

Company No.

LL 08316

FINEOTEX MALAYSIA LIMITED
(Incorporated in the Federal Territory of Labuan, Malaysia)

FINANCIAL STATEMENTS

31 MARCH 2020

Registered office:

Lot A020, Level 1
Podium Level
Financial Park
Jalan Merdeka
87000 F.T. Labuan
Malaysia

Principal place of business:

Lot A020, Level 1
Podium Level
Financial Park
Jalan Merdeka
87000 F.T. Labuan
Malaysia

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FINANCIAL STATEMENTS

31 MARCH 2020

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Company No. LL 08316

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FINEOTEX MALAYSIA LIMITED
(Incorporated in the Federal Territory of Labuan, Malaysia)

STATEMENT BY DIRECTORS

I, SONAI KEDHA SANKAR, being a director of FINEOTEX MALAYSIA LIMITED., do hereby state that, in the opinion of the directors, the financial statements set out on pages 4 to 13 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 March 2020 and of the results of its operations and the cash flows of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors.



SONAI KEDHA SANKAR

Dated: 01 June 2020

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FINEOTEX MALAYSIA LIMITED**

(Company No.: LL 08316)

(Incorporated in the Federal Territory of Labuan, Malaysia)

Report on the Financial Statements

We have audited the financial statements of FINEOTEX MALAYSIA LIMITED, which comprise the balance sheet as at 31 March 2020 of the Company, and the income statement, statement of changes in equity and cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 13.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with applicable approved accounting standards in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FINEOTEX MALAYSIA LIMITED (CONT'D)**
(Company No.: LL 08316)
(Incorporated in the Federal Territory of Labuan, Malaysia)

Opinion

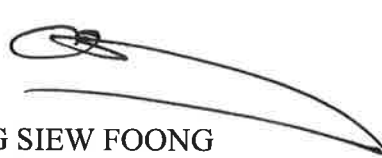
In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 March 2020 and of its financial performance and cash flows for the year then ended in accordance with applicable approved accounting standards in Malaysia.

Other Matters

This report is made solely to the members of the Company and for no other purpose. We do not assume responsibility to any other person for the content of this report.



S F CHANG & CO.
Firm Number: AAL 0053
Chartered Accountants



CHANG SIEW FOONG
Approved Number: 02199/11/2021 J
Chartered Accountant

KUALA LUMPUR
Dated: 01 June 2020

FINEOTEX MALAYSIA LIMITED
(Incorporated in the Federal Territory of Labuan, Malaysia)

BALANCE SHEET AS AT 31 MARCH 2020

	Note	2020 USD	2019 USD
Non-Current Asset			
Investment in subsidiary companies	3	<u>2,043,328</u>	<u>1,964,960</u>
Current Assets			
Trade receivables		954,127	1,360,160
Other receivables	4	9,141	-
Amount owing by a subsidiary company	5	283,203	704,566
Fixed deposit placed with a licensed bank	6	498,716	-
Cash and bank balances		<u>271,708</u>	<u>231,553</u>
		<u>2,016,895</u>	<u>2,296,279</u>
Current Liabilities			
Trade payables		358,967	861,480
Other payables	7	6,722	7,116
Tax payable		2,955	-
		<u>368,644</u>	<u>868,596</u>
Net current assets		<u>1,648,251</u>	<u>1,427,683</u>
		<u>3,691,579</u>	<u>3,392,643</u>
Financed by:			
Share capital	8	1,890,218	1,890,218
Retained profits		<u>1,801,361</u>	<u>1,502,425</u>
		<u>3,691,579</u>	<u>3,392,643</u>

FINEOTEX MALAYSIA LIMITED
(Incorporated in the Federal Territory of Labuan, Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2020 USD	2019 USD
Income from offshore activities			
Commission income	9	97,600	289,484
Other offshore income	10	20,326	21,897
Administration expenses		(30,994)	(9,144)
Profit before tax	11	86,932	302,237
Tax expense	12	-	(4,735)
Net profit from offshore activities for the financial year		86,932	297,502
Income from domestic activities			
Other domestic income	10	535,971	807,807
Administration expenses		(76,012)	(73,055)
Profit before tax	11	459,959	734,752
Tax expense	12	(2,955)	(2,142)
Net profit from domestic activities for the financial year		457,004	732,610
Total net profit for the financial year		543,936	1,030,112

FINEOTEX MALAYSIA LIMITED
(Incorporated in the Federal Territory of Labuan, Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	Share Capital USD	Retained Profits USD	Total USD
Balance at 1 April 2018		1,890,218	472,313	2,362,531
Net profit for the financial year		-	1,030,112	1,030,112
Balance at 31 March 2019		1,890,218	1,502,425	3,392,643
Balance at 1 April 2019		1,890,218	1,502,425	3,392,643
Net profit for the financial year		-	543,936	543,936
Dividend	13	-	(245,000)	(245,000)
Balance at 31 March 2020		1,890,218	1,801,361	3,691,579

FINEOTEX MALAYSIA LIMITED
(Incorporated in the Federal Territory of Labuan, Malaysia)

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	2020	2019
	USD	USD
Cash Flows From Operating Activities		
Profit before tax		
- Income from offshore activities	86,932	302,237
- Income from domestic activities	459,959	734,752
Operating profit before working capital changes	546,891	1,036,989
Decrease/(Increase) in working capital		
Trade receivables	406,033	(777,623)
Other receivables	(9,141)	-
Amount owing by a subsidiary company	421,363	(704,566)
Trade payables	(502,513)	493,405
Other payables	(394)	(13,114)
	311,483	(1,001,898)
Cash generated from operations	862,239	35,091
Tax paid	-	(7,809)
Net cash from operating activities	862,239	27,282
Cash Flows From Investing Activity		
Addition of investment in subsidiary companies	(78,368)	-
Net cash used in investing activity	(78,368)	-
Cash Flows From Financing Activity		
Dividend paid	(245,000)	-
Net cash used in financing activity	(245,000)	-
Net increase in cash and cash equivalents	538,871	27,282
Cash and cash equivalents at beginning of the financial year	231,553	204,271
Cash and cash equivalents at end of the financial year	770,424	231,553
Cash and cash equivalents at end of the financial year comprises:		
Cash and bank balances	271,708	231,553
Fixed deposit placed with a licensed bank	498,716	-
	770,424	231,553

FINEOTEX MALAYSIA LIMITED
(Incorporated in the Federal Territory of Labuan, Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activity of the Company is engaged in commission agent for procurement of goods and investment holding activities.

The Company is a private limited liability company, incorporated and domiciled in the Federal Territory of Labuan, Malaysia.

The holding company is Fineotex Chemical Limited, a company is incorporated in India.

The registered office and principal place of business of the Company are located at Lot A020, Level 1, Podium Level, Financial Park, Jalan Merdeka, 87000 F.T. Labuan Malaysia.

At the end of the financial year, the total number of employees of the Company was nil.

The Company was incorporated in Federal Territory of Labuan, Malaysia and is not required to produce annual audited financial statements. Hence, the financial statements were prepared for the purpose of preparation of consolidated financial statements of the holding company.

The financial statements are presented in United States dollar ("USD"), which is also the functional currency of the Company.

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Company have been prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with applicable approved accounting standards in Malaysia.

(b) Investment in subsidiary companies

A subsidiary company is an enterprise in which the Company has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is determined on an individual basis.

Gains or losses arising from the disposal of an investment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the investment, and is recognised in the income statement.

2. Significant Accounting Policies (Cont'd)**(c) Trade and other receivables**

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful receivables is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(e) Trade and other payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(f) Share capital

Ordinary shares with discretionary dividends are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

(g) Foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into USD at the rates of exchange ruling at that date and exchange differences are taken to the income statement. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

The closing exchange rates used for each unit of the main foreign currencies in the Company are:-

	2020	2019
	RM	RM
1 USD	4.32	4.08

2. Significant Accounting Policies (Cont'd)**(h) Revenue**

Revenue is recognised upon delivery of products and customer acceptance, net of discounts.

(i) Income tax

Taxation for the year comprises current tax.

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

3. Investment in Subsidiary Companies

	2020	2019
	USD	USD
Unquoted shares, at cost In Malaysia	<u>2,043,328</u>	<u>1,964,960</u>

Details of the subsidiary companies are as follows:

Name of Company	Effective equity interest		Principal activities
	2020	2019	
BT Biotex Sdn. Bhd.	72.38%	67.62%	Trading & Exporting
BT Chemicals Sdn. Bhd.	71.92%	67.16%	Manufacturing
Rovatex Sdn. Bhd.	74.76%	70.00%	Trading & Exporting

4. Other Receivables

	2020	2019
	USD	USD
Other receivables	<u>9,141</u>	<u>-</u>

5. Amount Owing by a Subsidiary Company

This represents the dividend receivable from a subsidiary company.

6. Fixed Deposit Placed with a Licensed Bank

The interest rate and maturity of the deposit are 3.1% and 3 months respectively.

7. **Other Payables**

	2020	2019
	USD	USD
Other payables	5,819	6,161
Accruals	903	955
	<u>6,722</u>	<u>7,116</u>

8. **Share Capital**

	2020		2019	
	Number of shares	USD	Number of shares	USD
Ordinary shares - Issued and fully paid	<u>1,890,218</u>	<u>1,890,218</u>	<u>1,890,218</u>	<u>1,890,218</u>

9. **Commission income**

	2020	2019
	USD	USD
Commission income	<u>97,600</u>	<u>289,484</u>

10. **Other Income**

	2020	2019
	USD	USD
Income from offshore activities		
Consultancy charges	<u>20,326</u>	<u>21,897</u>
Income from domestic activities		
Interest income	12,313	-
Dividend income	<u>523,658</u>	<u>807,807</u>
	<u>535,971</u>	<u>807,807</u>

11. Profit before Tax

Profit before tax is derived after charging:

	2020	2019
	USD	USD
Auditors' remuneration		
- Current year	556	568
- Under provision in prior year	20	-
Directors' remuneration	32,914	44,684
Loss on foreign exchange - realised	42,233	28,372
	<u> </u>	<u> </u>

12. Tax Expense

Component of tax expense:

	2020	2019
	USD	USD
Tax expense from offshore activities		
Under provision in prior year	-	4,735
	<u> </u>	<u> </u>
Tax expense from domestic activities		
Current tax expense	2,955	-
Under provision in prior year	-	2,142
	<u> </u>	<u> </u>
	<u>2,955</u>	<u>2,142</u>

13. Dividend

	2020	2019
	USD	USD
Final Dividend		
- A single tier tax exempt dividend of USD 0.2316 per share for the financial year ended 31 March 2019	165,000	-
Interim Dividend		
- A single tier tax exempt dividend of USD 0.2316 per share for the financial year ended 31 March 2020	80,000	-
	<u> </u>	<u> </u>
	<u>245,000</u>	<u> </u>

14. Date of Authorisation for Issue

The financial statements of the Company for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 01 June 2020.