bhd. *	Malaysia	Supply of construction materials and engaging in construction of building	-	51%
<b>Held by Dolphin Application Sdn Bhd</b>				
PT Dolphin Indonesia *	Indonesia	Trading and maintenance services of palm oil industry products	90%	90%
Dolphin Robotic Systems Sdn. Bhd.	Malaysia	Design, engineering and development of palm Fresh Fruit Brunches (“FFB”) sterilisation and related system, components and parts	100%	100%
<b>Held by Dolphin Biogas Sdn Bhd</b>				
Biogas Sulpom Sdn. Bhd.	Malaysia	Business of manufacturer, processors and supplier of biogas	-	100%

\* Not audited by PCCO PLT

During the financial year:

- a) United Distribution Sdn. Bhd. was incorporated on 31 December 2020. The Company subscribed for 1 ordinary share amounting to RM1 representing 100% of the share capital of United Distribution Sdn. Bhd.;

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 16. SUBSIDIARY COMPANIES (*continued*)

- b) United Delight Sdn. Bhd. was incorporated on 4 February 2021. The Company subscribed for 1 ordinary share amounting to RM1 representing 100% of the share capital of United Delight Sdn. Bhd.;
- c) On 1 October 2020, the Company completed its acquisition of Asia Poly Food and Beverage Sdn. Bhd. by acquiring 6,000,000 ordinary shares representing 100% of the share capital of Asia Poly Food and Beverage Sdn. Bhd.; and
- d) On 1 July 2020, the Company completed the disposal of its entire shareholdings in Dolphin Biogas Sdn. Bhd. and its wholly-owned subsidiary, Biogas Sulpom Sdn. Bhd.

### 17. ASSOCIATE COMPANIES

	<b>GROUP</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	1,136,967	2,967
Impairment losses	<u>(2,967)</u>	<u>(2,967)</u>
	1,134,000	-
Share of post acquisition losses	<u>(5,102)</u>	<u>-</u>
	<u>1,128,898</u>	<u>-</u>

Represented by:

	<b>GROUP</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Share of net assets other than goodwill	73,260	-
Goodwill on acquisition	<u>1,055,638</u>	<u>-</u>
	<u>1,128,898</u>	<u>-</u>

The associate company which was incorporated in Indonesia is:

<b>Held by Dolphin Applications Sdn. Bhd.</b>		<b>Group's equity interest</b>	
<b><u>Name of company</u></b>	<b><u>Principal activity</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
PT Emas Hijau Sejahtera Kapuas Indonesia	Dormant. Placed under members voluntary winding-up on 9 November 2017	30%	30%



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 17. ASSOCIATE COMPANY *(continued)*

The associate companies which were incorporated in Malaysia is:

<b>Held by United Delight Sdn. Bhd.</b>		<b>Group's equity interest</b>	
<u>Name of company</u>	<u>Principal activity</u>	<u>2021</u>	<u>2020</u>
Caritas Et Veritas Sdn. Bhd.#	Engaged in the business operating a restaurant	42%	-
<b>Held by Caritas Et Veritas Sdn. Bhd.</b>			
Verona Wines Sdn. Bhd.	Trading, wholesale, import all alcohol related products and cooking oil	42%	-

The summarised financial information of the associates are as follows:

	<b>2021 RM</b>
<b>Results</b>	
Revenue	1,107,488
Loss for the year	(270,842)
Total comprehensive loss	<u>(270,842)</u>

The principal place of business is at No. 8, Ground Floor, Jalan 1/54, Seksyen 17, 46400 Petaling Jaya, Selangor Darul Ehsan.

### 18. OTHER RECEIVABLE – NON-CURRENT

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Amount due from a subsidiary company				
- non-trade account	-	-	985,579	-
Amount due from an associate company				
- non-trade account	<u>292,993</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>292,993</u>	<u>-</u>	<u>985,579</u>	<u>-</u>

The amount due from a subsidiary company is at the effective intrinsic rate of 5.49% and repayable at the end of tenth year at an amount of RM1,681,916.

The amount due from an associate company is at the effective intrinsic rate of 5.49% and repayable at the end of tenth year at an amount of RM500,000.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 19. INVENTORIES

	<b>GROUP</b>	
	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
<b>At the lower of cost and net realisable value</b>		
Trading parts and materials	28,448	481,064
Work-in-progress	-	313,343
Consumables, materials, beverages and uniforms	213,256	-
	<u>241,704</u>	<u>794,407</u>

### 20. TRADE AND OTHER RECEIVABLES

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>	<b>2021</b> <b>RM</b>	<b>2020</b> <b>RM</b>
Trade receivables	761,813	2,842,605	-	-
Less: Loss allowance	<u>(307,791)</u>	<u>(437,334)</u>	<u>-</u>	<u>-</u>
	454,022	2,405,271	-	-
Other receivables	<u>506,638</u>	<u>122,010</u>	<u>4,517</u>	<u>1,000</u>
Less: Loss allowance	<u>(247,399)</u>	<u>-</u>	<u>(4,517)</u>	<u>-</u>
	259,239	122,010	-	1,000
Amounts due from subsidiary companies				
- non-trade	<u>-</u>	<u>-</u>	<u>9,255,438</u>	<u>124,000</u>
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(337,748)</u>	<u>-</u>
	-	-	8,917,690	124,000
GST recoverable	-	81,382	-	9,823
Advances to supplier	200,790	-	-	-
Deposits	635,488	160,130	23,501	-
Prepayments	27,173	362,329	8,130	2,500
	<u>1,576,712</u>	<u>3,131,122</u>	<u>8,949,321</u>	<u>137,323</u>

Trade receivables are non-interest bearing and on 30 days credit terms or on 30 days credit term from invoice date and subject to 1.5% late charges within the rights of a subsidiary company (2020: 30 days to 90 days credit terms).

Included in the Group's trade receivables is an amount of RM300,536 (2020: RM124,050) being retention sum received from customers of which RM69,810 is impaired.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 20. TRADE AND OTHER RECEIVABLES (continued)

Other receivables are non-interest bearing and repayable on demand.

Included in other receivables of the Group is an amount of RM34,608 (2020: RM Nil) due from a company in which is a subsidiary of a major corporate shareholder of the Company. The amount is non-interest bearing and repayable on demand.

Advances to supplier represents an amount paid to a subsidiary company of a Group in which a director of a subsidiary company has controlling interest.

Amounts due from subsidiary companies are non-interest bearing and repayable on demand.

Trade receivables denominated in currencies other than the functional currency are as follows:

	<b>GROUP</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
United States Dollar	<u>79,223</u>	<u>250,373</u>

#### **GROUP**

**2021**

#### **Loss allowance**

	<b>Trade receivables RM</b>	<b>Other receivables RM</b>
As at 1 July 2020	437,334	-
Disposal of subsidiary company	(243,849)	-
Reclassification	-	7,640
Increase in loss allowance	226,335	239,759
Reversal of unused amount	(18,060)	-
Written off	(93,969)	-
As at 30 June 2021	<u><u>307,791</u></u>	<u><u>247,399</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 20. TRADE AND OTHER RECEIVABLES *(continued)*

#### GROUP

2020

#### Loss allowance

	Trade receivables RM
As at 1 January 2019	291,446
Increase in loss allowance	262,754
Reversal of unused amount	<u>(116,866)</u>
As at 30 June 2020	<u>437,334</u>

#### COMPANY

2021

#### Loss allowance

	Other receivables RM	Amounts due from a subsidiary company – non- trade account RM
As at 1 July 2020	-	-
Increase in loss allowance	<u>4,517</u>	<u>337,748</u>
As at 30 June	<u>4,517</u>	<u>337,748</u>

### 21. CONTRACT ASSETS/(LIABILITIES)

	GROUP	
	2021 RM	2020 RM
Contract assets relating to the construction service contract	1,111,390	1,504,997
Loss allowance	<u>(760,868)</u>	<u>(760,868)</u>
	<u>350,522</u>	<u>744,129</u>
Contract liabilities relating to the construction service contract	<u>-</u>	<u>(1,323,535)</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 21. CONTRACT ASSETS/(LIABILITIES)

	GROUP	
	2021 RM	2020 RM
Loss allowance		
At 1 July 2020 / 1 January 2019	760,868	-
Increase in loss allowance	-	760,868
At 30 June	<u>760,868</u>	<u>760,868</u>
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
Revenue recognised that was included in the contract liabilities balance at 1 July 2020/1 January 2019	<u>1,582,651</u>	<u>4,482,070</u>

- a) The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract which revenue is recognised over time during the construction of a project.

- b) Included in the contract assets relating to palm oil mill equipment contract is provision for foreseeable loss sum amounted to RM35,288,307 (2020: RM35,145,110).



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 22. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Bank balances	8,729,942	3,755,945	7,527,499	354,668
Cash in hand	11,101	8,276	-	-
Fixed deposits with licensed banks	5,078,743	-	5,078,743	-
Total cash and cash equivalents	<u>13,819,786</u>	<u>3,764,221</u>	<u>12,606,242</u>	<u>354,668</u>

Fixed deposits are made for periods of between 1 to 3 months for the Group and for the Company and earn interests at respective short term deposits rates.

Cash and bank balances denominated in currencies other than the functional currency are as follows:

	GROUP	
	2021 RM	2020 RM
United States Dollar	351,022	277,817
Indonesia Rupiah	<u>7,198</u>	<u>7,604</u>

### 23. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Subsidiary company – Dolphin Biogas	COMPANY	
	2021 RM	2020 RM
Unquoted shares, at cost	-	4,267,801
Impairment losses	-	(2,167,801)
	<u>-</u>	<u>2,100,000</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 23. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE *(continued)*

The reconciliation of movements in impairment loss are as follows:

	COMPANY	
	2021 RM	2020 RM
As at 1 July 2020 / 1 January 2019	2,167,801	-
Impairment	-	2,167,801
Disposal	<u>(2,167,801)</u>	<u>-</u>
As at 30 June	<u>-</u>	<u>2,167,801</u>

The fair value is based on the total consideration stated in the Sales and Purchase Agreement to dispose Dolphin Biogas Sdn. Bhd. dated 31 January 2020 that was completed on 1 July 2020.

### 24. SHARE CAPITAL

	GROUP			
	2021		2020	
	No. of Shares	RM	No. of Shares	RM
<b>Ordinary shares</b>				
Balance as at 1 July 2020/ 1 January 2019	244,200,010	58,415,108	244,200,010	81,559,823
Issuance of Rights Shares and Warrants-B	305,250,005	14,468,700	-	-
Issuance of Settlement Shares	94,690,341	7,196,466	-	-
Issuance of shares pursuant to Private Placement	160,027,860	11,598,799	-	-
Capital reduction	-	(62,900,000)	-	-
Issuance of shares as part settlement of purchase consideration on acquisition of a subsidiary company	131,578,947	10,000,000	-	-
Issuance of shares pursuant to Warrants-A exercised	1,268	799	-	-
	<u>935,748,431</u>	<u>38,779,872</u>	<u>244,200,010</u>	<u>81,559,823</u>
Arising from reverse acquisition	-	-	-	(23,144,715)
Balance as at 30 June	<u>935,748,431</u>	<u>38,779,872</u>	<u>244,200,010</u>	<u>58,415,108</u>

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 24. SHARE CAPITAL (continued)

Included in RM 38,779,872 (2020: RM58,415,108) is an amount of RM23,144,715 arose from reverse acquisition of Dolphin Applications Sdn Bhd. which was completed on 31 March 2015, being difference between the purchase consideration to acquire Dolphin Applications Sdn. Bhd. and its share capital as at that date.

	COMPANY			
	2021		2020	
	No. of Shares	RM	No. of Shares	RM
<b>Ordinary shares</b>				
Balance as at 1 July				
2020/1 January 2019	244,200,010	81,559,823	244,200,010	81,559,823
Issuance of Rights Shares and Warrants-B	305,250,005	14,468,700	-	-
Issuance of Settlement Shares	94,690,341	7,196,466	-	-
Issuance of shares pursuant to Private Placement	160,027,860	11,598,799	-	-
Capital reduction	-	(62,900,000)	-	-
Issuance of shares as part settlement of purchase consideration on acquisition of a subsidiary company	131,578,947	10,000,000	-	-
Issuance of shares pursuant to Warrants-A exercised	1,268	799	-	-
Balance as at 30 June	<u>935,748,431</u>	<u>61,924,587</u>	<u>244,200,010</u>	<u>81,559,823</u>

There is no par value for the ordinary shares.

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company.

All ordinary shares carry one vote each without restriction and rank equally with regards to the distribution of the Company's residual assets.

During the financial year, the Company issued or reduced shares as follows:

- (a) On 3 September 2020, there was an approved capital reduction by High Court of RM62,900,000 pursuant to Section 116 of the Companies Act 2016;



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 24. SHARE CAPITAL (*continued*)

- (b) On 29 September 2020, there was an issuance of 94,690,341 new ordinary shares at an issue price of RM0.076 per share as settlement shares for the capitalisation of an aggregate amount owing by the Group to its identified creditors and a shareholder of the Company;
- (c) On 29 September 2020, there was an issuance of 131,578,947 new ordinary shares at an issue price of RM0.076 per share as part settlement of purchase consideration towards an acquisition of a subsidiary company;
- (d) On 29 September 2020, there was an issuance of 305,250,005 new ordinary shares together with free detachable 183,150,003 Warrants-B at an issue price of RM0.06 per Rights Share on the basis of 5 Rights Shares for every 4 existing shares held with 3 free Warrants-B for every 5 Rights Shares subscribed;
- (e) On 20 November 2020, there was an issuance of 24,420,000 new ordinary shares at an issue price of RM0.0757 per share for cash via private placement exercise;
- (f) On 23 February 2021, there was an issuance of 135,607,860 new ordinary shares at an issue price of RM0.0719 per share for cash via private placement exercise; and
- (g) On 18 March 2021, there was an issuance of 1,268 new ordinary shares at an issue price of RM0.63 pursuant to exercise of Warrants-A before expiry on 29 March 2021.

### 25. FOREIGN CURRENCY TRANSLATION RESERVE – non-distributable

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### 26. WARRANT RESERVE – non-distributable

On 29 September 2020, the Company issued 183,150,003 Warrants-B in conjunction with the rights issue of 305,250,005 ordinary shares of the Company issued during the year.

Each Warrants-B in issue entitles the warrant holders to subscribe for new ordinary shares in the Company at an exercise price of RM0.06 per share at any time during the exercise period in accordance with the deed poll. The warrants will expire on 28 September 2023.

The number of outstanding Warrants-B as at 30 June 2021 is 183,150,003.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 27. LEASE LIABILITIES

#### GROUP

##### Right-of-use assets - office equipment and premises

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Minimum lease payments:		
Within one year	1,015,465	534,532
Between two to five years	657,700	712,710
	<u>1,673,165</u>	<u>1,247,242</u>
Less : Future finance charges	(88,421)	(91,785)
Present value of minimum lease payments	<u>1,584,744</u>	<u>1,155,457</u>
Repayments due:		
Within one year	955,143	472,548
Between two to five years	629,601	682,909
	<u>1,584,744</u>	<u>1,155,457</u>
Incremental borrowing cost	5.49% - 6.91%	6.91%
<b>Hire purchase</b>		
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Minimum lease payments:		
Within one year	-	20,249
Less : Future finance charges	-	(1,364)
Present value of minimum lease payments	<u>-</u>	<u>18,885</u>
Repayments due:		
Within one year	<u>-</u>	<u>18,885</u>
Effective interest rate	-	4.64% to 6.18%
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Total lease liabilities</b>		
Repayments due:		
Within one year	955,143	491,433
Between two to five years	629,601	682,909
	<u>1,584,744</u>	<u>1,174,342</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 27. LEASE LIABILITIES *(continued)*

#### COMPANY

##### Right-of-use assets – premises

	2021 RM	2020 RM
Minimum lease payments:		
Within one year	90,000	-
Between two to five years	217,500	-
	307,500	-
Less : Future finance charges	(26,420)	-
Present value of minimum lease payments	281,080	-
Repayments due:		
Within one year	76,895	-
Between two to five years	204,185	-
	281,080	-
Incremental borrowing cost	5.49%	-

The lease liabilities of a subsidiary company relating to office equipment amounting to RM763,945 (2020: RM1,155,457) is secured by a corporate guarantee given by the Company.

### 28. TERM LOAN

	GROUP	
	2021 RM	2020 RM
Term loan is at 1.60% above effective Islamic cost of funds repayable by 180 monthly installments of RM93,095 from October 2020 onward (Prior to October 2020: RM89,012)	8,716,516	9,277,613
Repayments due:		
Within one year	842,155	575,860
Between two to five years	3,660,386	2,644,411
More than five years	4,213,975	6,057,342
	7,874,361	8,701,753
	8,716,516	9,277,613

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 28. TERM LOAN *(continued)*

On 13 April 2020, the Group has obtained the approval from the bank to defer its existing monthly repayment of RM89,012 per month with effect from April 2020 to September 2020 and these deferment of payments together with any other overdue shall be settled in full by October 2020.

The term loan is secured as follows:

- i) A facility agreement to be stamped as Principal Instrument;
- ii) Corporate guarantee by the Company;
- iii) All monies legal charges or all monies deed of assignment and power of attorney over a subsidiary company's freehold lands and buildings; and
- iv) Sale Agreement (First or Third party) as subsidiary instruments

### 29. PROVISION FOR RETIREMENT BENEFITS

A subsidiary company operates an unfunded defined retirement benefits plan for its employees.

Total amount recognised in the statements of financial position are as follows:

	<b>GROUP</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Present value of unfunded defined benefits obligations	40,843	54,604

The reconciliation for the retirement benefits plan are as follows:

	<b>GROUP</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
At 1 July 2020/1 January 2019	54,604	32,022
Included in the profit or loss:		
- current service costs	251	23,055
- interest income	4,181	5,088
- effect of curtailment for resigned staffs	-	(7,348)
	4,432	20,795
Payments made	(15,614)	-
Foreign exchange translation	(2,579)	1,787
At 30 June	40,843	54,604



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 29. PROVISION FOR RETIREMENT BENEFITS *(continued)*

The principal assumptions used are as follows:

	GROUP	
	2021 %	2020 %
Discount rate	7.80%	7.80%
Expected rate of salary increase	8.00%	8.00%

#### Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumption, holding assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

GROUP	Change in rate	Effect of defined benefit obligation increase/(decrease)
As at 30 June 2021		
- Discount rate	+ 1%	(681)
	- 1%	912
Expected rate of salary increased		
	+ 1%	1,074
	- 1%	(861)
As at 30 June 2020		
- Discount rate	+ 1%	(1,837)
	- 1%	2,408
Expected rate of salary increased		
	+ 1%	2,767
	- 1%	(2,246)



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 30. DEFERRED TAX ASSETS/(LIABILITIES)

	<b>GROUP</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
At 1 July 2020 / 1 January 2019	-	(582,119)
Arising from acquisition of a subsidiary company	150,000	-
Deferred tax expenses arising from and reversal of temporary differences	(81,471)	568,791
Overprovision of deferred tax (assets)/liabilities in prior year	(20,529)	13,328
Transferred (to)/from profit or loss (Note 9)	(102,000)	582,119
At 30 June	<u>48,000</u>	<u>-</u>

The components of deferred tax liabilities and assets that are recognised during the financial year are as follows:

	<b>GROUP</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Deferred tax liabilities:		
Capital allowances in excess of depreciation	(70,122)	(15,424)
Unrealised gain on foreign exchange	(368)	(5,982)
Deferred tax assets:		
Unused tax losses*	103,286	21,406
Loss allowance on receivables	6,885	-
Lease liabilities	8,319	-
	<u>48,000</u>	<u>-</u>

\* The unused tax losses will expire in Year of Assessment 2026 in accordance with Income Tax Act 1967.

The amounts of deferred tax assets that are not recognised in the statement of financial position are as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unabsorbed capital allowances	150,469	198,091	-	-
Unused tax losses	2,053,754	1,508,361	359,608	-
Lease liabilities	183,347	-	-	-
Others	-	69,237	1,033	-
	<u>2,387,570</u>	<u>1,775,689</u>	<u>360,641</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 30. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

The unrecognised deferred tax assets in respect of unused tax losses of the Group and of the Company will expired in accordance with the Income Tax Act 1967 as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Year of Assessment 2025	1,461,269	1,465,825	-	-
Year of Assessment 2026	34,989	34,989	21,134	-
Year of Assessment 2027	38,592	7,547	21,212	-
Year of Assessment 2028	518,904	-	317,262	-
	<u>2,053,754</u>	<u>1,508,361</u>	<u>359,608</u>	<u>-</u>

### 31. PREFERENCE SHARES

	GROUP	
	2021 RM	2020 RM
Redeemable non-convertible preference shares	<u>9,842,673</u>	<u>8,543,536</u>

	GROUP	
	2021 RM	2020 RM
Represented by:		
Within one year	9,842,673	3,614,665
More than one year and less than three years	-	4,928,871
	<u>9,842,673</u>	<u>8,543,536</u>

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 31. PREFERENCE SHARES (*continued*)

The main features of the preference shares are as follows:

- (i) The preference shares comprise 1,011 units of redeemable non-convertible preference shares at the subscription price of RM 10,000 per share totalling RM10,110,000 for the purpose of financing the palm oil mill enhancement and optimisation programme.

The preference shares are amortised at the effective intrinsic rate of 15.64% to 16.56% per annum.

The redemption date of the preference shares is on the day immediately preceding 36 calendar months from the issue date.

- (ii) Right to dividends

The preference shares shall bear an expected dividend at the rate of not less than 17% per annum on the subscription price. The total dividends shall be non-cumulative.

From the period commencing from the issue date of the preference shares up to and including the first anniversary date of the issue date, there shall be no dividend payable.

Subsequently commencing from the end of the 15<sup>th</sup> calendar month from the issue date and thereafter on a quarterly basis up to the redemption date.

The aggregate dividend for the tenure i.e. 36 calendar months from issue date is 51% of the subscription price.

It shall be an event of default if any such dividends are not declared and paid, in full or otherwise, on the dividend payment date. In any such event of default, the Subscriber shall be entitled to request the issuer to forthwith redeem the preference shares.

Payment of dividend is subject to the issuer has sufficient distributable profits available for payment of dividend.

- (iii) Subscriber's rights

The preference shares do not confer or carry any right to vote at the general meeting of the issuer other than a resolution to amend or vary the rights of the subscriber.

The preference shares are unsecured and shall rank after all secured and unsecured obligations of the issuer.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 31. PREFERENCE SHARES (*continued*)

#### (iv) Liquidation preference

In the event of liquidation, dissolution or winding-up or other repayment of capital of the issuer, the subscriber shall be entitled to be paid the following out of available profits for distribution and assets of the issuer:

- all accrued but unpaid dividends thereon; and
- an amount per share equivalent to the subscription price for each preference share.

In financial year 2018, the subscriber of the preference shares has agreed to waive the dividend payable for the first year from the respective issue date of the preference shares. On the same date, the subscriber agreed not to redeem the preference share during the tenure of 36 calendar months from the issue date.

During the financial year, the redemption for preference shares in a subsidiary company amounting to RM4,130,000 is overdue.

### 32. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	1,791,842	11,997,716	-	-
Other payables	226,173	1,417,171	40,358	317,162
Deposits	500,000	1,663,431	-	1,045,180
Accruals	2,981,164	2,075,431	195,689	439,062
Amount due to a subsidiary company				
- non-trade account	-	-	-	1,045,595
Amounts due to directors	-	20,160	-	-
	<u>5,499,179</u>	<u>17,173,909</u>	<u>236,047</u>	<u>2,846,999</u>

Trade payables are non-interest bearing and on 30 days to 90 days terms or on 30 days credit term from invoice date and subject to 1.5% late charges within the rights of the suppliers.

Included in trade payables of the Group is an amount of RM22,097 (2020: RM Nil) due to a subsidiary company of a Group in which a director of the subsidiary company has controlling interest.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 32. TRADE AND OTHER PAYABLES *(continued)*

Other payables are unsecured, non-interest bearing and repayable on demand.

Included in other payables of the Group is an amount of RM22,061 (2020: RM Nil) due to a company in which a director of the Company and its connected persons have controlling interests. The amount is unsecured, non-interest bearing and repayable on demand.

Included in deposits for prior year is an amount of RM1,045,180 being deposit received from the purchaser towards the sale of disposed group classified as held for sale.

In prior year, the amount due to a subsidiary company and amounts due to directors are unsecured, non-interest bearing and repayable upon demand.

Trade payables denominated in currencies other than the functional currency are as follows:

	GROUP	
	2021 RM	2020 RM
Euro	-	176,312

### 33. CONTINGENT CONSIDERATION

Contingent consideration represents amount owing to the vendor for acquisition of a subsidiary company during the year. The amount is payable to the vendor based on the terms and conditions of the profit guarantee stated in the Sales and Purchase Agreement.

### 34. CONTINGENT LIABILITIES

	COMPANY	
	2021 RM	2020 RM
<b>Unsecured</b>		
Corporate guarantee granted to a licensed bank for credit facilities granted to subsidiaries	8,822,780	27,909,905
Corporate guarantee granted to a leasing company for leasing facilities granted to a subsidiary	763,945	1,155,457



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 34. CONTINGENT LIABILITIES *(continued)*

There is a corporate guarantee given to a third party where the Company irrevocably guarantee the due and punctual payment by Dolphin Biogas Sdn. Bhd. (“DBSB”) and its subsidiary company, Biogas Sulpom Sdn. Bhd. (“BSSB”) of all sums pursuant to the terms and conditions of agreements. DBSB and BSSB are subsidiaries disposed during the year. The Company agreed to pay eighty percent of all sums due and payable and hold the third party indemnify against all losses, costs, damages, expenses, liabilities, actions, claims and demands whatsoever which may be made against the third party. However, an estimate cannot be made.

Nevertheless, there is also a letter of indemnity from DBSB which is now a subsidiary of a major corporate shareholder of the Company on the corporate guarantee given to the third party mentioned.

### 35. RELATED PARTIES

#### a) Identity of related parties

Parties are considered to be related to the Group or the Company if the Group or the Company 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 or the Company and the party are subject to common control. Related parties may be individuals or other entities.

#### b) Significant related party transactions

	GROUP		COMPANY	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
Management fees charged to subsidiaries	-	-	(240,000)	(360,000)
Lease rental on office premises paid to a person connected to a director of the Company	60,000	-	60,000	-
Sales proceeds from disposal of a subsidiary company to a major corporate shareholder of the Company	2,123,676	-	2,123,676	-

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 35. RELATED PARTIES

#### b) Significant related party transactions *(continued)*

	GROUP		COMPANY	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
Purchase consideration to purchase a subsidiary company from a major corporate shareholder of the Company who has significant influence	22,000,000	-	22,000,000	-
Sales of goods/services to subsidiary companies of a major corporate shareholder of the Company	(107,800)	-	-	-
Expenses paid to subsidiary companies of a Group in which a director of a subsidiary company has controlling interest:				
Purchase of goods	2,552,403	-	-	-
Royalty	207,900	-	-	-
Wages	222,678	-	-	-
Advertising and promotion	2,250	-	-	-
Expenses paid to a company in which a director of the Company and its connected persons have controlling interest:				
Purchase of small value assets and cleaning expenses	8,115	-	-	-
Renovation expenditure	1,024,540	-	-	-
Repair and maintenance	25,614	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 35. RELATED PARTIES

#### c) Significant related party transactions *(continued)*

	GROUP		COMPANY	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
Disposal of property, plant and equipment to a person connected to a director of the Company for a total consideration of	(27,000)	-	-	-

### 36. CAPITAL COMMITMENT

	GROUP	
	2021 RM	2020 RM
Contracted but not provided for in the financial statements	-	2,834,492

### 37. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

	GROUP		COMPANY	
	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM	Year ended 30/6/2021 RM	Period from 1/1/2019 to 30/6/2020 RM
Total compensation* (including directors)	1,887,085	1,147,555	1,382,708	378,951



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 37. COMPENSATION OF KEY MANAGEMENT PERSONNEL *(continued)*

\* Included in the total compensation of the Group and of the Company is an amount of RM182,226 (2020: RM Nil) of prior year's directors' fees paid during the year to ex-directors.

Special recognition payment of the Group and of the Company paid during the year to ex-Key management personnel is RM665,030 and RM251,985 respectively.

The estimated monetary value of benefit-in-kind of the Group and of the Company is RM Nil (2020: RM4,750) and RM Nil (2020: RM Nil) respectively.

### 38. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 – Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Board of Directors for the purpose of making decisions about resource allocation and performance assessment.

The reportable operating segments are as follows:

- a) Provision of sales, service and contract work relating to palm oil milling segment ("Palm oil milling");
- b) Trading and services segment ("Trading and services");
- c) Investment holding and management services segment ("Investment holding"); and
- d) Operator of restaurant and trading in food products ("Food and beverage"). This segment commenced in current year.

Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

#### Segment profit

Segment performance is used to measure performance as the Board of Directors believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

#### Segment assets

The total segment assets is measured based on all assets of a segment as included in the internal reports that are reviewed by the Board of Directors.

#### Segment liabilities

The total segment liabilities is measured based on all liabilities of a segment, as included in the internal reports that are reviewed by the Board of Directors.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 38. SEGMENT INFORMATION (continued)

#### Business segments

	Palm oil milling RM	Trading and services RM	Investment holding RM	Food and beverage RM	Adjustments and eliminations RM	Consolidation – continuing operations RM	Discontinued operations RM
<b>Year ended 30/6/2021</b>							
<b>Revenue</b>							
Segment revenue	3,677,687	825,934	-	4,433,294	-	8,936,915	-
Inter-segment revenue	34,222	-	240,000	-	(274,222)	-	-
	<u>3,711,909</u>	<u>825,934</u>	<u>240,000</u>	<u>4,433,294</u>	<u>(274,222)</u>	<u>8,936,915</u>	<u>-</u>
<b>Results</b>							
Segment (loss)/profit before taxation	(36,917,308)	(325,513)	(24,765,509)	82,544	21,662,314	(40,263,472)	(460,282)
<b>As at 30 June 2021</b>							
<b>Assets</b>							
Segment assets	21,913,366	604,189	37,287,735	6,020,672	(9,908,068)	55,917,894	-
<b>Total segment assets</b>	<u>21,913,366</u>	<u>604,189</u>	<u>37,287,735</u>	<u>6,020,672</u>	<u>(9,908,068)</u>	<u>55,917,894</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 38. SEGMENT INFORMATION (continued)

#### Business segments (continued)

	Palm oil milling RM	Trading and services RM	Investment holding RM	Food and beverage RM	Adjustments and eliminations RM	Consolidation – continuing operations RM	Discontinued operations RM
Liabilities							
Segment liabilities	(34,171,842)	(1,944,712)	(2,499,106)	(620,173)	12,407,474	(26,828,359)	-
<b>Total segment liabilities</b>	<b>(34,171,842)</b>	<b>(1,944,712)</b>	<b>(2,499,106)</b>	<b>(620,173)</b>	<b>12,407,474</b>	<b>(26,828,359)</b>	<b>-</b>
<b>Year ended 30 June 2021</b>							
<b>Other information</b>							
Depreciation of property, plant and equipment	154,662	24,807	-	264,951	-	444,420	-
Depreciation of investment property	2,453	-	-	-	-	2,453	-
Inventories written off	276,483	-	-	-	-	276,483	-
Gain on disposal of property, plant and equipment	(162,456)	-	-	-	-	(162,456)	-
Interest expenses	1,841,786	10,948	9,551	59,781	-	1,922,066	-
Interest income	(83)	(395)	(43,834)	-	-	(44,312)	-
Bad debts written off	96,702	-	-	-	-	96,702	-
Loss allowance for receivables	432,888	-	4,517	28,689	-	466,094	-
Provision for foreseeable losses on contract assets	143,197	-	-	-	-	143,197	-
Reversal of impairment on intangible assets	(208,913)	-	-	-	-	(208,913)	-



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 38. SEGMENT INFORMATION (continued)

#### Business segments (continued)

	Palm oil milling RM	Trading and services RM	Investment holding RM	Food and beverage RM	Adjustments and eliminations RM	Consolidation – continuing operations RM	Discontinued operations RM
Provision for retirement benefits	-	4,432	-	-	-	4,432	-
Property, plant and equipment written off	81,837	-	-	-	-	81,837	-
Reversal of loss allowance of receivables	(112,029)	-	-	-	-	(112,029)	-
Unrealised (gain)/loss on foreign exchange	(1,533)	21,511	-	-	-	19,978	-
Depreciation of right-of-use assets	472,412	27,691	47,254	444,433	-	991,790	-
Right-of-use assets written off	626,859	-	-	-	-	626,859	-
Intangible assets written off	17,813,464	-	-	-	-	17,813,464	-
Impairment loss on property, plant and equipment	11,689,066	-	-	-	-	11,689,066	-
Impairment of goodwill	-	-	-	2,500,000	-	2,500,000	-
Amortisation of intangible assets	-	-	-	110,110	-	110,110	-
Share of losses in associate companies	-	-	5,102	-	-	5,102	-
Taxation	111,736	-	-	102,000	-	213,736	-
<b>Assets</b>							
Additions to non-current assets	1,270,452	-	-	3,512,819	-	4,783,271	-
– property, plant and equipment	-	138,542	324,030	887,641	-	1,350,213	-
– right-of-use assets	-	-	-	15,538,789	-	15,538,789	-
– intangible assets	-	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 38. SEGMENT INFORMATION (continued)

#### Business segments (continued)

	Provisions of milling systems and solutions RM	Supply of parts and maintenance services RM	Investment holdings and management services RM	Adjustments and eliminations RM	Consolidation – continuing operations RM	Discontinued operations RM
<b>Period from 1/1/2019 to 30/6/2020</b>						
<b>Revenue</b>						
Segment revenue	6,074,463	6,437,395	-	-	12,511,858	3,385,660
Inter-segment revenue	7,672,736	579,558	360,000	(8,612,294)	-	-
	13,747,199	7,016,953	360,000	(8,612,294)	12,511,858	3,385,660

	Palm oil milling RM	Trading and services RM	Investment holding RM	Adjustments and eliminations RM	Consolidation – continuing operations RM	Discontinued operations RM
<b>Results</b>						
Segment (loss)/profit before tax	(1,324,384)	(341,607)	(6,508,861)	5,862,573	(2,312,279)	1,018,213
<b>As at 30 June 2020</b>						
<b>Assets</b>						
Current tax assets	121,400	-	-	-	121,400	-
Segment assets	102,600,718	1,405,110	15,290,222	(60,771,754)	58,524,296	29,559,346
<b>Total segment assets</b>	102,722,118	1,405,110	15,290,222	(60,771,754)	58,645,696	29,559,346



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 38. SEGMENT INFORMATION (continued)

#### Business segments (continued)

	Palm oil milling RM	Trading and services RM	Investment holding RM	Adjustments and eliminations RM	Consolidation – continuing operations RM	Discontinued operations RM
<b>Liabilities</b>						
Current tax liabilities	-	(13,593)	-	-	(13,593)	-
Deferred tax liabilities	-	-	-	-	-	(176,000)
Provision of retirement benefits	-	(54,604)	-	-	(54,604)	-
Segment liabilities	(77,951,551)	(2,599,975)	(2,846,999)	45,905,590	(37,492,935)	(26,527,789)
<b>Total segment liabilities</b>	<b>(77,951,551)</b>	<b>(2,668,172)</b>	<b>(2,846,999)</b>	<b>45,905,590</b>	<b>(37,561,132)</b>	<b>(26,703,789)</b>
<b>Period from 1/1/2019 to 30/6/2020</b>						
<b>Other information</b>						
Depreciation of property, plant and equipment	462,720	38,935	-	-	501,655	851,275
Depreciation of investment property	3,679	-	-	-	3,679	-
Loss on disposal of property, plant and equipment	461,116	-	-	-	461,116	-
Interest expenses	3,005,772	6,724	-	-	3,012,496	533,544
Interest income	(75,553)	(873)	(37)	-	(76,463)	(36,863)
Bad debts written off	3,128	16,367	-	-	19,495	-
Loss allowance for receivables	18,906	243,848	-	-	262,754	-
Provision for foreseeable loss on contract assets	153,173	-	-	-	153,173	-

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 38. SEGMENT INFORMATION (continued)

#### Business segments (continued)

	Palm oil milling RM	Trading and services RM	Investment holding RM	Adjustments and eliminations RM	Consolidation – continuing operations RM	Discontinued operations RM
Provision for retirement benefits	-	20,795	-	-	20,795	-
Property, plant and equipment written off	351,774	-	-	-	351,773	-
Reversal of loss allowance of receivables	(95,346)	(21,520)	-	-	(116,866)	-
Unrealised gain on foreign exchange	(27,095)	(10,683)	-	-	(37,778)	-
Waiver from other payable	-	-	-	-	-	(600,000)
Depreciation of right-of-use assets	706,675	-	-	-	706,675	53,167
Loss allowance for contract assets	760,868	-	-	-	760,868	-



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 38. SEGMENT INFORMATION (continued)

#### Business segments (continued)

Nature of elimination to arrive at amounts reported in the consolidated financial statements:

- Inter-segment revenue is eliminated in consolidation statements;
- Inter-segment expenses are eliminated on consolidation; and
- Inter-segment assets and liabilities are eliminated on consolidation.

#### Geographical segment

Revenue and non-current assets information based on the geographical location of customers are as follows:

	Revenue – continuing operations RM	Non-current assets – continuing operations RM		
<b>Year ended 30/6/2021</b>				
Malaysia	8,110,981	39,700,343		
Indonesia	825,934	180,829		
	8,936,915	39,881,172		
	Revenue – continuing operations RM	Non-current assets – continuing operations RM	Revenue - discontinued operations RM	Non-current assets - discontinued operations RM
<b>Period from 1/1/2019 to 30/6/2020</b>				
Malaysia	10,957,811	49,992,658	3,385,660	26,260,474
Indonesia	1,554,047	97,759	-	-
	12,511,858	50,090,417	3,385,660	26,260,474

#### Information about major customers

For provision of milling systems and solutions segment revenue from three major customers represented RM1,874,974 (2020: RM4,098,409) of the Group's total revenue.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

#### GROUP AND COMPANY

- (i) On 7 March 2018, PTDI attended the court hearing for the Writ of Summons filed on 29 January 2018 at the Tangerang District Court of Indonesia against PT Himalaya Transmeka (“PTHT”), being the defendant.

Based on the decision of Tangerang District Court dated 10 October 2018, PTHT has committed a default action by not completing the work project on time and also defaulted not adhering to PTDI's time limit of the work project given to the PTHT.

On 24 October 2018, the defendant filed an appeal against decision of Tangerang District Court. On 20 August 2019, the Banten District Court upheld the decision of Tangerang District Court and instructed PTHT to pay the court fees.

On 19 November 2019, PTDI submitted the Cassation Memory Counter to the Supreme Court in response to Cassation Memory filed by PTHT on 23 October 2019. Based on the Cassation Decision on 9 September 2020, it has rejected the appeal from PTHT and sentenced PTHT to pay the court fees at IDR 500,000. PTDI is in the process to complete the required documents to collect the overpayment of IDR 352,417,462 as at to-date.

- (ii) **Originating Summon No.: KCH-24C-1/1-2020 between the Dolphin Engineering (M) Sdn. Bhd. (“DESB”) and Tori Construction sealed on 24 January 2020 (“OS 1”)**

Tori Construction initiated an adjudication proceeding in the Kuching High Court under the Construction Industry Payment and Adjudication Act 2012 by way of a notice of adjudication dated 10 September 2019 against DESB, a subsidiary company, for monies due and owing and for release of retention sums of RM3,118,329.85 with costs and interests.

An adjudication decision was delivered on 13 January 2020 in favour of Tori Construction.

On 24 January 2020, an originating summons (“OS 1”) was filed by DESB to set aside the Adjudication Decision. On 21 February 2020, an application was served to stay the execution or enforcement of the Adjudication Decision pending the full disposal of all cause or matter as between DESB and Tori Construction.

The parties have exhausted the exchange of affidavits for the OS 1 and the stay application and the hearing date has been fixed for on 25 November 2020 to hear both matters collectively.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *(continued)*

#### GROUP AND COMPANY *(continued)*

**Originating Summon No.: KCH-24C-2/2-2020 between Tori Construction and the Dolphin Engineering (M) Sdn. Bhd. (“DESB”) sealed on 5 February 2020 (“OS 2”)**

Tori Construction had on 5 February 2020 filed an originating summons (“OS 2”) for the registration and enforcement of the Adjudication Decision. The Parties have exhausted the exchange of affidavits for the OS 2. On 3 June 2020, DESB filed a notice of application for striking out of OS 2 and alternatively for a stay of proceedings in OS 2 pending disposal of all proceedings in and/or related to OS 1 and the writ action filed by DESB against Tori Construction.

The striking out application has been struck out with costs of RM3,000,000 to Tori Construction.

The hearing date has been fixed on 26 November 2020.

**Originating Summon No.: KCH-22NCvC-7/3-2020 between the Dolphin Engineering (M) Sdn. Bhd. (“DESB”) and Tori Construction sealed on 6 March 2020 (“Suit 7”)**

On 6 March 2020, a writ action was filed by DESB against Tori Construction for claim of damages for breach of contract amounting to RM3,265,437.45 with costs and interests.

On 24 June 2020, DESB filed the notice of application (“Order 4 Application”) to transfer and consolidate the Suit 7 with OS 1 to be heard before the learned High Court Judge with respect to OS 1. On 19 August 2020, the Order 4 Application was heard and dismissed with cost in the cause. The parties have exchanged and exhausted pleadings in respect of the main action of Suit 7 filed by DESB, as well as the counterclaim filed by Tori Construction.

Pursuant to the directions of the High Court on 26 October 2020, all parties are to file and exchange Bundle of Documents in preparation for the trial before 11 January 2021 and trial is fixed on 8 March 2021 to 12 March 2021.

Further developments for OS 1, OS 2 and Suit 7 are set out in Note 40(a).

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *(continued)*

#### GROUP AND COMPANY *(continued)*

- (iii) On 20 July 2020, a writ of summons was filed by Letrik Port Klang Sdn Bhd (LPKSB) against Dolphin Applications Sdn Bhd (“DASB”) and Biogas Sulpom Sdn. Bhd. claiming RM1,047,563.80 together with interest. The case has been settled amicably between the parties and the Company only required to pay RM1,035,907.65 as at 30 June 2021. Thus, the claim was struck out by consent with no liberty to file afresh and no order as to costs on 24 November 2020.
- (iv) On 5 August 2020, a writ of summons was filed by Unified Wanderer Engineering Sdn Bhd (“UWSB”) claiming RM396,708.94 together with interest against Dolphin Engineering (M) Sdn. Bhd. (“DESB”) and against Dolphin Applications Sdn. Bhd. (“DASB”) of RM55,132.20 together with interest respectively.

DASB has paid RM50,000 on 5 November 2020 to UWSB for settlement. On 13 November 2020, UWSB withdrawn the claim against DASB and reached a settlement with DASB.

On 21 January 2021, UWSB has filed a Notice of Application of Summary Judgment claiming RM375,708.94 from DESB and the Court on 10 March 2021 issued a court order to DESB to pay RM375,708.94 together with court fee of RM3,000 to UWSB within 7 days from the court order. DESB has yet to pay RM375,708.94 together with court fee of RM3,000 to UWSB as at to-date.

- (v) On 7 August 2020, the Company suspended the power and authority of the Group’s Managing Director, Low Teck Yin in relation to the alleged breach of fiduciary duty. On 18 August 2020, the Company appointed Messrs. Moore Stephens Associates PLT to perform investigation review in 2 phases. The first phase of the investigation review was completed and announced on 26 August 2020. The second phase of the investigation review was completed on 28 October 2020. Both reports stated that it is reasonable to conclude that up to the date of these reports, there is no breach of applicable laws and regulations.

During Annual General Meeting held on 7 December 2020, Low Teck Yin was not re-elected as a director of the Company. On 1 February 2021, the Company removed the suspended Group’s Managing Director from his directorship in the subsidiary companies. Legal letters were sent to him to recover RM2.8 million but the Group’s lawyer was unable to contact the director as he has moved from the last known address recorded in the Company’s Register. Thus, the Group is unable to proceed with the legal suit against him.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *(continued)*

#### GROUP AND COMPANY *(continued)*

- (vi) **Originating Summon No.: BA-22NCvC-104-03/2021 between the Dolphin Robotic Systems Sdn. Bhd. (“DRSB”), Dolphin Applications Sdn. Bhd. (“DASB”) and Nor Anita Binti Abu Talib & 19 others**

On 12 March 2021, Nor Anita Binti Abu Talib & 19 others (“Plaintiffs”) filed an originating summons against DRSB and DASB on breach of contract and trust, misrepresentation, fraud, deceit and conspiracy to defraud in respect of a purported investment scheme relating to preference shares. The Plaintiffs are claiming for various declaratory relief and damages. The Companies filed their defence on 17 May 2021 in which the Plaintiffs filed their “Reply to Defence” on 9 August 2021. On 4 June 2021, the Companies also filed a striking out application to strike out the Plaintiffs’ claims against the Companies.

Further developments are set out in Note 40(b).

- (vii) **Originating Summon No.: WA-A52NCvC-935-11/2020 between the Company and Lee Yow Fui**

On 27 November 2020, Lee Yow Fui, who is an ex-Independent Non Executive Director of the Company filed a statement of claim against the Company and Low Teck Yin, who is the ex-Managing Director of the Group, on the amount due to him for outstanding director’s fees and meeting fees from the financial year 2015 to 2019 amounting to RM283,400 together with interest.

On 24 December 2020, the Company filed its Defence and a Notice for Contribution and/or Indemnity against Low Teck Yin.

On 1 February 2021, Lee Yow Fui filed an application for summary judgment against the Company for the sum of RM283,400.

Further developments are set out in Note 40(c).

- (viii) Pursuant to its Extraordinary General Meeting held on 5 June 2020, resolutions passed were as follows:

- (a) The High Court has on 18 August 2020 granted an order confirming the special resolution passed by the shareholders on 5 June 2020 for Proposed Capital Reduction. This was completed on 3 September 2020. For further details, see Note 24(a).

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *(continued)*

#### GROUP AND COMPANY *(continued)*

- (b) The approved proposed Rights Issue i.e. Proposed Renounceable Rights Issue of up to 412,087,515 new ordinary shares in the Company together with 247,252,509 free detachable warrants was completed on 1 October 2020. For further details, see Note 24(d).
- (c) The Proposed Capitalisation of RM7,196,466 owing by the Group to its identified creditors and a shareholder of the Company to be fully settled via issuance of 94,690,342 new shares in the Company was completed on 1 October 2020. For further details, see Note 24(b).
- (ix) As mentioned in Note 12, one of the subsidiary company in the Group was not able to complete the capital work-in-progress due to various movement control orders. For further details see Note 12(a).
- (x) The redemption for preference shares in a subsidiary company is overdue. For further details, see Note 31.
- (xi) Covid-19 was declared a pandemic by the World Health Organisation on 11 March 2020. Measures undertaken to contain its spread severely impacted global economies, leading to significant volatility of the financial and business markets. The Government is also continually and periodically implementing additional measures to address the resulting public health issues and the economic impact.

During the financial year due to various movement control orders, travel bans, quarantines and social distancing, this has impacted on Group's revenue.

Despite the challenging market conditions caused by the Covid-19 pandemic, the Group and the Company remain resilient.

### 40. EVENTS SUBSEQUENT TO THE REPORTING DATE

- (a) **Originating Summon No.: KCH-24C-1/1-2020 between the Dolphin Engineering (M) Sdn. Bhd. ("DESB") and Tori Construction sealed on 24 January 2020 ("OS 1")**

The hearing for 25 November 2020 has been postponed to 9 June 2021 whereby the High Court fixed the hearing on ruling on 15 July 2021.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 40. EVENTS SUBSEQUENT TO THE REPORTING DATE (*continued*)

On 15 July 2021, the High Court has dismissed both DESB's application for setting aside and stay of the Adjudication Decision.

On 13 August 2021, DESB filed an appeal to the decision of the High Court which currently pending outcome of the appeal.

**Originating Summon No.: KCH-24C-2/2-2020 between Tori Construction and the Dolphin Engineering (M) Sdn. Bhd. ("DESB") sealed on 5 February 2020 ("OS 2")**

The hearing for 26 November 2020 has been postponed to 29 July 2021 whereby parties to file and exchange submissions and reply submissions on 11 August 2021. The hearing is fixed on 13 August 2021.

On 13 August 2021, the High Court fixed the hearing on ruling on 20 August 2021.

On 20 August 2021, the High Court allowed the Enforcement Application and the Adjudication Decision enforceable as if it was a judgment at Court under the CIPAA.

On 6 September 2021, Tori Construction issued a statutory notice under Section 466 of the Companies Act 2016 to demand for payment of RM3,777,467.84 within 21 days.

On 15 September 2021, DESB filed Fortuna Injunction Application and Stay Application to refrain Tori Construction taking any further execution action. The hearing for Stay Application and Fortuna Injunction Application is fixed on 13 October 2021 which has been further postponed to 19 November 2021.

**Originating Summon No.: KCH-22NCvC-7/3-2020 between the Dolphin Engineering (M) Sdn. Bhd. ("DESB") and Tori Construction sealed on 6 March 2020 ("Suit 7")**

The trial was rescheduled to 24 January 2022 to 27 January 2022.

(b) **Originating Summon No.: BA-22NCvC-104-03/2021 between the Company and Nor Anita Binti Abu Talib & 19 others**

The case management is fixed on 21 January 2022 and hearing of the striking out application is also fixed on 21 January 2022.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 40. EVENTS SUBSEQUENT TO THE REPORTING DATE *(continued)*

(c) **Originating Summon No.: WA-A52NCvC-935-11/2020 between the Company and Lee Yow Fui**

On 3 August 2021, the Sessions Court dismissed Lee Yow Fui's summary judgment application with costs of RM4,000 to be paid to the Company.

On 3 September 2021, both parties filed its summary of case and trial dates have been fixed on 13 to 15 December 2021.

(d) Subsequent to the reporting date and further to Note 31, the redemption for preference shares in a subsidiary company amounting to RM3,290,000 is overdue.

(e) On 29 September 2021, Bursa Securities has approved the listing and quotation of up to 335,669,500 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities. This is subject to shareholders' approval during an Extraordinary General Meeting to be convened on 1 November 2021.

(f) Subsequent to the reporting date and notwithstanding the vaccine rollouts, the Covid-19 pandemic continues to evolve and the impact on the economy remains uncertain. Thus, the Group and the Company will continue to monitor the Covid-19 pandemic situation and will take action as and when necessary.



## LIST OF PROPERTIES OWNED BY THE GROUP

Location	Date of Acquisition	Tenure	Built-up Area (Square metres)	Description of Property / Existing Use	Net Carrying Amount as at 30 Jun 2021 (RM'000)
<b>Dolphin Engineering (M) Sdn Bhd</b>					
845, Block A, Leisure Commerce Square, No. 9, Jalan PJS 8/9, 47300 Petaling Jaya, Selangor Darul Ehsan.	20 Jan 1996	Leasehold, 99 years expiring on 17 July 2091	58.25	Office unit located on the 8th floor of a 12 storey office block rented to third party	179
<b>Dolphin Applications Sdn Bhd</b>					
20, Jalan Industri PBP 9, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor Darul Ehsan.	19 Nov 2015	Freehold	2,462.77	2 storey factory cum 3 storey office building erected thereon all that piece of industrial land. Currently vacant.	12,974



# ANALYSIS OF SHAREHOLDINGS

AS AT 22 OCTOBER 2021

## ORDINARY SHARES

Issued Share Capital	:	935,748,431 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share
Number of Shareholders	:	5,062

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	26	0.52	1,078	0.00
100 – 1,000	284	5.61	164,522	0.02
1,001 – 10,000	1,180	23.31	8,162,025	0.87
10,001 – 100,000	2,524	49.86	115,484,110	12.34
100,001 to less than 5% of issued shares	1,048	20.70	811,936,696	86.77
5% and above of issued shares	0	0	0	0
	5,062	100.00	935,748,431	100.00

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

No.	Name of Directors	No. of Shares Held (Direct)	%	No. of Shares Held (Indirect)	%
1.	TENGGU AHMAD BADLI SHAH BIN RAJA HUSSIN	–	–	–	–
2.	SERENA GOH FHEN FHEN	–	–	–	–
3.	TAN BAN TATT	–	–	–	–
4.	HOH YEONG CHERNG	18,527	–	434,500	0.05
5.	LIM SENG HOCK	–	–	–	–
6.	YEO BOON HO	100,000	0.01	–	–

\* Deemed interest in the direct shareholdings in the Company of his sibling, Hoh Yeong Jian (409,500 shares) and father, Hoh Kok Wah (25,000 shares).

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

No.	Name of Substantial Shareholder	No. of Shares Held (Direct)	%	No. of Shares Held (Indirect)	%
1.	ASIA POLY HOLDINGS BERHAD	140,913,184	15.06	–	–



## ANALYSIS OF SHAREHOLDINGS

AS AT 22 OCTOBER 2021

(cont'd)

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	Shareholdings	%
1.	ASIA POLY HOLDINGS BERHAD	140,913,184	15.06
2.	SOUTHERN REALTY RESOURCE SDN. BHD.	28,000,000	2.99
3.	DARSHAN RAVINDRAN	21,978,000	2.35
4.	PUBLIC NOMINESS (TEMPATAN) SDN BHD PLEDGE SECURITIES CCOUNT FOR TAN SOON HUI (E-SJA)	14,100,00	1.51
5.	IAN ONG MING HOCK	10,644,740	1.14
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG HE YAM	8,912,500	0.95
7.	KEJURUTERRAN TRISURIA SDN. BHD.	7,500,000	0.80
8.	NYEO HOCK KIAT	7,363,500	0.79
9.	CIMSEC NOMINEES ( TEMPATAN ) SDN BHD CIMB FOR LAW KING HUI (PB)	7,000,000	0.75
10.	KENANGA NOMINEES (TEMPATAN ) SDN BHD PLEDGED SECURITIES CCOUNT FOR HIAH MOY THIANG	7,000,000	0.75
11.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH CHEN FOONG (MY1718)	6,500,000	0.69
12.	FONG TECK SIONG	6,300,000	0.67
13.	SIM MUI KHEE	6,082,100	0.65
14.	WONG YONG HENG	6,000,000	0.64
15.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THAM MUN SENG	5,500,000	0.59
16.	SOON BAN HIN ORIENTAL (M) SDN BHD	5,500,000	0.59
17.	LIM LIAN KHAI	5,400,000	0.58
18.	ZAITON BINTI MOHD HASSAN	5,200,000	0.56
19.	OH CHWEE HOE	5,000,000	0.53
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIAW JING QUAN (LIA0313C)	4,780,000	0.51
21.	LIM ZHI HUI	4,704,500	0.50
22.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIEW YOU CHEONG	4,500,000	0.48
23.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG YIN KEONG	4,490,000	0.48
24.	PUBLIC GROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TING CHOONG SING (E-KPG)	4,033,000	0.43
25.	ELVIN SIEW CHUN WAI	4,000,000	0.43
26.	LEE TAI FATT	3,810,000	0.41
27.	CHING LOY NGUAN	3,500,000	0.37
28.	SEOW LAN THYE	3,278,200	0.35
29.	CHIAH LAM CHIN	3,000,000	0.32
30.	JLLION CAPITAL SDN. BHD.	3,000,000	0.32
	<b>TOTAL</b>	<b>347,989,774</b>	<b>37.19</b>

# ANALYSIS OF WARRANTS HOLDINGS

AS AT 22 OCTOBER 2021

## WARRANTS 2020/2023 (“WB”)

Class of Shares	:	Warrants 2020/2023 (“WB”)
Number of warrants not exercised	:	183,150,003
Number of Warrants Holders	:	674

## ANALYSIS BY SIZE OF WARRANTS HOLDINGS

Size of Holdings	No. of Warrant Holders	%	No. of Warrant Held	%
1 - 99	91	13.50	4,404	0.00
100 - 1,000	29	4.30	12,296	0.01
1,001 - 10,000	154	22.85	879,548	0.48
10,001 - 100,000	225	33.38	8,928,610	4.88
100,001 to less than 5% of issued shares	175	25.97	173,325,145	94.63
5 % and above of issued shares	0	0	0	0
	674	100.00	183,150,003	100.00

## DIRECTORS’ WARRANTS HOLDINGS

No.	Name of Directors	No. of Warrants Held (Direct)	%	No. of Warrants Held (Indirect)	%
1.	TENGGU AHMAD BADLI SHAH BIN RAJA HUSSIN	–	–	–	–
2.	SERENA GOH FHEN FHEN	–	–	–	–
3.	TAN BAN TATT	–	–	–	–
4.	HOH YEONG CHERNG	–	–	–	–
5.	LIM SENG HOCK	–	–	–	–
6.	YEO BOON HO	–	–	–	–



## ANALYSIS OF WARRANTS HOLDINGS

AS AT 22 OCTOBER 2021

(cont'd)

### THIRTY (30) LARGEST WARRANTS HOLDERS

(Per Record of Depositors)

No.	Name	Warrant Holdings	%
1.	SOUTHERN REALTY RESOURCE SDN. BHD.	22,000,000	12.01
2.	PAKIRISAMY BASKARAN A/L P THANGAVELU	9,970,000	5.44
3.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG CHEW YENG (MY3114)	8,989,900	4.91
4.	DARSHAN RAVINDRAN	7,326,000	4.00
5.	MAYBANK SECURITIES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR COLIN SOH CHENG HOE	6,200,200	3.39
6.	MAYBANK (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH KOK KEAT	5,000,000	2.73
7.	ONG POH GAIK	4,625,000	2.53
8.	RABEKAH ALEXANDRA A/P D JOSEPH	4,510,300	2.46
9.	SUBASHINY A/P PRABAKARAN	3,709,500	2.03
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG HE YAM	3,157,500	1.72
11.	LEE HUNG CHENG	2,700,000	1.47
12.	TANG MUN PHUN	2,700,000	1.47
13.	FOONG AI LIN	2,500,000	1.37
14.	LOW AH LUI	2,500,000	1.37
15.	FONG TECK SIONG	2,400,000	1.31
16.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEE KIM HEW (E-KLG/BTG)	2,314,700	1.26
17.	COLIN SOH CHENG HOE	2,137,400	1.17
18.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE FOR STEVEN LIAU	2,100,000	1.15
19.	RAVI A/L DORAISAMY	2,001,000	1.09
20.	RAVI A/L DORAISAMY	2,000,100	1.09
21.	ONG ENG KHOON	2,000,000	1.09
22.	TEE LIN SAY	1,950,000	1.06
23.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG YIN KEONG	1,688,500	0.92
24.	LIM ZHI HUI	1,568,160	0.86
25.	LOO PANG HOW	1,500,000	0.82
26.	LEE KIAN SEONG	1,350,000	0.74
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)	1,300,000	0.71
28.	FOO SHWU MIIN	1,300,000	0.71
29.	LIM REN EN	1,300,000	0.71
30.	MOHAMAD AMMAR BIN ATAN	1,242,200	0.68
	<b>TOTAL</b>	<b>114,040,460</b>	<b>62.27</b>

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of the Company will be conducted on a fully virtual basis through live streaming and online Remote Participation and Electronic Voting (“RPEV”) facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657), provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia on Friday, 17 December 2021 at 11.00 a.m. or at any adjournment thereof for the following purposes:

## AS ORDINARY BUSINESS

1. To receive the audited Financial Statements of the Company for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon. (Please refer Explanatory Note (a))
2. To approve the payment of Directors’ fees amounting to RM327,000 for the financial year ending 30 June 2022. (Ordinary Resolution 1)
3. To approve the payment of Directors’ benefits to the Directors up to an amount of RM100,000 for the period commencing from 18 December 2021 until the next Annual General Meeting of the Company. (Ordinary Resolution 2)
4. To re-elect YM Tengku Ahmad Badli Shah Bin Raja Hussin, the Director who retires pursuant to Clause 97.1 of the Company’s Constitution and being eligible, offers himself for re-election. (Ordinary Resolution 3)
5. To re-elect Hoh Yeong Cherng, the Director who retires pursuant to Clause 97.1 of the Company’s Constitution and being eligible, offers himself for re-election. (Ordinary Resolution 4)
6. To re-elect Yeo Boon Ho, the Director who retires pursuant to Clause 104 of the Company’s Constitution and being eligible, offers himself for re-election. (Ordinary Resolution 5)
7. To re-appoint Messrs. PCCO PLT [(LLP0000506-LCA)(AF1056)] as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

## AS SPECIAL BUSINESS

8. To consider and if thought fit, to pass the following resolution: (Ordinary Resolution 7)

Authority To Directors To Allot and Issue Shares

“THAT subject to Sections 75 and 76 of the Companies Act 2016, the Constitution of the Company and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered to allot and issue shares in the Company, at any time, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

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



## NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

BY ORDER OF THE BOARD

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HO MENG CHAN (MACS 00574)  
SSM PC No. 202008003175  
WU SIEW HONG (MAICSA 7039647)  
SSM PC No. 202008002457  
Secretaries

Petaling Jaya  
Selangor Darul Ehsan  
29 October 2021

**Notes: -**

1. The Ninth Annual General Meeting will be conducted on a fully virtual basis through live streaming and online RPEV facilities provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia via <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657). Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the Ninth Annual General Meeting via RPEV. Please read these Notes carefully and follow the procedures in the Administrative Guide for the Fully Virtual Ninth Annual General Meeting in order to participate remotely via RPEV.
2. A member of the Company entitled to participate, speak and vote at the meeting shall be entitled to appoint up to 2 proxies or attorney or other duly authorised representative to participate, speak and vote in his/her stead. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy may not be a member of the Company.
3. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney duly authorised in writing, and in the case of a corporation, shall either be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
4. Where a member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than 2 proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority duly authorised in writing or if such appointor is a Corporation, under its common seal or under the hand of an officer or attorney of the Corporation duly authorised, shall either be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or be electronically deposited through the Share Registrar's website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
7. Depositors who appear in the Record of Depositors as at 10 December 2021 shall be regarded as Member of the Company entitled to participate, speak and vote at the meeting or appoint a proxy or proxies to participate and vote on his/her behalf.

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

## EXPLANATORY NOTES

- a) This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

- b) Ordinary Resolution 1 – Directors' fees payable

The Directors' Fees payable is computed based on the targeted Board size for the financial year ending 30 June 2022. In the event the proposed amount is insufficient, approval will be sought at the next Annual General Meeting for additional Directors' Fees to meet the shortfall.

- c) Ordinary Resolution 2 – Directors' benefits payable

The proposed Directors' benefit payable comprises allowances and other benefits.

The total estimated amount of Directors' benefits payable is calculated based on the estimated number of Board's and Board Committees' meetings for the period from 18 December 2021 until the next Annual General Meeting and the provision for other benefits (if any).

In the event that the proposed Directors' benefits payable is insufficient, approval will be sought at the next Annual General Meeting for additional Directors' benefits to meet the shortfall.

- d) Ordinary Resolution 3, Ordinary Resolution 4 and Ordinary Resolution 5  
- Retirement of Directors

Clause 97.1 of the Company's Constitution states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each Annual General Meeting. All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/she retires.

Clause 104 of the Company's Constitution states that any new Director appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the Annual General Meeting.

The Board is satisfied with the performance of the retiring Directors upon the assessment conducted by the Nomination Committee and hence, recommended their proposed re-election to be tabled for shareholders' approval at the Ninth Annual General Meeting. The information of their personal profiles is provided in the Company's Annual Report for the financial year ended 30 June 2021.

- e) Ordinary Resolution 7 – Authority To Directors To Allot and Issue Shares

The Company had at its Eighth Annual General Meeting held on 7 December 2020, obtained a general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 from its shareholders, to empower the Directors to allot and issue shares in the Company up to and not exceeding 20% of the total number of issued share capital of the Company for such purposes as they consider would be in the interest of the Company. This 20% General Mandate will expire at the conclusion of the Ninth Annual General Meeting. As at 23 February 2021, 135,607,860 new ordinary shares in the Company were issued by way of private placement pursuant to the general mandate granted to the Directors at the Eighth Annual General Meeting. The said shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 25 February 2021.



## NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

e) Ordinary Resolution 7 – Authority To Directors To Allot and Issue Shares (cont'd)

The proposed Ordinary Resolution 7 under item 8, if passed, will empower the Directors pursuant to Sections 75 and 76 of the Companies Act 2016, from the conclusion of this Annual General Meeting, to allot and issue shares in the Company provided that the aggregate number of shares issued does not exceed 10% of the total number of issued share capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. This general mandate will provide flexibility to the Company for any possible fund raising activities for the purpose of funding future investment, working capital and/or acquisitions.

### PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the Ninth Annual General Meeting and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclose 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 Ninth Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Ninth Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that the member has obtained the prior consent of such 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 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.



# ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL NINTH ANNUAL GENERAL MEETING

## 1. FULLY VIRTUAL NINTH ANNUAL GENERAL MEETING (“9TH AGM”)

**Day, Date and Time of Meeting** : **Friday, 17 December 2021 at 11.00 a.m.**

**Meeting Venue and Online Meeting Platform** : **<https://meeting.boardroomlimited.my>**  
(Domain Registration No. with MYNIC - D6A357657) provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia

As a precautionary measure amid the COVID-19 outbreak, the Company’s forthcoming 9th AGM will be conducted on a fully virtual basis through live streaming and online Remote Participation and Electronic Voting (“RPEV”) facilities via Online Meeting Platform as stated above, as the safety of our shareholders, Directors, staff and other stakeholders who will attend this meeting is of paramount importance to us.

The conduct of a fully virtual meeting of members or general meeting is in line with the revised Guidance Note and Frequently Asked Questions of the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021 (“the Revised Guidance Note and FAQ”). The listed issuer is encouraged to conduct a fully virtual general meeting where all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders are required to participate in the meeting online.

According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

Kindly note that the quality of the live stream is highly dependent on the bandwidth and stability of the internet connection of shareholders and proxies. Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained.

## 2. ENTITLEMENT TO PARTICIPATE AND VOTE REMOTELY

Only shareholders whose names appear on the Record of Depositors (“ROD”) as at 10 December 2021 shall be eligible to participate and vote remotely in the virtual 9th AGM or appoint proxy(ies)/ the Chairman of the meeting to participate and/or vote on his/her behalf.

## 3. POLL VOTING

The voting will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Boardroom Share Registrars Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting (e-Voting) and will appoint Scrutineers to verify the poll results.



## ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL NINTH ANNUAL GENERAL MEETING

(cont'd)

### 4. RPEV FACILITIES

Shareholders and proxies are advised to log in to the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> for the following services:-

- (a) Register participation for the virtual 9<sup>th</sup> AGM
- (b) Submit eProxy form electronically
- (c) Submit questions prior to the virtual 9<sup>th</sup> AGM

#### Before the day of the virtual 9th AGM

Step 1 – Register online with Boardroom Smart Investor Portal (For first time registration only)

*Note : If you have already signed with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2*

- (i) Access website <https://investor.boardroomlimited.com>
- (ii) Click < Register > to sign up as a user.
- (iii) Complete registration and upload softcopy of MyKad (front and back) or passport in JPG/PNG/PDF format.
- (iv) An email will be sent to you to verify your email address.
- (v) Your registration will be verified and approved within one business day and an email notification will be provided.

Step 2 – Submit request for remote participation

*Note : The registration for RPEV will be opened on 29 October 2021 and end on 15 December 2021 at 11.00 a.m.*

#### Individual Shareholder

- (i) Login to <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- (ii) Select “DOLPHIN INTERNATIONAL BERHAD NINTH ANNUAL GENERAL MEETING” from the list of Corporate Meeting and click “Enter”.
- (iii) Click on “Register for RPEV”.
- (iv) Read and accept the General Terms and Conditions and enter your CDS account number to submit your request.

#### Appointment of Proxy

- (i) Login to <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- (ii) Select “DOLPHIN INTERNATIONAL BERHAD NINTH ANNUAL GENERAL MEETING” from the list of Corporate Meeting and click “Enter”.
- (iii) Click on “Submit eProxy Form”
- (iv) Read and accept the General Terms and Conditions and enter your CDS account number to appoint proxy and insert proxy details and voting instructions.

#### Corporate Shareholder, Authorised Nominee and Exempt Authorised Nominee

- (i) Write to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) and provide the name of shareholder, CDS account number and Certificate of Appointment of Corporate Representative or Form of Proxy (as the case may be) to submit the request.
- (ii) Provide a softcopy of the corporate representative's or proxy's MyKad (front and back) or passport in JPG/PNG/PDF format together with his / her email address.

## ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL NINTH ANNUAL GENERAL MEETING

(cont'd)

### Step 3 – Verification and email notification

- (i) You will receive an email from Boardroom that your request has been received and is being verified.
- (ii) Upon verification against the General Meeting Record of Depositors, you will receive an email from Boardroom with the Meeting ID, user ID and password for the virtual 9th AGM. You will also be notified in the event your registration is rejected.

### On the day of the virtual 9<sup>th</sup> AGM

#### Step 4 – Login to RPEV

- (i) The RPEV will be opened for login commencing from 10.00 a.m. on 17 December 2021 (virtual 9th AGM to commence at 11.00 a.m.).
- (ii) Click the link provided in the email in Step 3(ii) above to join the virtual 9th AGM. Insert the Meeting ID and sign in with the user ID and password provided to you via the same email.

#### Step 5 – Participate

- (i) Please follow the User Guides to view the live webcast, submit questions and vote.
- (ii) To view the live webcast, select the broadcast icon.
- (iii) To ask a question during the virtual 9th AGM, select the messaging icon, type your question in the chat box and click the send button to submit.

#### Step 6 – Vote

- (i) Once voting has commenced, the voting icon will appear with the resolutions and voting choices until the Chairman declares the end of the voting session.
- (ii) To vote, select your voting preference from the options provided. A confirmation message will appear to indicate that your vote has been received.
- (iii) To change your vote, re-select your voting preference.
- (iv) If you wish to cancel your vote, please press “Cancel”.

#### Step 7 – End

- (i) Upon declaration by the Chairman of the closure of the virtual 9th AGM, the live webcast will end.

## 5 APPOINTMENT OF PROXY AND LODGEMENT OF FORM OF PROXY

Shareholders are encouraged to go online, participate and vote at the 9th AGM via remote participation. If you are unable to attend the virtual 9th AGM, you are encouraged to appoint proxy(ies) or the Chairman of the virtual 9th AGM as your proxy and indicate the voting instructions in the Form of Proxy.

If you wish to participate in the virtual 9th AGM yourself, please do not submit any Form of Proxy. You will not be allowed to attend the virtual 9th AGM together with a proxy appointed by you.

The Form of Proxy can be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at **11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not later than Wednesday, 15 December 2021, 11.00 a.m.**, 48 hours before the time appointed for holding the virtual 9th AGM.

You may also submit the proxy appointment electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> **not later than Wednesday, 15 December 2021, 11.00 a.m.** For further information on the electronic submission of Form of Proxy, kindly refer to the steps in the item 4 above.



## ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL NINTH ANNUAL GENERAL MEETING

(cont'd)

### 5 APPOINTMENT OF PROXY AND LODGEMENT OF FORM OF PROXY (CONT'D)

If you have submitted your Form of Proxy prior to the virtual 9th AGM and subsequently decide to appoint another person or wish to participate in the virtual 9th AGM by yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy(ies) not later than Wednesday, 15 December 2021, 11.00 a.m., 48 hours before the virtual 9th AGM. On revocation, your proxy(ies) will not be allowed to participate in the virtual 9th AGM. In such an event, you should advise your proxy(ies) accordingly.

### 6. SUBMISSION OF QUESTIONS

(a) Prior to the virtual 9th AGM

Shareholders may submit questions in relation to the agenda items by logging in to the Boardroom Portal at <https://investor.boardroomlimited.com>, select "Submit Questions" after select "DOLPHIN INTERNATIONAL BERHAD NINTH ANNUAL GENERAL MEETING" from the list of Corporate Meeting latest by 15 December 2021 at 11.00 a.m.

(b) During the virtual 9th AGM

Shareholders may type their questions in the chat box at any time during the virtual 9th AGM. The Board and Management will endeavor to provide the responses to the questions at the virtual 9th AGM. However, being mindful of time constraints, some responses may be emailed after the conclusion of the virtual 9th AGM.

### 7. NO RECORDING OR PHOTOGRAPHY

No recording or photography of the virtual 9th AGM is allowed without the prior written permission of the Company.

### 8. ENQUIRY

If you have any enquiry prior to the virtual 9<sup>th</sup> AGM, please contact our Share Registrar during office hours on Mondays to Fridays, from 9.00 a.m. to 5.00 p.m. (except on public holidays):-

**Boardroom Share Registrars Sdn. Bhd.**  
Registration No. 199601006647 (378993-D)

**Address** : 11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan

**General Line** : +603-7890 4700

**Fax Number** : +603-7890 4670

**Email** : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

# ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL NINTH ANNUAL GENERAL MEETING

(cont'd)

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the virtual 9th AGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclose 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 virtual 9th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the virtual 9th AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that the member has obtained the prior consent of such 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 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.



**DOLPHIN INTERNATIONAL BERHAD**  
[Registration No. 201201016010 (1001521-X)]  
(Incorporated in Malaysia)

**FORM OF PROXY**

CDS account no.
No. of Shares held

I/We, ..... NRIC No./Passport No./ Company No .....  
( Full name in capital letters)

Tel No. /HP No. .... Email Address .....

of .....  
(full address)

being a member(s) of the above Company, hereby appoint:

Full Name (in capital letters as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Tel No. /HP No.:	Email Address:		
Address			

\*and / or failing him/her

Full Name (in capital letters as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Tel No. /HP No.:	Email Address:		
Address			

or failing him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Ninth Annual General Meeting of the Company to be conducted on a fully virtual basis through live streaming and online Remote Participation and Electronic Voting ("RPEV") facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657), provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia on Friday, 17 December 2021 at 11.00 a.m. or at any adjournment thereof.

\* Delete whichever is inapplicable

Please indicate with an "X" in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Item	Agenda		
1.	To receive the audited Financial Statements of the Company for the year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon		
		<b>FOR</b>	<b>AGAINST</b>
2.	Ordinary Resolution 1 -To approve the payment of Directors' Fees of RM327,000		
3.	Ordinary Resolution 2 -To approve the payment of Directors' benefits to the Directors up to an amount of RM100,000		
4.	Ordinary Resolution 3 -To re-elect YM Tengku Ahmad Badli Shah Bin Raja Hussin as Director		
5.	Ordinary Resolution 4 -To re-elect Hoh Yeong Cherng as Director		
6.	Ordinary Resolution 5 -To re-elect Yeo Boon Ho as Director		
7.	Ordinary Resolution 6 -To re-appoint Auditors and to authorise the Directors to fix their remuneration		
8.	Ordinary Resolution 7 -To empower the Directors of the Company to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		

Signature of Member / Common Seal

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021.



Notes :-

1. The Ninth Annual General Meeting will be conducted on a fully virtual basis through live streaming and online RPEV facilities provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia via <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657). Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the Ninth Annual General Meeting via RPEV. Please read these Notes carefully and follow the procedures in the Administrative Guide for the Fully Virtual Ninth Annual General Meeting in order to participate remotely via RPEV.
2. A member of the Company entitled to participate, speak and vote at the meeting shall be entitled to appoint up to 2 proxies or attorney or other duly authorised representative to participate, speak and vote in his/her stead. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy may not be a member of the Company.
3. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney duly authorised in writing, and in the case of a corporation, shall either be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
4. Where a member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than 2 proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority duly authorised in writing or if such appointor is a Corporation, under its common seal or under the hand of an officer or attorney of the Corporation duly authorised, shall either be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or be electronically deposited through the Share Registrar's website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
7. Depositors who appear in the Record of Depositors as at 10 December 2021 shall be regarded as Member of the Company entitled to participate, speak and vote at the meeting or appoint a proxy or proxies to participate and vote on his/her behalf.

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AFFIX  
STAMP

The Share Registrar

**DOLPHIN INTERNATIONAL BERHAD**

(Registration No. 201201016010 (1001521-X))

(Incorporated in Malaysia)

C/O Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony

No.5, Jalan Prof. Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

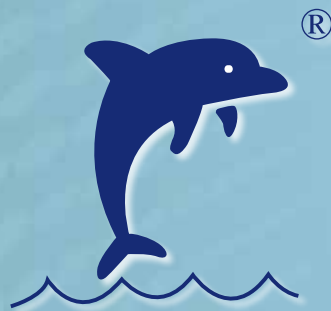
Selangor Darul Ehsan

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## **DOLPHIN INTERNATIONAL BERHAD**

201201016010 (1001521-X)

E-G-2, Block E, Oasis Square

No.2 Jalan PJU 1A/7A

Oasis Damansara

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[www.dolphinbhd.com](http://www.dolphinbhd.com)