ANNUAL REPORT

CHEMBOND WATER TECHNOLOGIES (MALAYSIA) SDN. BHD.
(FORMERLY KNOWN AS CHEMBOND CHEMICALS (MALAYSIA) SDN. BHD.)
(201601005784 (1176710 - X))
(Incorporated in Malaysia)

2020

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2020

CONTENTS

CORPORATE INFORMATION

Board of directors	:	Loh Lim Hock Rashmi Sameer Gavli (F) Prachi Nitin Mahadik (F) Vinod Janardan Deshpande Siti Nuraini Binti Rusidi (F) *(Appointed w.e.f. 23.1.2017, Resigned w.e.f. 31.10.2019)*
Company secretary	:	Siti Nuraini Binti Rusidi (MACS 01759)
Registered office	:	Suite 39.1.6, First Floor Jalan Kenari 17C Bandar Puchong Jaya 47100 Puchong Selangor
Principal place of business	:	Suite 39.1.7, First Floor Jalan Kenari 17C Bandar Puchong Jaya 47100 Puchong Selangor
Auditors	:	A. D. Chun & Co. (AF: 0099) (Chartered Accountants) Block C, Lot C-7-1 (Level 9) Menara Uncang Emas (Ue3) 85, Jalan Loke Yew 55200 Kuala Lumpur
Principal banker	:	RHB Bank Berhad (IOI Boulevard Puchong Branch) No. B-G-5 & B-1-5 Ground Floor & 1st Floor IOI Boulevard Jalan Kenari 5 Bandar Puchong Jaya 47100 Puchong Selangor

DIRECTORS' REPORT

The directors hereby submit their annual report together with the audited financial statements of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year is to carry on the business of trading in chemicals products.

There has been no significant change in the nature of this activity during the financial year.

RESULTS

	RM
Total comprehensive income for the financial year	84,666

CHANGE OF COMPANY'S NAME

With effect from 30 September 2019, the name of the Company was changed from Chembond Chemicals (Malaysia) Sdn. Bhd. to Chembond Water Technologies (Malaysia) Sdn. Bhd.

DIVIDENDS

No dividends were paid or declared since the end of the previous financial year and the directors do not recommend the payment of dividends for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

There were no issuances of shares and debentures by the Company during the financial year.

SHARE OPTIONS

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

DIRECTORS

The directors of the Company in office at any time during the financial year or since the end of the financial year are:

Loh Lim Hock
Rashmi Sameer Gavli (F)
Prachi Nitin Mahadik (F)
Vinod Janardan Deshpande
Siti Nuraini Binti Rusidi (F) *(Appointed w.e.f. 23.1.2017: Resigned w.e.f. 31.10.2019)*

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:

	Number of Ordinary Shares		
	At 1.4.2019	**Bought/ (Sold)**	**At 31.3.2020**
Direct interest in holding company – Chembond Water Technologies Limited			
Rashmi Sameer Gavli (F)	1,047	-	1,047

None of the Directors held/dealt in shares of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) 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.

DIRECTORS' REMUNERATION

The amounts of the remuneration of the directors or past directors of the Company comprising remuneration received from the Company during the financial year are as follows:

	2020 RM	**2019 RM**
Fees	24,700	31,200

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

DIRECTORS' REPORT (Continued)

OTHER STATUTORY INFORMATION

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

(a) all known bad debts have been written off and adequate allowance made for doubtful debts; and

(b) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(a) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Company inadequate to any substantial extent; or

(b) that would render the value attributed to the current assets in the Company financial statements misleading; or

(c) which have arisen which render adherence to the current assets in the Company financial statements misleading; or

(d) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(e) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

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

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

(b) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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

In the opinion of the directors, the financial performance of the Company for the financial year ended 31 March 2020 have not been substantially affected by any items, transaction or event of a material and unusual nature nor has any such item, transaction occurred in the interval between the end of that financial year end the date of this report.

HOLDING COMPANY

The Company is a subsidiary of Chembond Water Technologies Limited (CIN: U24110MH1984PLC143564), a company incorporated in India. The Directors regard Chembond Chemicals Limited (CIN: L24100MH1975PLC018235), a Company incorporated in India, as the Ultimate Holding Company.

DIRECTORS' REPORT (Continued)

AUDITORS' REMUNERATION

Total amounts paid to or receivable by the auditors as remuneration for their services as auditors are as follows:

	2020 RM	2019 RM
Audit fees	2,600	2,250

AUDITORS

The auditors, Messrs. A. D. Chun & Co., Chartered Accountants (Malaysia) have expressed their willingness to continue in office.

Signed by the Board
in accordance with a resolution of the directors

Prachi Nitin Mahadik
Director

Rashmi Sameer Gavli
Director

Mumbai, India
Dated: 2 8 MAY 2020

DIRECTORS' STATEMENT

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

We, *Prachi Nitin Mahadik* and *Rashmi Sameer Gavli*, being two of the directors of **Chembond Water Technologies (Malaysia) Sdn. Bhd.** (Formerly known as **Chembond Chemicals (Malaysia) Sdn. Bhd.**), do hereby state that the accompanying financial statements 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 Company as at 31 March 2020 and its financial performance and cash flows for the financial year then ended.

Signed by the Board
in accordance with a resolution of the directors

Prachi Nitin Mahadik
Director

Rashmi Sameer Gavli
Director

Mumbai, India
Dated: 20 MAY 2020

STATUTORY DECLARATION

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

I, *Prachi Nitin Mahadik,* being the director primarily responsible for the financial management of **Chembond Water Technologies (Malaysia) Sdn. Bhd.** (Formerly known as **Chembond Chemicals (Malaysia) Sdn. Bhd.**), do solemnly and sincerely declare that the accompanying financial statements for the financial year ended 31 March 2020 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Notaries Act 1952.

Subscribed and solemnly declared)
by the above named at India)
on this day of)

Before me:

Prachi Nitin Mahadik
Director

NOTARIAL NOTARIAL NOTARIAL NOTARIAL NOTARIAL
Ashfaque M. Muqri (Maharashtra) Regd. No.:8331 Expiry Date 20/09/2020 GOVT. OF INDIA

Attested & Noted at Sr. No.: 2511/2020
Date: 28/05/2020

Ashfaque M. Muqri
Advocate & Notary
Regd. No. 8331
Bhiwandi, Dist. Thane.

孫特許會計公司
A. D. CHUN & CO.
(Firm No. AF 0099)
Chartered Accountants

Block C, Lot C-7-1 (Level 9),
Menara Uncang Emas (Ue3),
85, Jalan Loke Yew, 55200 Kuala Lumpur.
Tel : 92002378, 92002343 Fax : 92002382

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHEMBOND WATER TECHNOLOGIES (MALAYSIA) SDN. BHD. (FORMERLY KNOWN AS CHEMBOND CHEMICALS (MALAYSIA) SDN. BHD.)
(201601005784 (1176710-X))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Chembond Water Technologies (Malaysia) Sdn. Bhd**. (Formerly known as **Chembond Chemical (Malaysia) Sdn. Bhd.**), which comprise the statement of financial position as at 31 March 2020, 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 42.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its 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 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 financial 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.

孫特許會計公司
A. D. CHUN & CO.
(Firm No. AF 0099)
Chartered Accountants

Block C, Lot C-7-1 (Level 9),
Menara Uncang Emas (Ue3),
85, Jalan Loke Yew, 55200 Kuala Lumpur.
Tel : 92002378, 92002343 Fax : 92002382

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHEMBOND WATER TECHNOLOGIES (MALAYSIA) SDN. BHD.
(FORMERLY KNOWN AS CHEMBOND CHEMICALS (MALAYSIA) SDN. BHD.)
(201601005784 (1176710-X))
(Incorporated in Malaysia)

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.

Klang Office: Room 1.01 50A & 52A, Jalan Pasar, 41400 Klang. Selangor Darul Ehsan. Tel: 03-33448181 Fax: 03-33449191

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHEMBOND WATER TECHNOLOGIES (MALAYSIA) SDN. BHD.
(FORMERLY KNOWN AS CHEMBOND CHEMICALS (MALAYSIA) SDN. BHD.)
(201601005784 (1176710-X))
(Incorporated in Malaysia)

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.

孫特許會計公司
A. D. CHUN & CO.
(Firm No. AF 0099)
Chartered Accountants

Block C, Lot C-7-1 (Level 9),
Menara Uncang Emas (Ue3),
85, Jalan Loke Yew, 55200 Kuala Lumpur.
Tel : 92002378, 92002343 Fax : 92002382

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHEMBOND WATER TECHNOLOGIES (MALAYSIA) SDN. BHD. (FORMERLY KNOWN AS CHEMBOND CHEMICALS (MALAYSIA) SDN. BHD.)
(201601005784 (1176710-X))
(Incorporated in Malaysia)

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: 28 MAY 2020

Kuala Lumpur

CHUN CHIA KAI
03149/06/2021(J)
Chartered Accountant

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 RM	2019 RM
Assets			
Non-current assets			
Property, plant and equipment	3	-	4,014
Deferred tax assets	4	13,353	19,204
Total non-current assets		13,353	23,218
Current assets			
Trade and other receivables	5	350,351	108,935
Cash and cash equivalents	6	102,977	194,961
Total current assets		453,328	303,896
Total assets		466,681	327,114
Equity and liabilities			
Capital and reserves			
Contributed share capital	7	200,000	200,000
Retained profits	8	155,914	71,248
Total equity		355,914	271,248
Current liabilities			
Trade and other payables	9	81,415	36,022
Provision for taxation		29,352	19,844
Total liabilities		110,767	55,866
Total equity and liabilities		466,681	327,114

The accompanying notes are an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2020 RM	2019 RM
Continuing operations			
Revenue	10	946,820	722,914
Cost of sales		(489,831)	(310,488)
Gross profit		456,989	412,426
Other operating income		70	-
Administration expenses		(311,147)	(286,903)
Selling and distribution expenses		(10,057)	(4,969)
Other operating expenses		(14,373)	(41,344)
Profit before taxation	11	121,482	79,210
Income tax expense	12	(36,816)	(29,481)
Total comprehensive income for the financial year		84,666	49,729

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Attributable to Owners of the Company		
	Contributed share capital RM	**Retained profits RM**	**Total RM**
As at 1 April 2018	200,000	21,519	221,519
Total comprehensive income for the financial year	-	49,729	49,729
As at 31 March 2019	200,000	71,248	271,248
Total comprehensive income for the financial year	-	84,666	84,666
As at 31 March 2020	200,000	155,914	355,914

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2020 RM	2019 RM
Cash flows from operating activities			
Profit before taxation		121,482	79,210
Adjustment for:			
Depreciation of property, plant and equipment		4,014	27,539
Interest income		(70)	-
Operating profit before working capital changes		125,426	106,749
(Increase)/Decrease in receivables		(241,416)	114,141
Increase/(Decrease) in payables		45,393	(186,311)
Cash (used in)/generated from operations		(70,597)	34,579
Taxation paid		(21,457)	(11,754)
Interest received		70	-
Net cash (used in)/generated from operating activities		(91,984)	22,825
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(8,459)
Net cash used in investing activities		-	(8,459)
Net (decrease)/increase in cash and cash equivalents		(91,984)	14,366
Cash and cash equivalents brought forward		194,961	180,595
Cash and cash equivalents carried forward	6	102,977	194,961

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2020

1. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention unless otherwise stated in the summary of significant accounting policies.

(a) Adoption of MFRS and Amendments to MFRSs during the Current Financial Year

During the current financial year, the Company has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments
- MFRS 15, Revenue from Contracts with Customers
- Amendments to MFRS 15, Clarification to MFRS 15: Revenue from Contracts with Customers
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The adoption of the new MFRSs, Amendments/Improvements to MFRSs and IC did not have any significant effect on the financial statements of the Company except for:

MFRS 9 Financial Instruments

(i) Classification and measurement

The following are the changes in the classification of the Company's financial assets:

Loans and receivables classified as amortised cost

Trade, other receivables and other financial assets, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 March 2019 are measured at amortised cost and there is no material difference in the measurement upon adoption of MFRS 9.

MFRS 15 Revenue from Contracts with Customers

The adoption of MFRS 15 resulted in changes in accounting policies in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Company has complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Company.

1. BASIS OF PREPARATION (Continued)

(b) Standards issued but not adopted by the Company

The following are accounting standards, amendments and interpretations of the MFRS that have been issued by the MASB but are not yet effective and have not been adopted the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) are expected to have no material impact on the financial statements of the Company upon their initial application except as follows:

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Company are currently assessing the impact of MFRS 16 and plan to adopt the new standards on the required effective date.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical accounting estimates and judgements

The preparation of the financial statements 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 if 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. The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Company, unless otherwise stated.

(i) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and the technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will be impact the income tax and deferred tax provisions in the year in which such determination is made.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Critical accounting estimates and judgements (Continued)

(iii) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Impairment of financial assets

The Company assess at each reporting date whether there is any objective evidence that a loan or receivable is impaired. To determine whether there is objective evidence of impairment, the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Company's loan and receivables at the reporting date are disclosed in note to the financial statements.

In adoption of MFRS 9, the Company assess on a forward-looking basis the expected credit loss associated with their debt instruments carried at amortised cost. The impairment methodology applied as disclosed in Note 2(h) depends on whether there has been a significant increase in credit risk.

(v) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Functional and foreign currency

(i) Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates.

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

(ii) Transactions and balances

Transactions in foreign currency are measured in the functional currencies of the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities denominated in foreign currencies are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(c) Financial instruments

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Company have elected not to restate the comparatives.

(i) Initial recognition and measurement

A financial assets or a financial liabilities is recognised in the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial assets (unless it is a trade receivable without significant financing component) or a financial liabilities is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

(i) Initial recognition and measurement (Continued)

Current financial year (Continued)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial assets, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Previous financial year

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Company categorise financial instruments as follows:

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

(ii) Financial instrument categories and subsequent measurement (Continued)

The Company categorise financial instruments as follows:

Financial assets (Continued)

Current financial year (Continued)

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

Previous financial year

In the previous financial year, financial assets of the Company were classified and measured under MFRS 139 *Financial Instruments: Recognition and Measurement* as follows:

Loans and receivables

Loans and receivables category comprise debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Financial liabilities

Current financial year

The category of financial liabilities at initial recognition is as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

(ii) Financial instrument categories and subsequent measurement (Continued)

Financial liabilities (Continued)

Previous financial year

In the previous financial year, financial liabilities of the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) 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 control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

(iv) Derecognition (Continued)

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

(d) Property, plant and equipment and depreciation

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are readily attributable to the acquisition of the asset and any other cost 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. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from the disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss as incurred.

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment and depreciation (Continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that the Company will obtain ownership by the end of the lease term.

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

	Method	Useful life (years)
Computer	Straight-line	1
Plant and machinery	Straight-line	1

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

(e) Receivables

Receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of MFRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 2(c).

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash balances which have an insignificant risk of changes in value. Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy note 2(c).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

(i) Financial assets

Current financial year

At each reporting date, the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit and loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit and loss and is measured as the difference between the asset's carrying amount and the present value estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment (Continued)

(ii) Non-financial assets

The carrying amounts of the other assets (except for inventories and deferred tax asset) are reviewed at each reporting period to determine whether there is any indication of impairment.

Is any such indication exist, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in profit or loss.

In respect of non-financial assets, impairment losses recognised in prior periods are at assessed at 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 that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(i) Equity instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Equity instruments (Continued)

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(j) Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

(k) Employee benefits

(i) Short-term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Company has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Revenue and finance income recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

(i) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company perform;

(ii) The Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) The Company's performance do not create an asset with an alternative use and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Sales of goods

Revenue from sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and goods and services taxes and discounts.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Revenue and finance income recognition (Continued)

Service contracts

The Company recognises revenue from service contracts over time if it creates an asset with no alternative use to the Company has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

Other revenue earned by the Company are recognised on the following basis:

Finance income

Finance income is recognised on an accrual basis using the effective interest method.

(m) Related parties

A party is related to an entity if:

(i) Directly, or indirectly through one or more intermediaries, the party:

- (a) Controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- (b) Has an interest in the entity that gives it significant influence over the entity; or
- (c) Has joint control over the entity;

(ii) the party is an associate of the entity.

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income tax

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases

Operating Leases

All leases that do not transfer substantially to the Company all the risks and rewards incidental to ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease.

3. PROPERTY, PLANT AND EQUIPMENT

2020	Computer RM	Plant and machinery RM	Total RM
Cost			
As at 1 April 2019	4,989	200,259	205,248
As at 31 March 2020	4,989	200,259	205,248
Accumulated depreciation			
As at 1 April 2019	4,817	196,417	201,234
Addition	172	3,842	4,014
As at 31 March 2020	4,989	200,259	205,248
Net book value			
As at 1 April 2019	172	3,842	4,014
As at 31 March 2020	-	-	-

4. DEFERRED TAX ASSETS

Deferred tax assets are attributable to the following:

	2020 RM	2019 RM
At beginning of financial year	(19,204)	(19,814)
Recognised in profit or loss (Note 12)	5,851	610
At end of financial year	(13,353)	(19,204)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

5. TRADE AND OTHER RECEIVABLES

The Company's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

	2020 RM	2019 RM
Trade		
Trade receivables	350,033	103,542
Non-trade		
Amount due from Holding Company	-	2,693
Other receivables, deposit and prepayments	318	2,700
	318	5,393
Total trade and other receivables	350,351	108,935

The amounts due from Holding Company represent non-trade transactions and advances which are unsecured, interest-free and have no fixed terms of repayment.

6. CASH AND CASH EQUIVALENTS

The Company's cash management policy is to use cash and bank balances to manage cash flows to ensure sufficient liquidity to meet the Company's obligations. The components of cash and cash equivalents consist of:

	2020 RM	2019 RM
Cash at bank	102,977	194,961

7. CONTRIBUTED SHARE CAPITAL

	2020 No. of shares	2020 Monetary value RM	2019 No. of shares	2019 Monetary value RM
Issued and fully paid:				
At beginning and end of the financial year	200,000	200,000	200,000	200,000

Ordinary shares of the Company have no par value. The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

8. RETAINED PROFITS

During the financial year, the Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

9. TRADE AND OTHER PAYABLES

The Company's normal trade credit term ranges from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

	2020 RM	2019 RM
Trade		
Trade payables	14,700	-
Amount due to Holding Company	1,885	-
	16,585	-
Non-trade		
Amount due to Holding Company	56,088	21,739
Other payables and accruals	8,742	14,283
	64,830	36,022
Total trade and other payables	81,415	36,022

The carrying amounts of the trade payables are denominated in the following currencies:

	2020 RM	2019 RM
- Ringgit Malaysia ("RM")	14,700	-
- United States Dollar ("USD")	1,885	-
	16,585	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

10. REVENUE

	Note	2020 RM	2019 RM
Revenue			
- Sales of goods	(a)	672,620	508,114
- Rendering of services	(b)	274,200	214,800
		946,820	722,914
Timing of revenue recognition:			
- Point in time		946,820	722,914
- Over time		-	-
		946,820	722,914

(a) Sale of goods

Revenue is recognised at a point in time when control over the goods have been transferred to the customer and obtain customer acceptance of the said goods. Revenue is recognised based on the price specified in the invoices, net of discounts, rebates and incentives where applicable.

(b) Rendering services

Revenue from providing services is recognised at a point time and over time classified as below:

	Note	2020 RM	2019 RM
Timing of revenue recognition - Rendering of services:			
- Point in time	(i)	274,200	214,800
- Over time	(ii)	-	-
		274,200	214,800

(i) Services rendered recognised at point in time

Revenue from providing services is recognised at a point in time when the service has been performed and customer acceptance has been obtained.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

10. REVENUE (Continued)

(ii) Services rendered recognised over time

Performance obligation ("PO")

The Company entered into separate fixed-price contracts with respective customers and such obligations are distinct and are able to be performed separately and tailored to respective needs of different customers.

Timing of recognition

The performance obligation is satisfied over time upon completion of services. Customers simultaneously consumed and received the benefits provided by the Company on the service rendered are recognised over time. The Company has an enforceable right to payment for the services provided completed over the contract period.

11. PROFIT BEFORE TAXATION

Profit from operations before taxation has been arrived at:

	2020 RM	2019 RM
After charging:		
Audit fees	2,600	2,250
Depreciation of property, plant and equipment	4,014	27,539
Expenses for employee benefits*	161,091	145,192
Realised loss on foreign exchange	529	6,955
Management fees	98,192	27,291
Rental of office	6,000	6,000
Unrealised loss on foreign exchange	3,681	-
And crediting:		
Interest income	(70)	-
The employee benefits expenses of the Company comprise:		
Short-term benefits of salaries and wages	136,391	113,992
Included in employee benefits expenses is:		
*Directors' fees	24,700	31,200
Total employee benefits expenses	161,091	145,192

The numbers of employees of the Company including Directors as at the end of the financial year are 9 (2019: 9).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

12. INCOME TAX EXPENSE

	2020 RM	2019 RM
Current income tax expense:		
- Taxes payable in Malaysia	38,951	28,871
- Over provision of prior financial years' tax	(7,986)	-
Deferred tax expense	5,851	610
Total tax expense for the financial year	36,816	29,481
Reconciliation of tax expense:		
Profit before taxation	121,482	79,210
Tax at the statutory income tax rate	29,156	19,010
Over provision of prior financial years' tax	(7,986)	-
Tax effect of expenses disallowed for tax purpose	15,646	10,471
Tax expense	36,816	29,481

The current Malaysian tax rate is 24% (2019: 24%) on the chargeable income.

13. RELATED PARTY TRANSACTIONS AND BALANCES

During the financial year, the Company carried the following transactions and balances with the related party during the financial year:

	2020 RM	2019 RM
Purchases from Holding Company	237,907	-
Amount due from Holding Company - Non-trade	-	2,693
Amount due to Holding Company - Trade	1,885	-
Amount due to Holding Company - Non-trade	56,088	21,739
Consultancy fees	12,000	12,000
Management fees	98,192	27,291

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

14. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables	
	2020	2019
	RM	RM
Financial assets		
Trade receivables	350,033	103,542
Amount due from Holding Company	-	2,693
Other receivables and deposits (exclude prepayments)	-	2,400
Cash at bank	102,977	194,961
	453,010	303,596

	Finance liabilities at amortised cost	
	2020	2019
	RM	RM
Financial liabilities		
Trade payables	16,585	-
Other payables and accruals	64,830	36,022
	81,415	36,022

(b) Financial risk management

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

(i) Credit risk

Credit risk is the risk of a financial loss to the Company that may arise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its loans and receivables. For other financial assets (including cash and cash equivalents), the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

14. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Receivables

Risk management objectives, policies and processes for managing the risk

Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amount in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

As at the date of the reporting period, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of receivables presented in the statement of financial position.

Related-company balances

The company provides unsecured loans and advances to its related company.

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount in the statement of financial position. There was no indication that the loans and advances to related company are not recoverable. The Company does not specifically monitor the ageing of the advances to the related company. Nevertheless, these advances are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

14. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

(ii) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain credit facilities.

Analysis of financial instruments by remaining contractual maturities

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on undiscounted contractual cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Less than 1 year **RM**	Total **RM**
Financial liabilities		
2020		
Trade and other payables	81,415	81,415
2019		
Trade and other payables	36,022	36,022

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Company's financial position or cash flow.

Foreign exchange risk

The Company mainly operates in Ringgit Malaysia ("RM") with most of the transactions denominated and settled in RM, while the Company also has limited foreign currency transactions in relation to its trade receivables and payables. The Company is exposed to foreign currency exchange risk primarily with respect to RM as follows. The Company does not hedge against any fluctuation in foreign currency.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

14. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

(iii) Market risk (Continued)

	2020 RM	2019 RM
Trade receivables		
Ringgit Malaysia ("RM")	350,033	103,542
Trade payables		
Ringgit Malaysia ("RM")	14,700	-
United States Dollar ("USD")	1,885	-
	16,585	-

Sensitivity analysis

An increase of 100 basis points (1%) in foreign exchange risk at the statement of financial position date would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the statement of financial position date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables remain constant and considers the effect on financial instruments with foreign exchange risk and financial instruments at fair value through profit or loss.

Other than cash and cash equivalents, the Company has no significant interest-bearing assets. The Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk mainly arises from borrowings. Borrowings at variable rates expose the Company to cash flow interest rate risk. The Company has not used any financial instruments to hedge potential fluctuations in interest rates during the year.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Company's policy is to obtain the most favourable interest rate available. Any surplus funds of the Company will be placed with licensed financial institutions to generate interest income and dividend income.

14. FINANCIAL INSTRUMENTS (Continued)

(c) Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Company may adjust the dividend payment, returning of capital to shareholders or issuing new shares.

The gearing ratios at 31 March 2020 and 31 March 2019 were as follows:

	2020 RM	2019 RM
Trade and other payables	81,415	36,022
Less: Cash and cash equivalents	(102,977)	(194,961)
Net cash	(21,562)	(158,939)
Total equity	355,914	271,248
Total net debt and equity	334,352	112,309
Debt to net debt and equity ratio	*	*

* *Not meaningful*

(d) Fair value of financial instruments

The carrying amounts of bank balances, short term receivables and payables including derivatives and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The fair value of cross currency interest rate swaps is based on broker quotes. Where such prices are not available, reference is based on discounted cash flow analysis using applicable yield curve for the duration of the instruments.

The fair values of financing receivables have been determined by discounting the relevant cash flows using market rates at the end of reporting period. Based on management's assessment as at 31 March 2020 and 2019, the estimated fair value of financing receivables approximate their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2020

15. COMPARATIVE FIGURES

No comparative figures have been reclassified to conform to current financial year's format of presentation.

16. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 2 8 MAY 2020

DETAILED STATEMENT OF INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	2020 RM	2019 RM
Revenue	946,820	722,914
Less: Cost of sales		
Custom duty	2,210	-
Freight and handling charges	36,722	18,785
Purchases	450,899	288,245
Purchases of tools and materials	-	3,458
	489,831	310,488
Gross profit	456,989	412,426
Add: Other operating income		
Interest income	70	-
Less: Expenses		
Administration expenses	(311,147)	(286,903)
Selling and distribution expenses	(10,057)	(4,969)
Other operating expenses	(14,373)	(41,344)
	(335,577)	(333,216)
Profit before taxation	121,482	79,210

STATEMENT OF EXPENSES

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	2020 RM	2019 RM
Administration expenses		
Administrative and accounting fees	16,800	16,800
Bank charges	216	217
Cable charges	310	-
Consultancy fees	12,000	12,000
Directors' fees	24,700	31,200
Entertainment	-	48
EPF, EIS and SOCSO contribution	16,009	13,903
Filing fees	230	200
Goods and services tax expenses not claimable	-	54
Installation fees	440	-
Handling charges	-	67,500
Human resources service cost	3,600	3,600
Management fees	98,192	27,291
Medical expenses	509	339
Penalty	65	191
Printing and stationary	3,812	2,640
Professional services	1,760	215
Rental of office	6,000	6,000
Repair and maintenance	18	1,800
Safety and compliances expenses	2,084	1,374
Secretarial fees	1,200	1,200
Services charge	-	581
Services tax	2,137	-
Staff allowances	5,325	1,950
Staff overtime	10,637	9,251
Staff salaries	103,911	88,549
Stamping fees	1,116	-
Telephone and internet charges	76	-
	311,147	286,903
Selling and distribution expenses		
Petrol	20	-
Travelling and accommodation charges	10,037	4,969
	10,057	4,969

(This Statement is prepared for the purpose of the Management's use only
and does not form part of the statutory audited financial statements.)

STATEMENT OF EXPENSES

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	2020 RM	2019 RM
Other operating expenses		
Audit fees	2,600	2,250
Depreciation of property, plant and equipment	4,014	27,539
Goods and services tax filing fees	-	1,600
Realised loss on foreign exchange	529	6,955
Taxation fees	3,000	3,000
Unrealised loss on foreign exchange	3,681	-
Withholding tax	549	-
	14,373	41,344
Total expenses	335,577	333,216

(This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.)