

NEVGEL MALAYSIA SDN. BHD.

Company No: 684112-P
(Incorporated in Malaysia)

Reports and Financial Statements
For The Financial Year Ended 31 December 2019

Company No: 648112-P

NEVGEL MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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Company No: 648112-P

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CORPORATE INFORMATION

Board of Directors	:	Mohammad Ramzan Bin Abdul Ghani Mohamed Iqbal Khan Bin Abdul Ghani Mohd Raffiq Khan Bin Ab Ghani Mohd Nizam Shameen Bin Mohd Raffiq Khan Mohamad Syahiran Khan Bin Mohd Raffiq Khan
Company Secretary	:	Mohd Radzi Bin Lasim (MIA No. 18210)
Registered Office	:	No. 48-2, Jalan Komersil Senawang 7 Taman Komersil Senawang 70450 Seremban Negeri Sembilan
Principal Place of Business	:	No. 5 Jalan SU 27 Taman Perindustrian Selayang 68100 Batu Caves Selangor
Auditors	:	Ismawadee & Co. [AF 1150] No. 22A-1, Jalan Rampai Niaga 2 Rampai Business Park 53300 Kuala Lumpur
Principal Banker	:	Public Bank Berhad

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business related to importing and supplying salt based products. There have been no significant changes in the nature of this activity during the financial year.

FINANCIAL RESULTS

	RM
Net profit for the financial year	<u>118,696</u>

DIVIDENDS

No dividend have been proposed, declared or paid by the Company since the end of previous financial year.

RESERVES AND PROVISIONS

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

SHARES CAPITAL

No new share was issued during the financial year.

DIRECTORS

The Directors of the Company in office since the last report are:-

Mohammad Ramzan Bin Abdul Ghani
Mohamed Iqbal Khan Bin Abdul Ghani
Mohd Raffiq Khan Bin Ab Ghani
Mohd Nizam Shameen Bin Mohd Raffiq Khan
Mohd Syahiran Khan Bin Mohd Raffiq Khan

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DIRECTORS' INTERESTS

According to the registers required to be kept under Section 59 of Companies Act, 2016, particulars of interest in shares in Company and its related corporation during the financial year of those Directors who held office at the end of the financial year are as follows:-

Name of Directors in the Company	Ordinary shares of RM1 each			
	As at 01.01.2019	During the year		As at 31.12.2019
		Bought	Sold	
Mohammad Ramzan Bin Abdul Ghani	10,000	-	-	10,000
Mohamed Iqbal Khan Bin Abdul Ghani	25,000	-	-	25,000
Mohd Raffiq Khan Bin Ab Ghani	14,000	-	-	14,000
Mohd Nizam Shameen Bin Mohd Raffiq Khan	51,000	-	-	51,000

DIRECTORS' BENEFITS

During and at the end of the financial year, there is no arrangements subsisted to which the Company or its related corporations 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 date of last report, no Director has received or become entitled to receive a benefits (other than those disclosed in the financial statements) by reason of a contract made by the Company with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

DIRECTORS' REMUNERATIONS

The Directors of the Company have received remunerations from the Company during the financial year.

None of the Directors of the Company have received any other benefits otherwise than in cash from the Company during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the Directors or past Directors of the Company during the financial year.

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DIRECTORS' REMUNERATIONS (CONT'D)

Name of Directors in the company	Salaries / Allowances RM	Bonus RM	EPF and Socso RM	Directors' Fees RM	Total RM
Mohammad Ramzan Bin Abdul Ghani	-	-	-	10,500	10,500
Mohamed Iqbal Khan Bin Abdul Ghani	-	-	-	4,960	4,960
Mohd Raffiq Khan Bin Ab Ghani	-	-	-	49,350	49,350
Mohd Nizam Shameen Bin Mohd Raffiq Khan	-	-	-	22,000	22,000
Mohd Syahiran Khan Bin Mohd Raffiq Khan	-	-	-	79,110	79,110

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premium 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.

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the Auditors as remunerations for their services as Auditors are as follows:

	RM
Statutory audit	<u>4,500</u>

OTHER STATUTORY INFORMATION

Before the statement of comprehensive income and the statement of financial position of the Company were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts need to be written off and no allowance for doubtful debts was necessary; and
- to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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OTHER STATUTORY INFORMATION (CONT'D)

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

- a) which would render the amounts written-off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- b) which 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; or
- d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

No contingent or other liability 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 affect the ability of the Company to meet its obligations as and when they fall due.

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 liability of any other person; or
- b) any contingent liability of the Company which has arisen since the end of the financial year.

The Directors state that:-

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

In their opinion of the Directors :-

- a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

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AUDITORS

The Auditors, ISMAWADEE & CO., have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,



MOHD RAFFIQ KHAN BIN AB GHANI
Director



MOHAMAD SYAHIRAN KHAN BIN MOHD RAFFIQ KHAN
Director

Negeri Sembilan, Malaysia

Dated : **08 DEC 2022**

Company No: 684112-P

NEVGEL MALAYSIA SDN. BHD.
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**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016**

We, MOHD RAFFIQ KHAN BIN AB GHANI and MOHAMAD SYAHIRAN KHAN BIN MOHD RAFFIQ KHAN, being two of the Directors of NEVGEL MALAYSIA SDN. BHD., do hereby state that, in our opinion, the accompanying financial statements are properly drawn up in accordance with the applicable Malaysian Accounting Standards Board, approved accounting standards in Malaysia for Private Entities and the provisions of the Companies Act, 2016, so as to give a true and fair view of the state of affairs of the Company as at 31 December 2019 and of the results of the operations and the cash flows of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,



MOHD RAFFIQ KHAN BIN AB GHANI
Director



MOHAMAD SYAHIRAN KHAN BIN MOHD RAFFIQ KHAN
Director

Negeri Sembilan, Malaysia

Dated : **08 DEC 2022**

Company No: 684112-P

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

I, MOHD RAFFIQ KHAN BIN AB GHANI, being the Director primarily responsible for the financial management of NEVGEL MALAYSIA SDN. BHD., do solemnly and sincerely declare that the accompanying financial statements 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 Statutory Declarations Act, 1960.

Subscribed and solemnly declared by }
MOHD RAFFIQ KHAN BIN AB GHANI }
at Seremban in the State of Negeri }
Sembilan on **08 DEC 2022** }


MOHD RAFFIQ KHAN BIN AB GHANI

Before me,

Commissioner for Oaths

Negeri Sembilan, Malaysia





Company No: 684112-P

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NEVGEL MALAYSIA SDN. BHD.**
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NEVGEL MALAYSIA SDN. BHD., which comprise the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the financial year ended 31 December 2019 and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 30.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the financial year ended 31 December 2019 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.

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.

ISMAWADEE & Co (AF 1150)
Chartered Accountants

No 22A-1, Jalan Rampai Niaga 2, Rampai Business Park, 53300 Kuala Lumpur
Telephone: (603) 4142 8150 Facsimile: (603) 4143 8150

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NEVGEL MALAYSIA SDN. BHD. (CONT'D)**
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Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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 Malaysia 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 preparations 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NEVGEL MALAYSIA SDN. BHD. (CONT'D)**
(Incorporated in Malaysia)

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

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:

- a) 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d) 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.
- e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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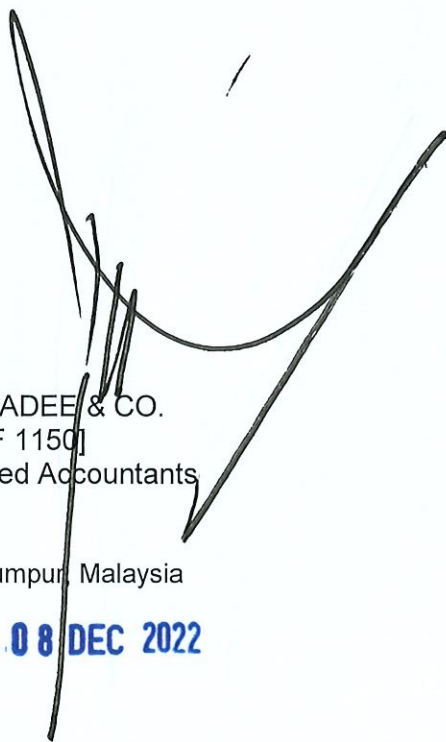
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NEVGEL MALAYSIA SDN. BHD. (CONT'D)**
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Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.



ISMAWADEE & CO.
[NO: AF 1150]
Chartered Accountants

Kuala Lumpur, Malaysia

Dated : **08 DEC 2022**



ISMAWADEE BIN ISMAIL
[NO: 01912/08/2024 J]
Partner

NEVGEL MALAYSIA SDN. BHD.
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
Revenue	3	2,227,100	1,766,520
Cost of goods sold		<u>(1,085,856)</u>	<u>(858,412)</u>
Gross profit		1,141,244	908,108
Operating cost			
Administrative expenses		(584,072)	(452,536)
Staff cost		<u>(402,565)</u>	<u>(436,677)</u>
Total operating cost		<u>(986,637)</u>	<u>(889,213)</u>
Profit from operation		154,607	18,895
Finance cost		<u>(13,242)</u>	<u>(5,698)</u>
Profit before taxation	4	141,365	13,197
Taxation	5	(22,669)	-
Net profit for the financial year		<u>118,696</u>	<u>13,197</u>

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 RM	2018 RM
Non-current assets			
Property, plant and equipment	6	356,374	300,423
Total non-current assets		<u>356,374</u>	<u>300,423</u>
Current assets			
Inventories	7	70,240	41,449
Trade receivables	8	494,524	219,604
Other receivables, deposits and prepayments	9	43,788	24,035
Cash and bank balances	10	19,773	48,399
Total current assets		<u>628,325</u>	<u>333,487</u>
Total assets		<u>984,699</u>	<u>633,910</u>
Equity			
Share capital	11	100,000	100,000
Retained profit / (Accumulated losses)		52,023	(66,673)
Total equity		<u>152,023</u>	<u>33,327</u>
Non-current liabilities			
Hire purchase creditors	12	151,250	131,796
Total non-current liabilities		<u>151,250</u>	<u>131,796</u>
Current liabilities			
Trade payables	13	111,865	-
Other payables and accruals	14	36,283	52,254
Amount due to Directors	15	459,530	378,718
Hire purchase creditors	12	57,079	37,815
Taxation		16,669	-
Total current liabilities		<u>681,426</u>	<u>468,787</u>
Total liabilities		<u>832,676</u>	<u>600,583</u>
Total equity and liabilities		<u>984,699</u>	<u>633,910</u>

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

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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Share capital RM	Retained profit / (Accumulated losses) RM	Total RM
As at 1 January 2018	100,000	(79,870)	20,130
Net profit for the financial year	-	13,197	13,197
As at 31 December 2018	<u>100,000</u>	<u>(66,673)</u>	<u>33,327</u>
As at 1 January 2019	100,000	(66,673)	33,327
Net profit for the financial year	-	118,696	118,696
As at 31 December 2019	<u>100,000</u>	<u>52,023</u>	<u>152,023</u>

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	141,365	13,197
<i>Adjustment for :</i>		
Depreciation of property, plant and equipment	92,394	54,360
Interest on hire purchase	12,363	5,264
Operating profit before working capital changes	246,122	72,821
Changes in working capital :-		
Inventories	(28,791)	(5,744)
Trade receivables	(274,920)	(97,084)
Other receivables, deposits and prepayments	(19,753)	1,433
Trade payables	111,865	-
Other payables and accruals	(15,971)	23,720
Directors' account	80,812	137,572
Net cash generated from operations	99,364	132,718
Interest paid	(12,363)	(5,264)
Tax paid	(6,000)	-
Net cash generated from operating activities	81,001	127,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase for property, plant and equipment	(148,345)	(246,492)
Net cash used in investing activities	(148,345)	(246,492)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from hire purchase	92,205	152,500
Payment of hire purchases creditors	(53,487)	(22,787)
Net cash generated from financing activities	38,718	129,713
Net (decrease) / increase in cash and cash equivalent	(28,626)	10,675
Cash and cash equivalent at the beginning of financial year	48,399	37,724
Cash and cash equivalent at the end of financial year	19,773	48,399
Cash and cash equivalent comprise of:-		
Cash and bank balances	19,773	48,399
	19,773	48,399

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

NEVGEL MALAYSIA SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

1. GENERAL INFORMATION

The Company is principally engaged in the business related to importing and supplying salt based products. There have been no significant changes in the nature of this activity during the financial year.

The registered office of the Company is located at No. 48-2, Jalan Komersil Senawang 7, Taman Komersil Senawang, 70450 Seremban, Negeri Sembilan

The principal place of Company is located at No. 5 Jalan SU 27, Taman Perindustrian Selayang, 68100 Batu Caves, Selangor.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities.

The principal accounting policies adopted are set out below:

a) Property, plant and equipment and depreciation

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. After recognition as an asset, an item of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, except for freehold land and buildings.

Property, plant and equipment are depreciated on a straight-line basis to write-off the cost of the property, plant and equipment over their estimated useful lives of the assets concerned. The annual rates of depreciation are as follows:-

Air-conditioner, Furniture and fittings, Handphone, Machinery,	
Office equipment, Renovation and Store equipment	10%
Motor vehicles	20%
Computer and peripherals	40%

Depreciation of an asset begins when it is ready for its intended use.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Property, plants and equipment and depreciation (Cont'd)

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

b) Financial assets

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instrument measured at cost less impairment.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Financial assets (Cont'd)

(i) Financial assets at fair value through profit or loss (Cont'd)

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) Financial assets that are debt instruments measured at amortised cost

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instrument that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter year, to the carrying amount of the financial assets.

(iii) Financial assets that are equity instruments measured at cost less impairment

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instrument that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

(iv) Impairment of financial assets

At the end of each reporting year, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include:

- Significant financial difficulty of the issuer; or
- A breach of contract; or

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Financial assets (Cont'd)

(iv) Impairment of financial assets (Cont'd)

- The lender granting to the borrower a concession that the lender would not otherwise consider; or
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivable, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less, impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent year, the amount of an impairment loss decrease, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Financial assets (Cont'd)

(v) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences received and any cumulative gains or losses are recognised in profit or loss in the year of the transfer.

c) Inventories

Inventories represent purchase costs and duties and are stated at the lower of cost and net realisable value. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation.

d) Receivables

Known bad debts are written off and specific allowance is made for any considered being doubtful of collection.

e) Cash and cash equivalents

Cash comprises of cash bank and in hand including cash in hand, bank balances, bank overdrafts and deposits. Cash equivalents comprises of investments maturing within three months from the date of acquisition and which are readily convertible to know amounts of cash which are subjected to insignificant risk of charges in value.

f) Liabilities and equity

(i) Classification of liabilities and equity

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Liabilities and equity (Cont'd)

(ii) Equity instruments

Ordinary shares are classified as equity.

Equity instrument are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

g) Financial liabilities

Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provision of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

(i) Financial liabilities measured at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Financial liabilities (Cont'd)

(i) Financial liabilities measured at fair value through profit or loss (Cont'd)

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) Financial liabilities measured at amortised cost

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

(iii) Loan commitments measured at cost less impairment

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

(iv) Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Hire purchase creditors

Assets acquired under hire purchase arrangements are capitalised in the financial statement and are depreciated accordance with the policy set in (b) above. The corresponding outstanding obligation recorded as liability. Finance expenses are charge to the income statement over the hire purchase period on a straight-line method.

j) Income tax

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past years is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past years exceeds the amount payable for those years, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

k) Employee benefits

(i) Short-term employee 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 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 the absences occur.

(ii) Defined contribution plans

The Company provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

3. REVENUE

Revenue of the Company represents value of sales rendered received during the financial year.

4. PROFIT BEFORE TAXATION

a) Profit before taxation has been determined after charging the following items:

	2019	2018
	RM	RM
Audit fee	4,500	4,300
Depreciation of property, plant and equipment	92,394	54,360
Directors' remunerations	165,920	138,751
Interest on hire purchase	12,363	5,264
Rental of machinery	120	-
Rental of office	79,840	51,640
Rental of photocopy machine	1,680	-
Rental of staff house	23,800	-
Rental of waste bin	750	-
	<hr/>	<hr/>

b) Employees' information

	2019	2018
	RM	RM
Staff cost	402,565	436,677
	<hr/>	<hr/>

The total number of employees (excluding Directors) at the end of the financial year was 21 (2018: 21).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

5. TAXATION

	2019 RM	2018 RM
Taxation based on result for the year:		
Current year provision	<u>22,669</u>	<u>-</u>

Income tax is calculated at the statutory tax rate of 17% (2018: 18%) of the estimated assessable profit for the financial year. However, the amount is subject to the agreement with Inland Revenue.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Company is as follow :-

	2019 RM	2018 RM
Profit before taxation	<u>141,365</u>	<u>13,197</u>
Taxation of Malaysian statutory tax rate of 17% (2018: 18%)	24,032	2,375
<i>Tax effect on:-</i>		
Expenses not deductible for tax purposes	16,181	11,815
Absorb of business losses	(1,813)	(695)
Utilisation of capital allowance	<u>(15,731)</u>	<u>(13,495)</u>
Tax expenses for the year	<u>22,669</u>	<u>-</u>

The unabsorbed of business losses available to be carried forward to offset against future taxable profits amounted to RM Nil (2018: RM2,600).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)****6. PROPERTY, PLANT AND EQUIPMENT**

	<u>Air-conditioner</u> RM	<u>Computer and peripherals</u> RM	<u>Furniture and fittings</u> RM	<u>Handphone</u> RM	<u>Machinery</u>	<u>Total carried forward</u> RM
<u>Net book value</u>						
As at 1 January 2019	11,040	8,696	12,548	4,327	66,928	103,539
Additional	4,752	-	1,020	-	60,500	66,272
Depreciation charges	(1,982)	(6,362)	(1,775)	(648)	(10,920)	(21,687)
As at 31 December 2019	13,810	2,334	11,793	3,679	116,508	148,124
<u>As at 31 December 2019</u>						
Cost	24,457	29,224	27,209	7,483	178,029	266,402
Accumulated depreciation	(10,647)	(26,890)	(15,416)	(3,804)	(61,521)	(118,278)
Net book value	13,810	2,334	11,793	3,679	116,508	148,124
<u>As at 31 December 2018</u>						
Cost	19,705	29,224	26,189	7,483	117,529	200,130
Accumulated depreciation	(8,665)	(20,528)	(13,641)	(3,156)	(50,601)	(96,591)
Net book value	11,040	8,696	12,548	4,327	66,928	103,539

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)****6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	<u>Total brought forward</u> RM	<u>Motor vehicles</u> RM	<u>Office equipment</u> RM	<u>Renovation</u> RM	<u>Store equipment</u> RM	<u>Total</u> RM
<u>Net book value</u>						
As at 1 January 2019	103,539	181,183	13,675	2,026	-	300,423
Additional	66,272	51,893	3,430	22,360	4,390	148,345
Depreciation charges	(21,687)	(66,157)	(2,178)	(2,098)	(274)	(92,394)
As at 31 December 2019	148,124	166,919	14,927	22,288	4,116	356,374
<u>As at 31 December 2019</u>						
Cost	266,402	426,711	35,650	24,480	4,390	757,633
Accumulated depreciation	(118,278)	(259,792)	(20,723)	(2,192)	(274)	(401,259)
Net book value	148,124	166,919	14,927	22,288	4,116	356,374
<u>As at 31 December 2018</u>						
Cost	200,130	374,818	32,220	2,120	-	609,288
Accumulated depreciation	(96,591)	(193,635)	(18,545)	(94)	-	(308,865)
Net book value	103,539	181,183	13,675	2,026	-	300,423

- a) Included in the cost of property, plant and equipment is motor vehicle acquired under hire purchase agreements amounting to RM330,786 (2018: RM278,893).
- b) Included in the cost of property, plant and equipment is machinery acquired under hire purchase agreements amounting to RM56,900 (2018: RM Nil).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

7. INVENTORIES

	2019	2018
	RM	RM
Inventories	<u>70,240</u>	<u>41,449</u>

8. TRADE RECEIVABLES

The normal credit terms of trade receivables ranges from 30 to 120 days. Other credit terms are assessed and approved on a case by case basis.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	RM	RM
Other receivables	32,580	2,355
Deposits	<u>11,208</u>	<u>21,680</u>
	<u>43,788</u>	<u>24,035</u>

10. CASH AND BANK BALANCES

	2019	2018
	RM	RM
Cash in hand	1,468	1,037
Cash at bank	<u>18,305</u>	<u>47,362</u>
	<u>19,773</u>	<u>48,399</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

11. SHARE CAPITAL

	Number of shares			
	2019	2018	2019	2018
	Units	Units	RM	RM
Issued and fully paid:				
Ordinary shares of RM1 each	<u>100,000</u>	100,000	<u>100,000</u>	100,000

The new Companies Act 2016 (The "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the numbers of ordinary shares in issue or the related entitlement of any of the shareholders.

12. HIRE PURCHASE CREDITORS

	2019	2018
	RM	RM
Minimum payment:		
- Not longer than 1 year	69,979	47,352
- Later than 1 year but not later than 5 years	173,002	124,092
- Later than 5 year	<u>16,104</u>	44,003
	259,085	215,447
Less: Future finance charges on		
hire purchase creditors	<u>(50,756)</u>	(45,836)
Present value of hire purchase creditors	<u>208,329</u>	<u>169,611</u>
Present value of hire purchase creditors		
- Not longer than 1 year	57,079	37,815
- Later than 1 year but not later 5 years	138,707	97,457
- Later than 5 year	<u>12,543</u>	34,339
Present value of hire purchase creditors	<u>208,329</u>	<u>169,611</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

13. TRADE PAYABLES

The normal credit terms of trade payables ranges from 30 to 120 days from the invoice date.

14. OTHER PAYABLES AND ACCRUALS

	2019	2018
	RM	RM
Other payables	3,821	28,450
Accruals	32,462	23,804
	36,283	52,254

15. AMOUNT DUE TO DIRECTORS

These amounts are unsecured, interest free and repayable on demand.

16. FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of all financial assets and liabilities of the Company at the balance sheet date approximated their fair values.

17. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on the date of these financial statements.

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DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(For Management Information Only)

	2019 RM	2018 RM
Revenue	2,227,100	1,766,520
Less: Cost of goods sold		
Opening stock	41,449	35,705
Packaging and labelling	284,858	232,649
Purchases	525,412	443,509
Rental of machinery	120	-
Service charge	99,637	110,474
Shipping, logistic and forwarding	93,322	65,196
Wages	111,298	12,328
	<u>1,156,096</u>	<u>899,861</u>
Less: Closing stock	(70,240)	(41,449)
	<u>1,085,856</u>	<u>858,412</u>
Gross profit	1,141,244	908,108
Less: Administrative expenses		
Accounting fee	3,000	5,500
Advertisement & promotion	1,700	110
Audit fee	4,500	4,300
Courier and postage	632	342
Custom duty	-	826
Depreciation of property, plant and equipment	92,394	54,360
Directors' remunerations	165,920	138,751
Gift and donation	250	1,500
License and registration fee	1,714	1,050
Penalty and compound	746	14
Petrol, toll and parking	49,752	50,812
Printing and stationeries	8,465	9,415
Rental of office	79,840	51,640
Rental of photocopy machine	1,680	-
Rental of waste bin	750	-
Road tax and insurance	18,748	19,301
Secretarial fee	-	3,177
	<u>430,091</u>	<u>341,098</u>
Balance carried forward		

This schedule does not form part of the audited statutory financial statements

NEVGEL MALAYSIA SDN. BHD.
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DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)
(For Management Information Only)

	2019 RM	2018 RM
Less: Administrative expenses (Cont'd)		
Balance brought forward	430,091	341,098
Stamp duty	1,382	-
Subscription fee	3,445	2,727
Telephone, fax and internet	28,917	12,933
Travelling and transportation	8,518	10,784
Upkeep of machinery	5,609	724
Upkeep of motor vehicles	36,488	62,513
Upkeep of office	25,308	4,505
Upkeep of office equipment	15,352	9,602
Upkeep of photocopy machine	750	-
Upkeep of store	2,092	-
Upkeep of store equipment	6,532	-
Water and electricity	19,408	7,470
Website development	180	180
	<u>584,072</u>	<u>452,536</u>
Staff cost		
EIS, EPF and Socso	26,466	22,323
Medical fee	210	3,590
Rental of staff house	23,800	-
Salaries, wages and allowances	323,107	352,426
Staff accommodation	-	27,556
Staff entertainment	-	1,022
Staff permit and passport	10,800	11,900
Staff refreshment	16,032	13,030
Staff uniform	2,000	2,086
Training and seminar	150	2,744
	<u>402,565</u>	<u>436,677</u>
Finance cost		
Bank charges	879	434
Interest on hire purchase	12,363	5,264
	<u>13,242</u>	<u>5,698</u>
Total expenses	<u>999,879</u>	<u>894,911</u>
Profit before taxation	<u>141,365</u>	<u>13,197</u>

This schedule does not form part of the audited statutory financial statements