

Company No. 807569-H

20 MICRONS SDN. BHD.
(Incorporated in Malaysia)

Reports and Financial Statements
31 March 2019

20 MICRONS SDN. BHD.

(Incorporated in Malaysia)

**Reports and Financial Statements
31 March 2019**

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20 MICRONS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of trading of calcium carbonate. There has been no significant change in the nature of this activity during the financial year.

FINANCIAL RESULTS

	RM
Profit after taxation	384,019

DIVIDEND

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM360,002 to RM504,014 by way of:-
 - (i) an issuance of 8 new ordinary shares for a cash consideration of RM8 for working capital; and
 - (ii) an issuance of 144,004 new ordinary shares by capitalising the retained profits of RM144,004.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No option has been granted during the financial year to take up any unissued shares of the Company.

DIRECTORS

The names of directors who served during the financial year and up to the date of this report are as follows:

Atil Chandresh Parikh
Krishnaji Rao Vengoba Rao
Rajesh Chandreshbhai Parikh

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	----- Number of Ordinary Shares of IR10 each-----			
	As at 1.4.18	Bought	Sold	As at 31.3.19
<u>Ordinary Shares in the Holding Company, 20 Microns Limited.</u>				
Atil Chandresh Parikh	1,659,956	-	-	1,659,956
Rajesh Chandreshbhai Parikh	1,659,956	-	-	1,659,956

	----- Number of Ordinary Shares-----			
	As at 1.4.18	Bought	Sold	As at 31.3.19
<u>Ordinary Shares in the Company</u>				
Krishnaji Rao Vengoba Rao	1	6	-	7
Rajesh Chandreshbhai Parikh	1	6	-	7

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 16 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 14 to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there were no known bad debts and adequate allowance had been made for impairment losses on receivables; and
- (b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render it necessary to write off any bad debts or to make additional allowance for impairment losses on receivables; or
- (b) that would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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

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

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

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

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 March 2019 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

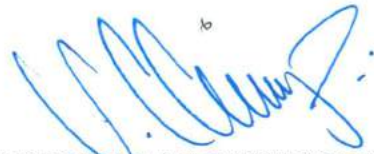
HOLDING COMPANY

The holding company is 20 Microns Limited, a company incorporated in India and listed on the Bombay Stock Exchange and National Stock Exchange.

AUDITORS

The auditors, Messrs Khor & Associates, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors.



KRISHNAJI RAO VENGoba RAO
Director



ATIL CHANDRESH PARIKH
Director

Ipoh, Perak Darul Ridzuan.
Date: 6 May 2019

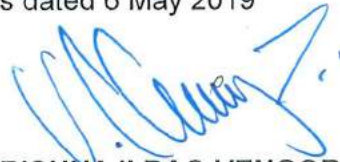
20 MICRONS SDN. BHD.

(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Krishnaji Rao Vengoba Rao and Atil Chandresh Parikh, being two of the directors of 20 Microns Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 11 to 29 are drawn up in accordance with Malaysian Private Entities Reporting Standard 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 Company as of 31 March 2019 and of its financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 6 May 2019



KRISHNAJI RAO VENGOBA RAO



ATIL CHANDRESH PARIKH

Ipoh, Perak.

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

I, Krishnaji Rao Vengoba Rao (Passport No.: Z4552583) being the director primarily responsible for the financial management of 20 Microns Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 11 to 29 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Krishnaji Rao Vengoba Rao, Passport No.: Z4552583
at Ipoh
in the state of Perak Darul Ridzuan on 6 May 2019



KRISHNAJI RAO VENGOBA RAO

Before me



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
20 MICRONS SDN. BHD.**

(Incorporated in Malaysia)
Company No. 807569-H

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 20 Microns Sdn. Bhd., which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard 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 Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Company No. 807569-H

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Company, the directors are responsible for assessing 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 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 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.

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

As a 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Company No. 807569-H

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.



Khor & Associates
Firm No: AF002244
Chartered Accountants



Khor Chun Wai
Approval No: 03318/08/2019 J
Chartered Accountant

Subang Jaya
Date: 6 May 2019

20 MICRONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Note	2019 RM	2018 RM
ASSETS			
NON-CURRENT ASSET			
Equipment	4	21,236	34,545
CURRENT ASSETS			
Trade receivables	5	366,211	528,799
Other receivables, deposits and prepayment	6	30,727	471,877
Cash and bank balances	7	2,487,620	1,209,262
TOTAL CURRENT ASSETS		2,884,558	2,209,938
TOTAL ASSETS		2,905,794	2,244,483
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	504,014	360,002
Retained profits	9	1,648,528	1,408,513
		2,152,542	1,768,515
LIABILITIES			
NON-CURRENT LIABILITY			
Hire purchase payable	10	5,809	16,641
CURRENT LIABILITIES			
Trade payables	11	339,240	220,683
Other payables and accruals	12	352,494	191,533
Hire purchase payable	10	11,148	10,516
Current tax liabilities		44,561	36,595
TOTAL CURRENT LIABILITIES		747,443	459,327
TOTAL LIABILITIES		753,252	475,968
TOTAL EQUITY AND LIABILITIES		2,905,794	2,244,483

The accompanying notes form an integral part of the financial statements.

20 MICRONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2019

	Note	2019 RM	2018 RM
REVENUE	13	3,619,767	4,971,532
COST OF SALES		(2,669,307)	(3,863,401)
GROSS PROFIT		950,460	1,108,131
OTHER INCOME		106,143	5,043
ADMINISTRATIVE EXPENSES		(550,310)	(701,566)
PROFIT FROM OPERATIONS		506,293	411,608
FINANCE COST		(1,608)	(1,608)
PROFIT BEFORE TAXATION	14	504,685	410,000
INCOME TAX EXPENSE	15	(120,666)	(110,033)
PROFIT AFTER TAXATION		384,019	299,967

The accompanying notes form an integral part of the financial statements.

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STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2019

	Share Capital RM	Retained Profits RM	Total RM
Balance at 1 April 2017	360,002	1,108,546	1,468,548
Profit after taxation	-	299,967	299,967
Balance at 31 March 2018	360,002	1,408,513	1,768,515
Issuance of shares	8	-	8
Bonus issue	144,004	(144,004)	-
Profit after taxation	-	384,019	384,019
Balance at 31 March 2019	504,014	1,648,528	2,152,542

The accompanying notes form an integral part of the financial statements.

20 MICRONS SDN. BHD.

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STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	504,685	410,000
Adjustments for:-		
Allowance for impairment loss on receivable	169,061	-
Depreciation of equipment	13,309	13,497
Interest expenses	1,608	1,608
Interest income	(18,057)	(5,043)
Operating profit before working capital changes	670,606	420,062
Decrease in receivables	434,677	437,724
Increase/(Decrease) in payables	279,518	(363,975)
Cash from operations	1,384,801	493,811
Interest paid	(1,608)	(1,608)
Interest received	18,057	5,043
Tax paid	(112,700)	(91,978)
NET CASH FROM OPERATING ACTIVITIES	1,288,550	405,268
NET CASH FOR INVESTING ACTIVITY		
Purchase of equipment	-	(1,424)
CASH FLOWS FOR FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	8	-
Repayment of hire purchase obligations	(10,200)	(10,199)
NET CASH FOR FINANCING ACTIVITIES	(10,192)	(10,199)
Net increase in cash and bank balances	1,278,358	393,645
Cash and bank balances at beginning of the financial year	1,209,262	815,617
Cash and bank balances at end of the financial year	2,487,620	1,209,262

The accompanying notes form an integral part of the financial statements.

20 MICRONS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated under the Companies Act 2016 in Malaysia. The domicile of the Company is Malaysia.

The registered office of the Company is located at No. 6, Jalan Chew Sin On, 31650 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at No. 808A, Jalan Raja Dr Nazrin Shah, Taman Chandan Desa, 31300 Simpang Pulai, Perak Darul Ridzuan.

The Company is principally engaged in the business of trading of calcium carbonate. There has been no significant change in the nature of this activity during the financial year.

The holding company is 20 Microns Limited, a company incorporated in India.

2. BASIC OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of Companies Act 2016 in Malaysia.

(b) Basis of Measurement

The financial statements have been prepared on the historical costs basis other than as disclosed in Note 3 to the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

2. BASIC OF PREPARATION (CONT'D)

(d) Use of Estimates And Judgements

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

Measurement of Income Taxes

The Company operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences over-or under- provision of current or deferred taxes in the current period in which those differences arise.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Financial Instruments

(i) Initial Recognition and Measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Company becomes party to the contractual provision of the instrument.

A financial instrument is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for similar debt instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial Instruments (Cont'd)

(ii) Subsequent Measurement

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

- (a) Returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;
- (b) There is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior periods; and
- (c) Prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount to the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

Investments in no-puttable ordinary shares, and investments in non-convertible and non-puttable preference shares are measured at cost less impairment, unless the shares are publicly traded or their fair value can otherwise be measured reliably, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measure at fair value recognised in profit or loss.

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial Instruments (Cont'd)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received (including any newly created rights and obligations) is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(b) Functional and Foreign Currencies

The financial statements of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

Transactions in foreign currencies are converted into the Company's functional currency on initial recognition using exchange rates at the transaction dates. At the end of the reporting period, foreign currency monetary assets and liabilities are retranslated at the exchange rates of that date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

(c) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss recognised in prior periods is assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(d) Equipment

(i) Recognition and measurement

Items of equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets 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. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying hedges of foreign currency purchases of equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The gain or loss on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing equipment is recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of equipment from the date that they are available for use. Equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Computer	5 years
Motor vehicle	5 years
Office equipment	10 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Equity Instrument

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

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity, net of any related income tax benefits.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(f) Borrowing Costs

Borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred by using the effective interest method.

(g) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the statement of comprehensive income as incurred.

(h) Revenue Recognition

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Company does not have continuing managerial involvement and effective control over the goods sold.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Income Tax Expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. EQUIPMENT

	Computers RM	Motor vehicle RM	Office equipment RM	Total RM
<i>Cost</i>				
At 1 April 2017	1,399	64,331	3,555	69,285
Addition	1,424	-	-	1,424
At 31 March 2018/ 31 March 2019	2,823	64,331	3,555	70,709
<i>Accumulated depreciation</i>				
At 1 April 2017	1,120	19,387	2,160	22,667
Charge for the year	278	12,867	352	13,497
At 31 March 2018	1,398	32,254	2,512	36,164
Charge for the year	285	12,866	158	13,309
At 31 March 2019	1,683	45,120	2,670	49,473
<i>Carrying amount</i>				
At 31 March 2018	1,425	32,077	1,043	34,545
At 31 March 2019	1,140	19,211	885	21,236

Included in the equipment at the end of the reporting period were motor vehicle with a total carrying amount of RM19,211 (2018: RM32,077), which were acquired under hire purchase terms. These leased assets have been pledged as security for the related finance lease liabilities as disclosed in Note 10 to the financial statements.

The cost of fully depreciated equipment still in use are as follows:-

	2019 RM	2018 RM
Computers	1,399	1,399
Office equipment	1,976	1,976
	<u>3,375</u>	<u>3,375</u>

5. TRADE RECEIVABLES

	2019 RM	2018 RM
Trade receivables	366,211	528,799

The Company's normal trade credit term range from 30 to 90 (2018: 30 to 90) days. Other credit terms are assessed and approved on a case by case basis.

The currency exposure profile of trade receivables is as follows:

	2019 RM	2018 RM
US Dollar	352,571	524,660
Ringgit Malaysia	13,640	4,139
	366,211	528,799

6. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2019 RM	2018 RM
Other receivables	3,587	396,583
Deposits	3,850	3,850
Prepayment	23,290	71,444
	30,727	471,877

The currency exposure profile of other receivables is as follows:

	2019 RM	2018 RM
US Dollar	-	394,707
Ringgit Malaysia	3,587	1,876
	3,587	396,583

7. CASH AND BANK BALANCES

The currency exposure profile of cash and cash balances is as follows:

	2019 RM	2018 RM
US Dollar	2,081,743	992,963
Ringgit Malaysia	405,877	216,299
	<u>2,487,620</u>	<u>1,209,262</u>

8. SHARE CAPITAL

	2019 NUMBER OF SHARES	2018 NUMBER OF SHARES	2019 RM	2018 RM
ISSUED AND FULLY PAID-UP				
At 1 April	360,002	360,002	360,002	360,002
Bonus issue	144,004	-	144,004	-
Issuance of new ordinary shares for cash	8	-	8	-
At 31 March	<u>504,014</u>	<u>360,002</u>	<u>504,014</u>	<u>360,002</u>

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

9. RETAINED PROFITS

Under the single-tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

10. HIRE PURCHASE PAYABLE

	2019 RM	2018 RM
Minimum hire purchase payments		
- not later than 1 year	11,807	11,807
- later than 1 year and not later than 5 years	5,583	17,391
	17,390	29,198
Less: Future finance charges	(433)	(2,041)
Present value of hire purchase payable	16,957	27,157
Analysed by:-		
Current liability	11,148	10,516
Non-current liability	5,809	16,641
	16,957	27,157

11. TRADE PAYABLES

The normal trade credit terms granted to the Company range from 30 to 90 (2018 – 30 to 90) days.

The currency exposure profile of trade payables is as follows:

	2019 RM	2018 RM
US Dollar	-	4,435
Ringgit Malaysia	256,976	216,248
	256,976	220,683

12. OTHER PAYABLES AND ACCRUALS

	2019 RM	2018 RM
Other payables	326,036	161,865
Accruals	26,458	29,668
	<u>352,494</u>	<u>191,533</u>

13. REVENUE

Revenue represents the invoiced value of goods sold net of discounts and returns, where applicable.

14. PROFIT BEFORE TAXATION

	2019 RM	2018 RM
Profit before taxation is arrived after charging/(crediting):		
Auditors' remuneration	8,500	8,500
Allowance for impairment loss on receivable	169,061	-
Depreciation of equipment	13,309	13,497
Directors' emoluments	213,481	184,806
Hire purchase interest	1,608	1,608
(Gain)/Loss on foreign exchanges		
- realised	(43,033)	141,726
- unrealised	(43,492)	193,908
Rental of guest house	9,000	9,000
Rental of office	7,200	2,400
Staff costs:		
- salaries, allowances and bonuses	17,501	5,859
- defined contribution plan	3,608	765
Interest income	(18,057)	(5,043)
	<u></u>	<u></u>

15. INCOME TAX EXPENSE

	2019 RM	2018 RM
Current tax:		
- for the financial year	118,000	110,033
- underprovision in previous financial year	2,666	-
	<u>120,666</u>	<u>110,033</u>

The corporate tax rate on the first RM500,000 of chargeable income is 18%. The tax rate applicable to the balance of the chargeable income is 24%.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	2019 RM	2018 RM
Profit before taxation	<u>504,685</u>	<u>410,000</u>
Tax at the statutory tax rate of 24%	121,124	98,400
Tax effects of:		
Non-deductible expenses	1,406	1,016
Double deduction expenses	-	(2,911)
Deferred tax assets not recognised during the financial year	31,146	47,533
Exemption on increase in chargeable income	(5,676)	(4,005)
Underprovision in previous financial year	2,666	-
Differential in tax rate	(30,000)	(30,000)
Tax expense for the year	<u>120,666</u>	<u>110,033</u>

16. RELATED PARTY DISCLOSURES

	2019 RM	2018 RM
Key management personnel		
Directors' emoluments	<u>213,481</u>	<u>184,806</u>

17. FINANCIAL INSTRUMENTS

	Carrying amount RM	Fair value through profit or loss RM	Amortised cost RM	Cost less impairment RM
2019				
Financial assets				
Trade receivables	366,211	-	366,211	-
Other receivables and deposits	7,437	-	7,437	-
Cash and bank balances	2,487,620	-	2,487,620	-
	<u>2,861,268</u>	<u>-</u>	<u>2,861,268</u>	<u>-</u>
Financial liabilities				
Trade payables	339,240	-	339,240	-
Other payables and accruals	352,494	-	352,494	-
Hire purchase payable	16,957	-	16,957	-
	<u>708,691</u>	<u>-</u>	<u>708,691</u>	<u>-</u>
2018				
Financial assets				
Trade receivables	528,799	-	528,799	-
Other receivables and deposits	400,433	-	400,433	-
Cash and bank balances	1,209,262	-	1,209,262	-
	<u>2,138,494</u>	<u>-</u>	<u>2,138,494</u>	<u>-</u>
Financial liabilities				
Trade payables	220,683	-	220,683	-
Other payables and accruals	191,533	-	191,533	-
Hire purchase payable	27,157	-	27,157	-
	<u>439,373</u>	<u>-</u>	<u>439,373</u>	<u>-</u>

18. COMPARATIVE FIGURES

Certain comparative figures in the financial statements have been reclassified to conform with the current year's presentation.

19. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 6 May 2019 by the Board of Directors.

20 MICRONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF DETAILED COMPREHENSIVE INCOME
for the year ended 31 March 2019

	2019 RM	2018 RM
REVENUE	3,619,767	4,971,532
Less: COST OF SALES		
Purchases	1,358,042	2,231,557
Freight charges	1,218,998	1,656,853
Export charges	92,267	(25,009)
	2,669,307	3,863,401
GROSS PROFIT	950,460	1,108,131
Add: OTHER INCOME		
Interest income	18,057	5,043
Gain on foreign exchange		
- realised	43,033	-
- unrealised	43,492	-
Remission of Cr bill	1,561	-
	106,143	5,043
	1,056,603	1,113,174
Less: ADMINISTRATIVE EXPENSES		
Audit fee	8,500	8,500
Allowance for impairment loss on receivable	169,061	-
Bank charges	38,582	53,868
Book keeping fees	-	6,440
Depreciation	13,309	13,497
Defined contribution plan	3,608	765
Directors' emoluments	213,481	184,806
Electricity and water charges	2,716	2,228
Fine and penalty	200	-
Gift	-	571
GST expenses	-	4,185
Guest house expenses	302	409
Insurance and road tax	(465)	12,128
Balance carried forward	449,294	287,397

20 MICRONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF DETAILED COMPREHENSIVE INCOME
for the year ended 31 March 2019

	2019 RM	2018 RM
Balance brought forward	449,294	287,397
Legal and licenses fee	3,511	-
Loss on foreign exchange		
- realised	-	141,726
- unrealised	-	193,908
Petrol and diesel	4,936	5,974
Postage, printing and stationery	15,830	17,058
Professional fee	7,636	-
Rental of guest house	9,000	9,000
Rental of office	7,200	2,400
Secretarial fee	-	1,310
Staff salaries, allowances and bonus	17,501	5,859
Staff incentive	426	-
Taxation fee	-	1,600
Telephone and internet charges	6,391	8,745
Travelling and accommodation	21,516	17,202
Upkeep of motor vehicles	3,223	2,853
Upkeep of office equipment	3,846	6,534
TOTAL ADMINISTRATIVE EXPENSES	550,310	701,566
PROFIT FROM OPERATIONS	506,293	411,608
Less: FINANCE COST		
Hire purchase interest	1,608	1,608
PROFIT BEFORE TAXATION	504,685	410,000