

Company No.: 656862-M

**MUN XIN SDN. BHD.
(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS
FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**TH DING & CO
CHARTERED ACCOUNTANTS**

Company No.: 656862-M

**MUN XIN SDN. BHD.
(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS
FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

CONTENTS	PAGES
CORPORATE INFORMATION	2
DIRECTORS' REPORT	3-6
DIRECTORS' STATEMENT AND STATUTORY DECLARATION	7
INDEPENDENT AUDITORS' REPORT	8-9
BALANCE SHEET	10
INCOME STATEMENT	11
STATEMENT OF CHANGES IN EQUITY	12
CASH FLOW STATEMENT	13-14
NOTES TO THE FINANCIAL STATEMENTS	15-31

Company No.: 656862-M

MUN XIN 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 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged as distributors, traders, importers, exporters and dealers of all kinds of food and beverages.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Net profit before taxation	1,071,381
Taxation	(308,878)
Net profit for the year	<u>762,503</u>

DIVIDENDS

	RM
For the year ended 31.12.2011, final single tier dividend of RM0.05 per share on 3,500,000 ordinary shares paid in April 2012	<u>175,000</u>

The directors recommend the payment of a final single tier dividend in respect of the financial year ended 31 December 2012 of RM 0.05 per share on 4,000,000 ordinary shares amounting to RM 200,000, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND/OR DEBENTURES

During the financial year, the following shares were issued:-

Date of issue	Purpose of issue	Class of shares	Issue Price	Number of shares	Terms of issue
29.10.2012	Working capital	Ordinary shares of RM 1 each	RM 1.00	500,000	Cash

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

ISSUE OF SHARES AND/OR DEBENTURES (CONT'D)

The new shares issued rank pari passu with the existing shares in respect of the distribution of dividends and repayment of capital.

The Company did not issue any debentures during the financial year.

DIRECTORS

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

Lee Wen Mun
Tai Tue Gor
Chong Chee Chew
Chai Keat Voon
Tan Soo Soon

The retirement and re-election of directors by rotation will be in accordance with the provisions of the Articles of Association of the Company.

DIRECTORS' INTERESTS

According to the register of directors' shareholding, the interests of directors in office at the end of the financial year in the ordinary shares of the Company were as follows: -

Direct interest in the Company	No. of ordinary shares of RM 1 each			
	At 01.01.2012	Bought	Sold	At 31.12.2012
Lee Wen Mun	2,100,000	300,000	-	2,400,000
Tai Tue Gor	350,000	50,000	-	400,000
Chong Chee Chew	350,000	50,000	-	400,000
Chai Keat Voon	350,000	50,000	-	400,000
Tan Soo Soon	350,000	50,000	-	400,000

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company was 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.

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' BENEFITS (CONT'D)

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the Note 17 to the financial statements) by reason of a contract made by the Company or by a related corporation 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.

INFORMATION ON THE FINANCIAL STATEMENTS

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

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no bad debts to be written off and provision for doubtful debts is not required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

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 provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the 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.

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

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

OTHER STATUTORY INFORMATION

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: -

- (a) the result 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 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.


AUDITORS

The retiring auditors, Messrs.TH Ding & Co., have indicated their willingness to be re-appointed in accordance with Section 172(2) of the Companies Act, 1965.

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



LEE WEN MUN
Director



CHAI KEAT VOON
Director

Petaling Jaya
Date: 18 MAR 2013

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **LEE WEN MUN** and **CHAI KEAT VOON**, being the two Directors of **MUN XIN SDN. BHD.**, state that in our opinion, the financial statements set out on pages 10 to 31 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2012 and of the results of the operations, changes in equity and cash flow of the Company for the financial year ended on that date and in accordance with the applicable approved accounting standards for private entities in Malaysia and the provisions of the Companies Act, 1965.

On behalf of the Board,



LEE WEN MUN
Director



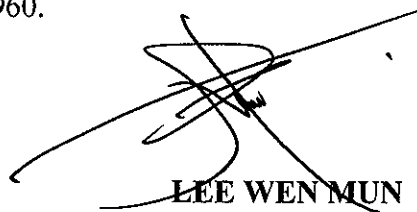
CHAI KEAT VOON
Director

Petaling Jaya
Date: 18 MAR 2013

STATUTORY DECLARATION

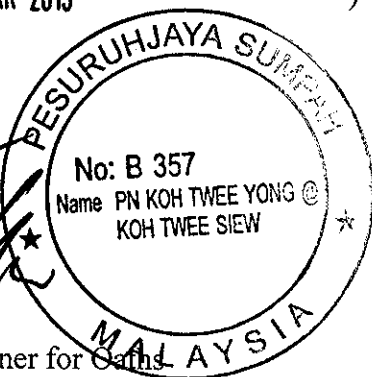
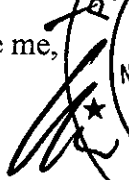
I, **LEE WEN MUN**, I/C No. 671002-10-6413, the Director primarily responsible for the financial management of **MUN XIN SDN. BHD.**, do solemnly and sincerely declare that the financial statements set out on pages 10 to 31 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by)
the above named at Petaling Jaya)
on 18 MAR 2013)



LEE WEN MUN
Director

Before me,



Commissioner for Oaths

NO: 69A, JALAN SS 21/37
DAMANSARA UTAMA
47400 PETALING JAYA,
SELANGOR DARUL EHSAN.

Company No.: 656862-M

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

Report on the Financial Statements

We have audited the financial statements of **MUN XIN SDN. BHD.**, which comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 31.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia, and 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 about 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 judgement, 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.

TH DING & CO Chartered Accountants (AF: 1180)

21-B, Jalan SS 21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: 03-7710 1216 Fax: 03-7710 1215 Email: thding2002@yahoo.com

Company No.: 656862-M

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUN XIN SDN. BHD. (Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 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 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



TH DING & CO
(No: AF 1180)
Chartered Accountants



DING TAI HEAN
Chartered Accountant
(1877/03/15 (J))

Petaling Jaya
Date: 18 MAR 2013

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Notes	2012 RM	2011 RM
NON-CURRENT ASSETS			
Property, plant and equipment	4	<u>8,150,903</u>	<u>7,131,465</u>
CURRENT ASSETS			
Inventories	5	6,806,187	4,372,186
Trade and other receivables	6	5,136,969	5,824,420
Deposits, cash and bank balances		<u>7,052,893</u>	<u>5,071,114</u>
		<u>18,996,049</u>	<u>15,267,720</u>
CURRENT LIABILITIES			
Trade and other payables	8	1,691,299	1,908,301
Amount due to directors	9	350,031	386,918
Borrowings	10	16,022,244	12,181,088
Taxation		<u>127,406</u>	<u>182,283</u>
		<u>18,190,980</u>	<u>14,658,590</u>
NET CURRENT ASSETS			
		<u>805,069</u>	<u>609,130</u>
		<u>8,955,972</u>	<u>7,740,595</u>
FINANCED BY:-			
Share capital	11	4,000,000	3,500,000
Reserves		<u>2,931,382</u>	<u>2,343,879</u>
Shareholders' equity		<u>6,931,382</u>	<u>5,843,879</u>
NON-CURRENT LIABILITIES			
Borrowings	10	1,986,314	1,838,249
Deferred taxation	12	<u>38,276</u>	<u>58,467</u>
		<u>2,024,590</u>	<u>1,896,716</u>
		<u>8,955,972</u>	<u>7,740,595</u>

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

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Notes	2012 RM	2011 RM
Revenue	13	79,422,869	77,403,462
Cost of sales	14	(76,030,380)	(74,348,909)
Gross profit		<u>3,392,489</u>	<u>3,054,553</u>
Other operating income		2,510,790	2,396,523
Administration expenses		(3,545,717)	(3,382,359)
Other operating expenses		(462,711)	(479,097)
Profit from operations	15	<u>1,894,851</u>	<u>1,589,620</u>
Finance costs	18	(823,470)	(633,409)
Profit before taxation		<u>1,071,381</u>	<u>956,211</u>
Taxation	19	(308,878)	(314,179)
Net profit for the year		<u><u>762,503</u></u>	<u><u>642,032</u></u>

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

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Notes	SHARE CAPITAL RM	NON- DISTRIBUTABLE REVALUATION RESERVE RM	DISTRIBUTABLE RETAINED PROFIT RM	TOTAL RM
Balance as at 01.01.2011		2,499,999	-	1,039,783	3,539,782
Issuance of shares		1,000,001	-	-	1,000,001
Net gain not recognised in the income statement - Surplus on revaluation of leasehold land	21	-	787,064	-	787,064
Net profit for the year		-	-	642,032	642,032
Dividend: final dividend for the year ended 31.12.2010	20	-	-	(125,000)	(125,000)
Balance 31.12.2011		3,500,000	787,064	1,556,815	5,843,879
Balance 01.01.2012		3,500,000	787,064	1,556,815	5,843,879
Issuance of shares		500,000	-	-	500,000
Net profit for the year		-	-	762,503	762,503
Dividend: final dividend for the year ended 31.12.2011	20	-	-	(175,000)	(175,000)
Balance as at 31.12.2012		4,000,000	787,064	2,144,318	6,931,382

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

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Notes	2012 RM	2011 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,071,381	956,211
Adjustments for:-			
Depreciation of property, plant and equipment		445,944	461,021
Bad debts written off		16,313	18,076
Inventories written off		32,262	-
Profit on disposal of property, plant and equipment		(17,998)	(63,541)
Property, plant and equipment written off		454	-
Interest payable		823,470	633,409
Interest receivable		(126,352)	(96,305)
Operating profit before working capital changes		2,245,474	1,908,871
Increase in inventories		(2,466,263)	(1,498,674)
Decrease/(Increase) in trade and other receivables		671,138	(1,510,205)
(Decrease)/Increase in trade and other payables		(217,002)	793,265
Decrease in amount due to directors		(36,887)	(1,012,602)
Cash generated from/(absorbed by) operations		196,460	(1,319,345)
Interest paid		(823,470)	(633,409)
Interest received		126,352	96,305
Tax paid		(383,946)	(290,436)
Net Cash Used In Operating Activities		(884,604)	(2,146,885)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(1,465,839)	(1,160,127)
Proceed on disposal of property, plant and equipment		18,001	88,300
Placement in fixed deposits		(1,996,708)	(441,826)
Net Cash Used In Investing Activities		(3,444,546)	(1,513,653)

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

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	Notes	2012 RM	2011 RM
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of shares		500,000	1,000,001
Dividend paid		(175,000)	(125,000)
Increase in banker's acceptance		3,730,000	2,570,000
Financing from hire purchase		-	341,000
Repayments of hire purchase payables		(251,563)	(204,850)
Financing from term loan		619,143	-
Repayments of term loans		(108,359)	(99,377)
Net Cash From Financing Activities		<u>4,314,221</u>	<u>3,481,774</u>
Net decrease in cash and cash equivalents		(14,929)	(178,764)
Cash and cash equivalents			
- at beginning of year		<u>350,333</u>	<u>529,097</u>
- at end of year	7	<u><u>335,404</u></u>	<u><u>350,333</u></u>

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

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

1. PRINCIPAL ACTIVITIES

The Company is principally engaged as distributors, traders, importers, exporters and dealers of all kinds of food and beverages.

There have been no significant changes in the nature of these activities during the financial year.

2. FINANCIAL RISK MANAGEMENT POLICIES

The Company has no formal risk management policies because there is no major exposure to financial risk except for the following:-

a) Interest rate risk

The Company's policy is to borrow principally on the floating rates basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of upward changes in interest rates while enabling benefits to be enjoyed if interest rates fall.

b) Liquidity and cash flow risks

The Company is exposed to some liquidity risk as it is dependent upon the financial support of its shareholders to meet its obligations as and when they fall due.

The Company seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities.

c) Foreign currency risk

The Company is not exposed to foreign currency risk as a result of its normal trading activities where the currency denomination differs from the local currency, Ringgit Malaysia (RM). If any, the Company's policy is to minimise the exposure of transaction risk by matching local currency income against local currency costs.

d) Credit risk

The Company's policy is to conduct an internal credit review if the credit risk is deemed material, particularly major trade receivables. An internal review includes consideration of credit limits, credit approvals, credit worthiness, past experiences and monitoring procedures on an ongoing basis.

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention unless otherwise indicated and comply with the applicable approved accounting standards for private entities in Malaysia and the provisions of the Companies Act, 1965.

The statement of cash flow has been prepared by using the indirect method.

b) Property, plant and equipment

Property, plant and equipment are initially stated at cost. Leasehold land is subsequently shown at market value, based on triennial valuations by external valuers, less accumulated depreciation and subsequent accumulated impairment losses, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any.

Surplus arising on revaluation is credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is recognised as an expense in the income statement.

On disposal of revalued property, plant and equipment, any amount in revaluation reserve relating to that property, plant and equipment is transferred to retained profit.

Depreciation is provided on the straight-line method in order to write off the cost of each asset to its residual value over its estimated useful life. No depreciation is provided on the freehold land and building in progress. The principal rates used are as follows:-

Freehold building	2 %
Leasehold building	2 %
Computers	33.3 %
Forklifts	20 %
Furniture and fittings	20 %
Motor vehicles	20 %
Office equipment	20 %
Renovations	20 %
Warehouse equipment and racking systems	20 %

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b) Property, plant and equipment (Cont'd)

Leasehold land is depreciated over the remaining term of the lease (01.01.2008 to 09.10.2066).

Property, plant and equipment are written down to recoverable amounts if, the recoverable amounts are less than their carrying values. Recoverable amount is the higher of an asset's net selling price and its value in use.

c) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

d) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the year end.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances (excluding fixed deposits pledged with licensed banks). Cash equivalents are short term, highly liquid investments and are readily convertible into cash with insignificant risk of change in value.

f) Leases and hire purchase

Leases (including hire purchase) of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Company.

Finance leases (including hire purchase) are capitalised, recording an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual value.

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f) Leases and hire purchase (Cont'd)

Assets under finance lease (including hire purchase) are depreciated on a straight-line basis over the shorter of the lease terms or their useful lives. Lease interest is recognised as an expense in the income statement over the lease period so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

All other leases are classified as operating lease and the lease rentals are recognised as an expense in the income statement on a straight-line basis over the lease periods.

g) Impairment of assets

The carrying amounts of assets, other than inventories, assets arising from construction contracts, deferred tax assets and financial assets (other than investments in subsidiaries, associates and jointly controlled entity if any) are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual asset, or if it is not possible, for the cash-generating unit.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

h) Related parties

Related parties are entities with common directors or shareholders wherein one party has the ability to control or exercise significant influence over the other parties in financial or operating policy decisions.

i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j) Employee benefits

i) Short-term employee benefits

Wages, salaries, sick leave, bonuses and non-monetary employee benefits are accrued in the financial period in which the associated services are rendered by employees of the Company.

ii) Post-employment benefits – Defined contribution plans

The Company's contributions to defined contribution plans, including the national defined contribution plan, the Employees' Provident Fund ("EPF"), are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

k) Borrowing costs

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use.

All other interest costs and incidental costs of borrowing incurred are expensed off.

l) Income taxes

Income tax on the profit for the year comprises current and deferred tax.

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities and their tax bases at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

l) Income taxes (Cont'd)

Deferred tax assets and liabilities are not recognised on temporary differences arising from goodwill or negative goodwill (if any) or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity. In this case the deferred tax is charged or credited directly in equity. When the deferred tax arises from a business combination that is an acquisition, it is included in the resulting goodwill or negative goodwill.

m) Revenue recognition

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectibility is in doubt.

n) Financial instruments

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. The recognition methods adopted are disclosed in the respective accounting policy statements where applicable. Fair value is the amount at which a financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the balance sheet date.

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

Cost/Valuation	Freehold land RM	Freehold building RM	Leasehold land RM	Leasehold building RM	Computers RM	Forklifts RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovations RM	Warehouse equipment and racking systems		Building in progress RM	Total RM
											RM	RM		
Balance at 01.01.2012	2,618,380	362,608	1,787,064	600,000	105,333	110,000	27,207	1,917,343	73,478	222,746	95,678	682,036	8,601,873	
Additions	-	-	-	-	13,778	45,000	1,645	-	12,245	-	-	1,393,171	1,465,839	
Disposals	-	-	-	-	(960)	(38,000)	-	(114,287)	(1,500)	-	-	-	(154,747)	
Balance at 31.12.2012	2,618,380	362,608	1,787,064	600,000	118,151	117,000	28,852	1,803,056	84,223	222,746	95,678	2,075,207	9,912,965	
Accumulated depreciation														
Balance at 01.01.2012	-	7,252	82,203	48,000	83,664	86,248	20,022	917,672	42,697	99,645	83,005	-	1,470,408	
Charge for the year	-	7,252	31,139	12,000	19,681	17,749	3,167	309,861	11,310	31,882	1,903	-	445,944	
Disposals	-	-	-	-	(506)	(37,999)	-	(114,285)	(1,500)	-	-	-	(154,290)	
Balance at 31.12.2012	-	14,504	113,342	60,000	102,839	65,998	23,189	1,113,248	52,507	131,527	84,908	-	1,762,062	
Net book value														
Balance at 31.12.2012	2,618,380	348,104	1,673,722	540,000	15,312	51,002	5,663	689,808	31,716	91,219	10,770	2,075,207	8,150,903	
Balance at 31.12.2011	2,618,380	355,356	1,704,861	552,000	21,669	23,752	7,185	999,671	30,781	123,101	12,673	682,036	7,131,465	
Balance as at 01.01.2011														
Cost	2,588,380	-	1,000,000	600,000	94,299	85,000	24,450	1,709,795	55,603	71,566	86,878	575,111	6,891,082	
Accumulated depreciation	-	-	51,063	36,000	63,783	75,516	16,032	803,370	34,312	66,286	74,666	-	1,221,028	
Net book value	2,588,380	-	948,937	564,000	30,516	9,484	8,418	906,425	21,291	5,280	12,212	575,111	5,670,054	
Depreciation charge for Year 2011														
	-	7,252	31,140	12,000	19,881	10,732	3,990	325,383	8,945	33,359	8,339	-	461,021	

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2012	2011
	RM	RM
Net book value of revalued land and buildings, had these assets been carried at cost less accumulated depreciation:		
- Leasehold land	<u>914,895</u>	<u>931,916</u>
Net book value of assets pledged as securities for bank borrowings:-		
- Freehold land	2,588,380	2,588,380
- Leasehold land	1,673,722	1,704,861
- Leasehold building	540,000	552,000
- Building in progress	<u>2,075,207</u>	<u>682,036</u>
	<u>6,877,309</u>	<u>5,527,277</u>

Borrowing costs of RM 69,828 (2011 : RM 66,300) arising on financing specifically entered into for the purchase of a building under construction were capitalised during the year and included in additions during the year.

	2012	2011
	RM	RM
Details of assets under hire-purchase:		
Motor vehicles		
- Additions during the year	-	442,548
- Net book value at year end	630,776	959,317
		- restated
- Amount financed	<u>-</u>	<u>341,000</u>

Several of the motor vehicles with a total net book value of RM Nil (2011: RM 1) at the year end are registered in the names of third parties, holding in trust for the Company. Also, the leasehold land and building is held in trust for the Company by two directors.

5. INVENTORIES

	2012	2011
	RM	RM
Inventories consist of:-		
Trading goods at cost	<u>6,806,187</u>	<u>4,372,186</u>

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

6. TRADE AND OTHER RECEIVABLES

	2012	2011
	RM	RM
Trade receivables	5,083,133	5,754,442
Allowance for doubtful debts	(5,558)	(5,558)
	<u>5,077,575</u>	<u>5,748,884</u>
Other receivables	3,267	27,930
Deposits	18,700	7,350
Prepayments	37,427	40,256
	<u>5,136,969</u>	<u>5,824,420</u>

The Company's normal trade credit terms range from 30 to 60 days.

Other credit terms are assessed and approved on a case by case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors, apart from those disallowed as doubtful debts.

7. CASH AND CASH EQUIVALENTS

	2012	2011
	RM	RM
Deposits with licensed banks	6,717,489	4,720,781
Cash and bank balances	335,404	350,333
	<u>7,052,893</u>	<u>5,071,114</u>
Deposits with licensed banks	(6,717,489)	(4,720,781)
	<u>335,404</u>	<u>350,333</u>

The deposits are pledged to the banks for banking facilities (Note 10). A total amount of RM 604,399 (2011 : RM 692,545) of the deposits is held under the names of two directors in trust for the Company.

The weighted average effective interest rate of the deposits at the balance sheet date was as follows:-

	2012	2011
	%	%
Licensed banks	<u>2.86</u>	<u>2.00</u>

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

8. TRADE AND OTHER PAYABLES

	2012	2011
	RM	RM
Trade payables	483,156	1,128,454
Other payables	926,993	420,384
Accruals	281,150	359,463
	<u>1,691,299</u>	<u>1,908,301</u>

The normal trade credit terms granted to the Company range from 30 to 60 days.

9. AMOUNT DUE TO DIRECTORS

Amount due to directors bears no interest, unsecured and with no fixed terms of repayment.

10. BORROWINGS

	2012	2011
	RM	RM
Current - Secured		
Banker's acceptance	15,556,000	11,826,000
Hire purchase payables	232,507	251,563
Term loans	233,737	103,525
	<u>16,022,244</u>	<u>12,181,088</u>
Non-current - Secured		
Hire purchase payables	272,892	505,399
Term loans	1,713,422	1,332,850
	<u>1,986,314</u>	<u>1,838,249</u>
Total - Secured		
Banker's acceptance	15,556,000	11,826,000
Hire purchase payables	505,399	756,962
Term loans	1,947,159	1,436,375
	<u>18,008,558</u>	<u>14,019,337</u>

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

10. BORROWINGS (CONT'D)

	2012	2011
	RM	RM
Maturity of borrowings (excluding hire purchase):		
Within one year	15,789,737	11,929,525
More than one year and less than 5 years	821,277	392,954
5 years and more	892,145	939,896
	<u>17,503,159</u>	<u>13,262,375</u>

The borrowings (excluding hire purchase) are secured over the leasehold and freehold properties of the Company, a freehold property of a director, fixed deposits of the Company and are jointly and severally guaranteed by all the Directors of the Company and partially guaranteed by Syarikat Jaminan Pembiayaan Perniagaan Berhad.

	2012	2011
	RM	RM
Hire purchase liabilities		
Minimum hire purchase payments		
- not later than 1 year	253,476	287,306
- later than 1 year and not later than 5 years	284,128	537,604
	<u>537,604</u>	<u>824,910</u>
Future finance charges on hire purchase	(32,205)	(67,948)
Present value of hire purchase liabilities	<u>505,399</u>	<u>756,962</u>
Present value of finance liabilities		
- not later than 1 year	232,507	251,563
- later than 1 year and not later than 5 years	272,892	505,399
	<u>505,399</u>	<u>756,962</u>
Analysed as follows:-		
Secured		
- Current	232,507	251,563
- Non-Current	272,892	505,399
	<u>505,399</u>	<u>756,962</u>

Hire purchase liabilities are effectively secured as the rights to the hire purchase assets revert to the lessors in the event of default.

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

10. BORROWINGS (CONT'D)

Effective interest rates on the hire purchase for the year range from 1.88% to 4.02% (2011: 1.88% to 4.02%) per annum. Effective interest rates on the other borrowings range from 5.75% to 7.40% (2011: 5.75% to 7.40%) per annum.

11. SHARE CAPITAL

	No. of shares		Amount	
	2012	2011	2012	2011
			RM	RM
Authorised ordinary shares of RM 1 each				
As at 1 January / 31 December	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Issued and fully paid ordinary shares of RM1 each				
As at 1 January	3,500,000	2,499,999	3,500,000	2,499,999
Issued during the year	<u>500,000</u>	<u>1,000,001</u>	<u>500,000</u>	<u>1,000,001</u>
As at 31 December	<u>4,000,000</u>	<u>3,500,000</u>	<u>4,000,000</u>	<u>3,500,000</u>

12. DEFERRED TAXATION

	2012	2011
	RM	RM
Balance at the beginning of the year	58,467	76,486
Amount recognised in the income statement (Note 19)	<u>(20,191)</u>	<u>(18,019)</u>
Balance at the end of the year	<u>38,276</u>	<u>58,467</u>
Tax effects of the excess of property, plant and equipment's carrying amounts over its tax written down value	<u>38,276</u>	<u>58,467</u>

13. REVENUE

Revenue represents the net invoiced value of sales made less discounts and returns.

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

14. COST OF SALES

	2012	2011
	RM	RM
Cost of inventories sold	<u>76,030,380</u>	<u>74,348,909</u>

15. PROFIT FROM OPERATIONS

The following items have been charged/(credited) in arriving at profit from operations : -

	2012	2011
	RM	RM
Auditors' remuneration	12,000	12,000
Auditors' remuneration overprovided in previous year	-	(200)
Bad debts written off	16,313	18,076
Depreciation of property, plant and equipment	445,944	461,021
Directors' remuneration	621,713	585,006
Property, plant and equipment written off	454	-
Rental of office equipment	2,520	2,040
Rental of premises	19,100	27,900
Staff costs	2,115,924	1,975,621
Fixed deposit interest	(126,352)	(96,305)
Profit on disposal of property, plant and equipment	<u>(17,998)</u>	<u>(63,541)</u>

16. STAFF COSTS

	2012	2011
	RM	RM
Wages and salaries	1,858,799	1,710,741
Social security costs	13,287	11,565
Pension costs - defined contribution plans	110,126	87,888
Other staff related expenses	<u>133,712</u>	<u>165,427</u>
	<u>2,115,924</u>	<u>1,975,621</u>
Number of employees (excluding directors), at the end of the financial year	<u>49</u>	<u>47</u>

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

17. DIRECTORS' REMUNERATION

	2012	2011
	RM	RM
Salaries, bonuses and allowances	559,521	530,142
Pension costs - defined contribution plans	62,192	54,864
	<u>621,713</u>	<u>585,006</u>

18. FINANCE COSTS

	2012	2011
	RM	RM
Interest expenses on:		
Bank overdraft	1,560	1,148
Banker's acceptance	750,821	568,543
Hire purchase	35,743	39,601
Term loans	105,174	90,417
	<u>893,298</u>	<u>699,709</u>
Less: Amount capitalised in qualifying assets:		
- property, plant and equipment	(69,828)	(66,300)
	<u>823,470</u>	<u>633,409</u>

19. TAXATION

	2012	2011
	RM	RM
Tax expenses for the year		
Malaysia	354,069	332,198
Over provision of taxation in prior year	(25,000)	-
Deferred tax		
Relating to origination and reversal of temporary differences (Note 12)	(20,191)	(18,019)
	<u>308,878</u>	<u>314,179</u>

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

19. TAXATION (CONT'D)

The Company has no tax credit under Section 108 of the Income Tax Act, 1967 to frank future dividend payments.

The numeric reconciliation between the applicable statutory income tax rate to the effective income tax rate of the Company is as follows:-

	2012 RM	2011 RM
Profit before taxation	<u>1,071,381</u>	<u>956,211</u>
Tax calculated at 25%	267,845	239,053
Tax effects in respect of:-		
Expenses not deductible for tax purpose	83,256	68,592
Over provision of taxation in prior year	(25,000)	-
(Over)/Under provision of deferred tax in prior years	<u>(17,223)</u>	<u>6,534</u>
	<u>308,878</u>	<u>314,179</u>

20. DIVIDENDS

	2012 RM	2011 RM
Final single tier dividend - year ended 31 December 2010	-	125,000
Final single tier dividend - year ended 31 December 2011	<u>175,000</u> <u>175,000</u>	<u>-</u> <u>125,000</u>

The directors recommend the payment of a final single tier dividend in respect of the financial year ended 31 December 2012 of RM 0.05 per share on 4,000,000 ordinary shares amounting to RM 200,000, subject to the approval of members at the forthcoming Annual General Meeting.

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

21. REVALUATION RESERVE

	2012	2011
	RM	RM
<u>Non-distributable</u>		
Revaluation reserve		
- Leasehold land	<u>787,064</u>	<u>787,064</u>

The movements in revaluation reserve are as follows:-

	2012	2011
	RM	RM
Leasehold land		
As at beginning of the year	787,064	-
Revaluation surplus	<u>-</u>	<u>787,064</u>
As at end of the year	<u>787,064</u>	<u>787,064</u>

22. COMMITMENTS

At the year end, the Company has the following capital expenditures in respect of:-

	2012	2011
	RM	RM
Authorised and contracted	<u>1,060,857</u>	<u>478,930</u>
Analysed as follows:-		
Property, plant and equipment	<u>1,060,857</u>	<u>478,930</u>

23. FINANCIAL INSTRUMENTS

a) Derivative financial instruments

There were no derivative financial instruments at the balance sheet date.

Company No.: 656862-M

**MUN XIN SDN. BHD.
(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)**

23. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risks

i) Credit risk

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amounts of the recognized financial assets.

ii) Liquidity risk

As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

iii) Interest rate risk

The investments in financial assets comprising mostly of short-term deposits with licensed financial institutions are relatively short term in nature and they are not held for speculative purposes.

c) Fair values

i) Recognised financial instruments

The fair value of financial assets and financial liabilities approximate their respective carrying values at the balance sheet date.

ii) Unrecognised financial instruments

There were no unrecognized financial instruments at the balance sheet date.

24. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors on 18 March 2013.