

20 MICRONS SDN. BHD.

(Incorporated in Malaysia)

**Reports and Financial Statements
31 March 2020**

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Registration No.: 200801006285 (807569-H)

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 2020.

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 for the financial year	<u>466,578</u>

DIVIDEND

The Company paid an interim dividend of RM2.10 per ordinary share amounting to RM1,058,429 for financial year ended 31 March 2020 on 9 March 2020.

The directors do not recommend the payment of any further dividends 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

There was no issue of new shares or debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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DIRECTORS

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

Krishnaji Rao Vengoba Rao
Rajesh Chandreshbhai Parikh
Atil Chandresh Parikh

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares of the Company during the financial year are as follows:-

	----- Number of Ordinary Shares of IR10 each-----			
	As at 1.4.19	Bought	Sold	As at 31.3.20
Ordinary Shares in the Holding Company, 20 Microns Limited.				
Atil Chandresh Parikh	1,659,956	40,783	-	1,700,739
Rajesh Chandreshbhai Parikh	1,659,956	41,758	-	1,701,714

	----- Number of Ordinary Shares-----			
	As at 1.4.19	Bought	Sold	As at 31.3.20
Ordinary Shares in the Company				
Krishnaji Rao Vengoba Rao	7	-	-	7
Rajesh Chandreshbhai Parikh	7	-	-	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 17 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.

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OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 March 2020 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



RAJESH CHANDRESHBHAI PARIKH
Director

Ipoh, Perak Darul Ridzuan.

Date: **05 MAY 2020**


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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 Rajesh Chandreshbhai 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 10 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 2020 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 **05 MAY 2020**


KRISHNAJI RAO VENGOBA RAO


RAJESH CHANDRESHBHAI 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 10 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 **05 MAY 2020**


KRISHNAJI RAO VENGOBA RAO

Before me:



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Jalan SS15/4B,
47500 Subang Jaya,
Selangor Darul Ehsan.
Tel No.: +6012 2244 858
khorandassociates@hotmail.com

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

(Incorporated in Malaysia)

Registration No.: 200801006285 (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 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 10 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 2020, 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.

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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 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.

Khor & Associates [AF 002244]

Chartered Accountants

Registration No.: 200801006285 (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: 03318/08/2021 J
Chartered Accountant

Subang Jaya

Date: **05 MAY 2020**

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20 MICRONS SDN. BHD.
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STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Note	2020 RM	2019 RM
ASSETS			
NON-CURRENT ASSET			
Equipment	4	8,220	21,236
CURRENT ASSETS			
Trade receivables	5	231,042	366,211
Other receivables, deposits and prepayment	6	314,489	30,727
Current tax assets		9,093	-
Cash and bank balances	7	1,193,485	2,487,620
TOTAL CURRENT ASSETS		1,748,109	2,884,558
TOTAL ASSETS		1,756,329	2,905,794
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	504,014	504,014
Retained profits	9	1,056,677	1,648,528
TOTAL EQUITY		1,560,691	2,152,542
LIABILITIES			
NON-CURRENT LIABILITY			
Hire purchase payable	10	-	5,809
CURRENT LIABILITIES			
Trade payables	11	151,681	339,240
Other payables and accruals	12	38,150	352,494
Hire purchase payable	10	5,807	11,148
Current tax liabilities		-	44,561
TOTAL CURRENT LIABILITIES		195,638	747,443
TOTAL LIABILITIES		195,638	753,252
TOTAL EQUITY AND LIABILITIES		1,756,329	2,905,794

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

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20 MICRONS SDN. BHD.
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STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2020

	Note	2020 RM	2019 RM
REVENUE	13	3,041,924	3,619,767
COST OF SALES		(2,263,976)	(2,669,307)
GROSS PROFIT		777,948	950,460
OTHER INCOME		186,901	106,143
ADMINISTRATIVE EXPENSES		(431,995)	(550,310)
PROFIT FROM OPERATIONS		532,854	506,293
FINANCE COST		(658)	(1,608)
PROFIT BEFORE TAXATION	14	532,196	504,685
INCOME TAX EXPENSE	15	(65,618)	(120,666)
PROFIT FOR THE FINANCIAL YEAR		466,578	384,019

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 2020

	Share Capital RM	Retained Profits RM	Total RM
Balance at 1 April 2018	360,002	1,408,513	1,768,515
Issuance of shares	8	-	8
Bonus issue	144,004	(144,004)	-
Profit for the financial year	-	384,019	384,019
Balance at 31 March 2019	504,014	1,648,528	2,152,542
Dividend paid	-	(1,058,429)	(1,058,429)
Profit for the financial year	-	466,578	466,578
Balance at 31 March 2020	504,014	1,056,677	1,560,691

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

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STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2020

	Note	2020 RM	2019 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES			
Profit before taxation		532,196	504,685
Adjustments for:-			
Allowance for impairment loss on receivable		-	169,061
Depreciation of equipment		13,341	13,309
Interest expenses		658	1,608
Interest income		(19,745)	(18,057)
Operating profit before working capital changes		526,450	670,606
(Increase)/Decrease in receivables		(148,593)	434,677
(Decrease)/Increase in payables		(501,903)	279,518
Cash (for)/from operations		(124,046)	1,384,801
Interest paid		(658)	(1,608)
Interest received		19,745	18,057
Tax paid		(119,272)	(112,700)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(224,231)	1,288,550
NET CASH FOR INVESTING ACTIVITY			
Purchase of equipment		(325)	-
CASH FLOWS FOR FINANCING ACTIVITIES			
Dividend paid	16	(1,058,429)	-
Proceeds from issuance of ordinary shares		-	8
Repayment of hire purchase obligations		(11,150)	(10,200)
NET CASH FOR FINANCING ACTIVITIES		(1,069,579)	(10,192)
Net (decrease)/increase in cash and bank balances		(1,294,135)	1,278,358
Cash and bank balances at beginning of the financial year		2,487,620	1,209,262
Cash and bank balances at end of the financial year	7	1,193,485	2,487,620

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

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NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2020

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

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 non-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 measured 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment

(i) Impairment of Financial Assets

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed for impairment at each reporting period date when there is an objective evidence of impairment.

For a financial asset measured at amortised cost, the impairment loss is the difference between the financial asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective rate.

For a financial asset measured at cost less impairment, the impairment loss is the difference between the financial asset's carrying amount and the best estimate of the amount that would be received for the financial asset if it were to be sold at the reporting date.

All impairment losses are recognised in profit or loss immediately.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previous recognised impairment loss is reversed to the extent that the carrying amount of the financial assets does not exceed its amortised cost at the reversal date. The amount of impairment reversal is recognised in profit or loss.

(ii) 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment (Cont'd)

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

An impairment loss is recognised in profit or loss. An impairment loss recognised in prior periods are 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 period 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Equipment (Cont'd)

(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

(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 issuance 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) Leased assets

(i) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leased assets (Cont'd)

(i) Finance Lease (Cont'd)

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(ii) Operating Lease

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.

(g) 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.

(h) 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.

(i) 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 year.

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 2018/ 31 March 2019	2,823	64,331	3,555	70,709
Addition	-	-	325	325
At 31 March 2020	2,823	64,331	3,880	71,034
<i>Accumulated depreciation</i>				
At 1 April 2018/ 31 March 2019	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
Charge for the year	285	12,866	190	13,341
At 31 March 2020	1,968	57,986	2,860	62,814
<i>Carrying amount</i>				
At 31 March 2019	1,140	19,211	885	21,236
At 31 March 2020	855	6,345	1,020	8,220

Included in the equipment at the end of the reporting period were motor vehicle with a total carrying amount of RM6,345 (2019: RM19,211), 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:-

	2020 RM	2019 RM
Computers	1,399	1,399
Office equipment	1,976	1,976
	<u>3,375</u>	<u>3,375</u>

5. TRADE RECEIVABLES

	2020 RM	2019 RM
Trade receivables	400,103	535,272
Less: Allowance for impairment loss on receivable	(169,061)	(169,061)
	<u>231,042</u>	<u>366,211</u>

The Company's normal trade credit term range from 30 to 90 (2019: 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:

	2020 RM	2019 RM
US Dollar	222,352	352,571
Ringgit Malaysia	8,690	13,640
	<u>231,042</u>	<u>366,211</u>

6. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2020 RM	2019 RM
Other receivables	10,051	3,587
Deposits	304,438	3,850
Prepayment	-	23,290
	<u>314,489</u>	<u>30,727</u>

7. CASH AND BANK BALANCES

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

	2020 RM	2019 RM
US Dollar	1,144,560	2,081,743
Ringgit Malaysia	48,925	405,877
	<u>1,193,485</u>	<u>2,487,620</u>

8. SHARE CAPITAL

Issued and Fully Paid-Up	2020 Number of shares	2019 Number of shares	2020 RM	2019 RM
At 1 April	504,014	360,002	504,014	360,002
Bonus issue	-	144,004	-	144,004
Issued during the year	-	8	-	8
At 31 March	504,014	504,014	504,014	504,014

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. The ordinary shares have no par value.

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

	2020 RM	2019 RM
Minimum hire purchase payments		
- not later than 1 year	5,899	11,807
- later than 1 year and not later than 5 years	-	5,583
	5,899	17,390
Less: Future finance charges	(92)	(433)
Present value of hire purchase payable	5,807	16,957
Analysed by:-		
Current liability	5,807	11,148
Non-current liability	-	5,809
	5,807	16,957

11. TRADE PAYABLES

The normal trade credit terms granted to the Company range from 30 to 90 (2019: 30 to 90) days.

11. TRADE PAYABLES (CONT'D)

The currency exposure profile of trade payables is as follows:

	2020 RM	2019 RM
US Dollar	8,105	-
Ringgit Malaysia	143,576	256,976
	<u>151,681</u>	<u>256,976</u>

12. OTHER PAYABLES AND ACCRUALS

	2020 RM	2019 RM
Other payables	3,905	326,036
Accruals	34,245	26,458
	<u>38,150</u>	<u>352,494</u>

13. REVENUE

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

14. PROFIT BEFORE TAXATION

	2020 RM	2019 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	13,341	13,309
Directors' emoluments	226,470	213,481
Hire purchase interest	658	1,608
(Gain)/Loss on foreign exchanges		
- realised	59,339	(43,033)
- unrealised	(162,308)	(43,492)
Rental of guest house	9,000	9,000
Rental of office	7,200	7,200
Staff costs:		
- salaries, allowances and bonuses	33,124	17,501
- defined contribution plan	3,892	3,608
- others	920	426
Interest income	(19,745)	(18,057)

15. INCOME TAX EXPENSE

	2020 RM	2019 RM
Current tax:		
- for the financial year	65,000	118,000
- underprovision in previous financial year	618	2,666
	<u>65,618</u>	<u>120,666</u>

The corporate tax rate on the first RM500,000 of chargeable income is 17%. 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:

	2020 RM	2019 RM
Profit before taxation	<u>532,196</u>	<u>504,685</u>
Tax at the statutory tax rate of 24%	127,727	121,124
Tax effects of:		
Non-deductible expenses	1,990	1,406
Deferred tax assets not recognised during the financial year	-	31,146
Utilised of deferred tax assets previous not recognised	(38,038)	-
Exemption on increase in chargeable income	-	(5,676)
Underprovision in previous financial year	618	2,666
Differential in tax rates	(26,679)	(30,000)
Tax expense for the year	<u>65,618</u>	<u>120,666</u>

Unrecognised deferred tax (assets)/liabilities

Deferred tax (assets)/liabilities have not been recognised in respect of the following items:

	2020 RM	2019 RM
Accelerated capital allowance	(11,000)	(8,000)
Others	(7,000)	(169,000)
	<u>(18,000)</u>	<u>(177,000)</u>

Deferred tax assets have not been recognised in respect of these items because it is uncertain that future taxable profits will be available against which the Company can utilise the benefits there from.

16. DIVIDEND

	2020 RM	2019 RM
First interim dividend of RM2.10 (2018:NIL) per ordinary share in respect of the current financial year	1,058,429	-

17. RELATED PARTY DISCLOSURES

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following transaction with related parties during the financial year.

	2020 RM	2019 RM
Key management personnel Directors' emoluments	226,470	213,481

18. FINANCIAL INSTRUMENTS

2020	Carrying amount RM	Fair value through profit or loss RM	Amortised cost RM	Cost less impairment RM
Financial assets				
Trade receivables	231,042	-	231,042	-
Other receivables and deposits	314,489	-	314,489	-
Cash and bank balances	1,193,485	-	1,193,485	-
	<u>1,739,016</u>	<u>-</u>	<u>1,739,016</u>	<u>-</u>
Financial liabilities				
Trade payables	151,681	-	151,681	-
Other payables and accruals	38,150	-	38,150	-
Hire purchase payable	5,807	-	5,807	-
	<u>195,638</u>	<u>-</u>	<u>195,638</u>	<u>-</u>

18. FINANCIAL INSTRUMENTS (CONT'D)

2019	Carrying amount RM	Fair value through profit or loss RM	Amortised cost RM	Cost less impairment RM
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>

19. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 5 May 2020 by the Board of Directors.

20 MICRONS SDN BHD

(Incorporated in Malaysia)

DETAILED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

	2020 RM	2019 RM
REVENUE	3,041,924	3,619,767
COST OF SALES	(2,263,976)	(2,669,307)
GROSS PROFIT	777,948	950,460
ADD: OTHER INCOME		
Bank interest received	19,745	18,057
Gain on foreign exchange		
- Realised	33	43,033
- Unrealised	162,542	43,492
Remission Of Cr. Bl.	4,581	1,561
	186,901	106,143
LESS: ADMINISTRATIVE EXPENSES		
Audit fee	8,500	8,500
Allowance for impairment loss on receivable	-	169,061
Attestation	70	-
Bank charges	27,396	38,582
Conveyance expenses	1,164	-
Directors' emoluments	226,470	213,481
Depreciation of equipment	13,341	13,309
Electricity and water charges	1,903	2,716
Fine and penalty	-	200
Guest house expenses	-	302
Insurance and road tax	289	(465)
Legal and licenses fee	-	3,511
Loss on foreign exchange		
- Realised	59,372	-
- Unrealised	234	-
Miscellaneous fee	273	-
Petrol and diesel	4,979	4,936
Postage, printing and stationery	8,123	15,830
Professional fee	3,502	7,636
Rental of guest house	9,000	9,000
Rental of office	7,200	7,200
Balance carried forward	371,816	493,799

20 MICRONS SDN BHD

(Incorporated in Malaysia)

DETAILED STATEMENT OF COMPREHENSIVE INCOME**For the financial year ended 31 March 2020**

	2020 RM	2019 RM
Balance brought forward	371,816	493,799
Staff salaries, allowances and bonuses	37,016	21,109
Staff incentives	920	426
Telephone and internet charges	5,439	6,391
Travelling and accomodation	9,418	21,516
Upkeep of motor vehicles	3,960	3,223
Upkeep of office equipment	3,426	3,846
TOTAL ADMINISTRATIVE EXPENSES	431,995	550,310
PROFIT FROM OPERATIONS	532,854	506,293
LESS: FINANCE COST		
Hire purchase interest	658	1,608
PROFIT BEFORE TAXATION	532,196	504,685