

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHEMBOND CHEMICALS (MALAYSIA) SDN. BHD.**

(Company No.1176710-X)

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CHEMBOND CHEMICALS (MALAYSIA) 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 39.

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

Key Audit Matter

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

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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 financial statements 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 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 (continued)

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 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.

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A. D. CHUN & CO.

(Firm No. AF 0099)

Chartered Accountants

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Menara Uncang Emas (Ue3),
85, Jalan Lake Yew, 55200 Kuala Lumpur.
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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.



A. D. CHUN & CO.

AF: 0099

Chartered Accountants

Date: **15 MAY 2019**

Kuala Lumpur



CHUN CHIA KAI

03149/06/2019(J)

Chartered Accountant

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	2019 RM	2018 RM
Assets			
Non-current assets			
Property, plant and equipment	3	4,014	23,094
Deferred tax assets	4	19,204	19,814
Total non-current assets		<u>23,218</u>	<u>42,908</u>
Current assets			
Trade and other receivables	5	108,935	223,076
Cash and cash equivalents	6	194,961	180,595
Total current assets		<u>303,896</u>	<u>403,671</u>
Total assets		<u>327,114</u>	<u>446,579</u>
Equity and liabilities			
Capital and reserves			
Contributed share capital	7	200,000	200,000
Retained profits	8	71,248	21,519
Total equity		<u>271,248</u>	<u>221,519</u>
Current liabilities			
Trade and other payables	9	36,022	222,333
Provision for taxation		19,844	2,727
Total liabilities		<u>55,866</u>	<u>225,060</u>
Total equity and liabilities		<u>327,114</u>	<u>446,579</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 RM	2018 RM
Continuing operations			
Revenue	10	722,914	769,694
Cost of sales	10	<u>(310,488)</u>	<u>(352,959)</u>
Gross profit	10	412,426	416,735
Administration expenses		(286,903)	(322,409)
Selling and distribution expenses		(4,969)	(40,788)
Other operating expenses		<u>(41,344)</u>	<u>(60,040)</u>
Profit/(Loss) before taxation	11	79,210	(6,502)
Income tax expense	12	<u>(29,481)</u>	<u>(2,751)</u>
Total comprehensive income/(loss) for the financial year		<u><u>49,729</u></u>	<u><u>(9,253)</u></u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	<i>Attributable to Owners of the Company</i>		
	Contributed share capital RM	Retained profits RM	Total RM
As at 1 April 2017	200,000	30,772	230,772
Total comprehensive loss for the financial year	-	(9,253)	(9,253)
As at 31 March 2018	200,000	21,519	221,519
Total comprehensive income for the financial year	-	49,729	49,729
As at 31 March 2019	<u>200,000</u>	<u>71,248</u>	<u>271,248</u>

The accompanying notes are an integral part of these financial statements