

Company No.: 656862-M

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

**REPORTS AND FINANCIAL STATEMENTS
FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**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 2014**

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MUN XIN SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS

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

SECRETARY

Ng Chee Fook

AUDITORS

TH Ding & Co.
21-B Jalan SS 21/56B
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

REGISTERED OFFICE

21-A, Jalan SS21/56B
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

CORPORATE OFFICE

Lot 836 (Unit A & B)
Jalan Dagang 10, Taman Dagang Jaya
68000 Ampang
Selangor Darul Ehsan

BANKERS

Malayan Banking Berhad
Alliance Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
Public Bank Berhad

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 Group and the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary are described in Note 5 to the financial statements.

Other than as stated above, there have been no other significant changes in the nature of the principal activities of the Company and its subsidiary during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the year before taxation	1,129,174	1,158,690
Taxation	<u>(326,519)</u>	<u>(326,519)</u>
Net profit for the year	<u>802,655</u>	<u>832,171</u>

DIVIDENDS

RM

For the year ended 31.12.2013, final single tier dividend of RM0.05
per share on 4,500,000 ordinary shares paid in May 2014

225,000

The directors recommend the payment of a final single tier dividend in respect of the financial year ended 31 December 2014 of RM 0.05 per share on 4,500,000 ordinary shares amounting to RM 225,000, 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

No shares and/or debentures were issued during the financial year.

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**MUN XIN SDN. BHD.
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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 01.01.2014	Bought	Sold	At 31.12.2014
Lee Wen Mun	2,700,000	-	-	2,700,000
Tai Tue Gor	450,000	-	-	450,000
Chong Chee Chew	450,000	-	-	450,000
Chai Keat Voon	450,000	-	-	450,000
Tan Soo Soon	450,000	-	-	450,000

DIRECTORS' BENEFITS

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

Since the date of previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the Note 19 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.

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INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and 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 Group and 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 Group and 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 Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and 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 Group and 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 Group and 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 Group and of the Company which has arisen since the end of the financial year.

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.

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**MUN XIN SDN. BHD.
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OTHER STATUTORY INFORMATION (CONT'D)

In their opinion: -

- (a) the result of the Group's operations and 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 Group and 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: 06 APR 2015

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 37 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results of the operations, changes in equity and cash flow of the Group and 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: 06 APR 2015

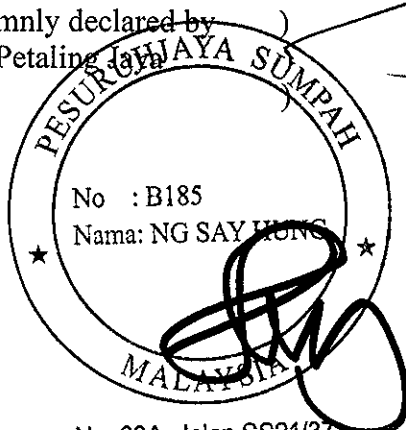
STATUTORY DECLARATION

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 37 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 06 APR 2015


LEE WEN MUN
Director

Before me,



No. 69A, Jalan SS21/37
Damansara Utama (Up Town)
Commissioner for Oaths, 100 Petaling Jaya, Selangor D.E

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 sheets as at 31 December 2014 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 37.

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.

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 Group and of the Company as of 31 December 2014 and of their 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 the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provision of the Act.
- b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit report on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) 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
(1877/03/17 (J))

Petaling Jaya
Date: 06 APR 2015

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

BALANCE SHEETS
AS AT 31 DECEMBER 2014

		Group		Company	
	Notes	2014 RM	2013 RM	2014 RM	2013 RM
NON-CURRENT ASSETS					
Property, plant and equipment	4	12,729,645	13,270,414	12,728,457	13,263,396
Investment in a subsidiary	5	-	-	200,000	200,000
		<u>12,729,645</u>	<u>13,270,414</u>	<u>12,928,457</u>	<u>13,463,396</u>
CURRENT ASSETS					
Inventories	6	6,865,349	8,164,459	6,864,800	8,133,011
Trade and other receivables	7	6,318,745	6,011,584	6,287,180	5,928,770
Deposits, cash and bank balances		6,263,400	5,778,133	6,242,700	5,736,141
		<u>19,447,494</u>	<u>19,954,176</u>	<u>19,394,680</u>	<u>19,797,922</u>
CURRENT LIABILITIES					
Trade and other payables	9	894,179	1,482,338	888,951	1,424,863
Amount due to subsidiary	10	-	-	169,863	121,799
Amount due to directors	11	339,057	801,182	278,500	761,182
Borrowings	12	15,784,905	15,935,543	15,784,905	15,935,543
Taxation		172,770	110,035	172,770	110,035
		<u>17,190,911</u>	<u>18,329,098</u>	<u>17,294,989</u>	<u>18,353,422</u>
NET CURRENT ASSETS		<u>2,256,583</u>	<u>1,625,078</u>	<u>2,099,691</u>	<u>1,444,500</u>
		<u>14,986,228</u>	<u>14,895,492</u>	<u>15,028,148</u>	<u>14,907,896</u>
FINANCED BY:-					
Share capital	13	4,500,000	4,500,000	4,500,000	4,500,000
Reserves		7,674,217	7,096,562	7,716,137	7,108,966
Shareholders' equity		<u>12,174,217</u>	<u>11,596,562</u>	<u>12,216,137</u>	<u>11,608,966</u>
NON-CURRENT LIABILITIES					
Borrowings	12	2,801,226	3,260,800	2,801,226	3,260,800
Deferred taxation	14	10,785	38,130	10,785	38,130
		<u>2,812,011</u>	<u>3,298,930</u>	<u>2,812,011</u>	<u>3,298,930</u>
		<u>14,986,228</u>	<u>14,895,492</u>	<u>15,028,148</u>	<u>14,907,896</u>

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

MUN XIN SDN. BHD.
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INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Notes	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	15	82,515,872	80,768,656	82,489,713	80,673,862
Cost of sales	16	(79,873,477)	(76,790,193)	(79,853,536)	(76,712,658)
Gross profit		2,642,395	3,978,463	2,636,177	3,961,204
Other operating income		4,175,297	2,506,046	4,175,297	2,502,409
Administration expenses		(3,961,062)	(3,810,453)	(3,932,239)	(3,779,918)
Other operating expenses		(637,828)	(637,356)	(630,917)	(634,591)
Profit from operations	17	2,218,802	2,036,700	2,248,318	2,049,104
Finance costs	20	(1,089,628)	(1,026,467)	(1,089,628)	(1,026,467)
Profit before taxation		1,129,174	1,010,233	1,158,690	1,022,637
Taxation	21				
- Group		(326,519)	(336,776)	-	-
- Company		-	-	(326,519)	(336,776)
Net profit for the year		802,655	673,457	832,171	685,861

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

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Notes	SHARE CAPITAL RM	NON- DISTRIBUTABLE REVALUATION RESERVE RM	DISTRIBUTABLE RETAINED PROFIT RM	TOTAL RM
Balance 01.01.2013		4,000,000	787,064	2,144,318	6,931,382
Issuance of shares		500,000	-	-	500,000
Net gain not recognised in the income statement - Surplus on revaluation of leasehold land	22	-	3,691,723	-	3,691,723
Net profit for the year		-	-	673,457	673,457
Dividend: final dividend for the year ended 31.12.2012	23	-	-	(200,000)	(200,000)
Balance as at 31.12.2013		4,500,000	4,478,787	2,617,775	11,596,562
Balance 01.01.2014		4,500,000	4,478,787	2,617,775	11,596,562
Net profit for the year		-	-	802,655	802,655
Dividend: final dividend for the year ended 31.12.2013	23	-	-	(225,000)	(225,000)
Balance as at 31.12.2014		4,500,000	4,478,787	3,195,430	12,174,217

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

MUN XIN SDN. BHD.
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**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Notes	SHARE CAPITAL RM	NON- DISTRIBUTABLE REVALUATION RESERVE RM	DISTRIBUTABLE RETAINED PROFIT RM	TOTAL RM
Balance 01.01.2013		4,000,000	787,064	2,144,318	6,931,382
Issuance of shares		500,000	-	-	500,000
Net gain not recognised in the income statement - Surplus on revaluation of leasehold land	22	-	3,691,723	-	3,691,723
Net profit for the year		-	-	685,861	685,861
Dividend: final dividend for the year ended 31.12.2012	23	-	-	(200,000)	(200,000)
Balance as at 31.12.2013		4,500,000	4,478,787	2,630,179	11,608,966
Balance 01.01.2014		4,500,000	4,478,787	2,630,179	11,608,966
Net profit for the year		-	-	832,171	832,171
Dividend: final dividend for the year ended 31.12.2013	23	-	-	(225,000)	(225,000)
Balance as at 31.12.2014		4,500,000	4,478,787	3,237,350	12,216,137

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

MUN XIN SDN. BHD.
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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Notes	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOW FROM				
OPERATING ACTIVITIES				
Profit before taxation	1,129,174	1,010,233	1,158,690	1,022,637
Adjustments for:-				
Allowance for doubtful debts	890	7,185	890	7,185
Bad debts written off	58,588	5,718	58,588	5,718
Depreciation of property, plant and equipment	571,814	624,453	571,438	621,688
Loss/(Profit) on disposal of property, plant and equipment	117	(3,500)	-	(3,500)
Property, plant and equipment written off	-	-	1	-
Interest payable	1,089,628	1,026,467	1,089,628	1,026,467
Interest receivable	(160,025)	(159,648)	(160,025)	(159,648)
Operating profit before working capital changes	2,690,186	2,510,908	2,719,210	2,520,547
Decrease/(Increase) in inventories	1,299,110	(1,358,272)	1,268,211	(1,326,824)
Increase in trade and other receivables	(366,639)	(887,518)	(417,888)	(804,704)
Decrease in trade and other payables	(588,159)	(208,961)	(535,912)	(266,436)
Increase in amount due to subsidiary	-	-	48,064	121,799
(Decrease)/Increase in amount due to directors	(462,125)	451,151	(482,682)	411,151
Cash generated from operations	2,572,373	507,308	2,599,003	655,533
Interest paid	(1,089,628)	(1,026,467)	(1,089,628)	(1,026,467)
Interest received	160,025	159,648	160,025	159,648
Tax paid	(291,129)	(354,293)	(291,129)	(354,293)
Net Cash From/(Used In)				
Operating Activities	1,351,641	(713,804)	1,378,271	(565,579)

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

MUN XIN SDN. BHD.
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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

		Group		Company	
	Notes	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property,plant and equipment	4	(36,516)	(2,052,241)	(36,500)	(2,042,458)
Purchase of investment in subsidiary		-	-	-	(200,000)
Proceed on disposal of of property, plant and equipment		5,353	3,500	-	3,500
Placement in fixed deposits		(895,834)	1,663,950	(895,834)	1,663,950
Net Cash Used In Investing Activities		(926,997)	(384,791)	(932,334)	(575,008)
CASH FLOW FROM FINANCING ACTIVITIES					
Issuance of shares		-	500,000	-	500,000
Dividend paid		(225,000)	(200,000)	(225,000)	(200,000)
Decrease in banker's acceptance		(100,000)	(173,000)	(100,000)	(173,000)
Hire purchase financing		-	180,000	-	180,000
Repayments of hire purchase payables		(226,199)	(242,675)	(226,199)	(242,675)
Proceeds from term loans		200,000	1,570,857	200,000	1,570,857
Repayments of term loans		(484,013)	(147,397)	(484,013)	(147,397)
Net Cash (Used In)/From Financing Activities		(835,212)	1,487,785	(835,212)	1,487,785
Net (decrease)/increase in cash and cash equivalents		(410,567)	389,190	(389,275)	347,198
Cash and cash equivalents - at beginning of year		724,594	335,404	682,602	335,404
- at end of year		314,027	724,594	293,327	682,602

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 2014

1. PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary are described in Note 5 to the financial statements.

Other than as stated above, there have been no other significant changes in the nature of the principal activities of the Company and its subsidiary during the financial year.

2. FINANCIAL RISK MANAGEMENT POLICIES

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

a) Interest rate risk

The Group'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 Group 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 Group 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 Group 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 Group's policy is to minimise the exposure of transaction risk by matching local currency income against local currency costs.

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**MUN XIN SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)**

2. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

d) Credit risk

The Group'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.

3. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the historical cost convention and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

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

b) Basis of consolidation

The Group financial statements include the audited financial statements of the Company and all of its subsidiaries.

Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

All intercompany transactions, balances and resulting unrealised gains are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

Subsidiaries are consolidated using the acquisition method of accounting from the date control is transferred to the Group and are no longer consolidated from the date control ceases.

Minority interests are measured at their shares of net assets of the subsidiaries.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c) 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 %
Signboard	20 %
Warehouse equipment and racking systems	20 %

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)**

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d) Inventories

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

e) 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.

f) Cash and cash equivalents

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

g) Leases and hire purchase

Lease (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 Group.

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

h) 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) 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.

i) 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.

j) Provisions

Provisions are recognised when the Group 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.

k) 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 Group.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

k) Employee benefits (Cont'd)

ii) Post-employment benefits – Defined contribution plans

The Group'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 Group has no further payment obligations.

l) Borrowing costs

Borrowing costs incurred that are directly attributable to the construction of property, plant and equipment, construction contracts and property development are capitalised as part of the cost of those assets during the period of time that is required to complete and prepare the assets for their intended use.

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

m) 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

m) Income taxes (Cont'd)

Deferred tax assets and liabilities (if any) are not recognised on temporary differences arising from goodwill or negative goodwill 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.

n) 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.

o) 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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4. PROPERTY, PLANT AND EQUIPMENT

GROUP	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	Signboard RM	Warehouse equipment and racking systems RM	Building in progress RM	Total RM
Cost/Valuation														
Balance at 01.01.2014	4,591,471	3,815,524	3,505,696	600,000	187,168	175,000	74,011	2,019,056	156,246	260,679	3,200	192,478	-	15,580,529
Additions	-	-	-	-	14,400	-	1,533	-	583	20,000	-	-	-	36,516
Disposals	-	-	-	-	(6,080)	(22,000)	(980)	-	(747)	-	-	-	-	(29,807)
Balance at 31.12.2014	4,591,471	3,815,524	3,505,696	600,000	195,488	153,000	74,564	2,019,056	156,082	280,679	3,200	192,478	-	15,587,238
Accumulated depreciation														
Balance at 01.01.2014	-	70,672	152,588	72,000	136,520	91,598	34,875	1,457,498	77,527	169,861	640	46,336	-	2,310,115
Charge for the year	-	56,168	39,246	12,000	30,352	25,600	10,796	295,209	22,435	41,823	640	37,545	-	571,814
Disposals	-	-	-	-	(2,024)	(21,999)	(196)	-	(117)	-	-	-	-	(24,336)
Balance at 31.12.2014	-	126,840	191,834	84,000	164,848	95,199	45,475	1,752,707	99,845	211,684	1,280	83,881	-	2,857,593
Net book value														
Balance at 31.12.2014	4,591,471	3,688,684	3,313,862	516,000	30,640	57,801	29,089	266,349	56,237	68,995	1,920	108,597	-	12,729,645
Balance at 31.12.2013	4,591,471	3,744,852	3,353,108	528,000	50,648	83,402	39,136	561,558	78,719	90,818	2,560	146,142	-	13,270,414
Balance as at 01.01.2013														
Cost	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	-	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	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
Depreciation charge for Year 2013	-	56,168	39,246	12,000	33,681	25,600	11,686	344,250	25,020	38,334	640	37,828	-	624,453

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4. PROPERTY, PLANT AND EQUIPMENT

COMPANY	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	Signboard RM	Warehouse equipment and racking systems RM	Building in progress RM	Total RM
Cost/Valuation														
Balance at 01.01.2014	4,591,471	3,815,524	3,505,696	600,000	181,088	175,000	70,972	2,019,056	155,582	260,679	3,200	192,478	-	15,570,746
Additions	-	-	-	-	14,567	-	1,574	-	359	20,000	-	-	-	36,500
Disposals	-	-	-	-	-	(22,000)	-	-	-	-	-	-	-	(22,000)
Balance at 31.12.2014	4,591,471	3,815,524	3,505,696	600,000	195,655	153,000	72,546	2,019,056	155,941	280,679	3,200	192,478	-	15,585,246
Accumulated depreciation														
Balance at 01.01.2014	-	70,672	152,588	72,000	134,496	91,598	34,267	1,457,498	77,394	169,861	640	46,336	-	2,307,350
Charge for the year	-	56,168	39,246	12,000	30,408	25,600	10,392	295,209	22,407	41,823	640	37,545	-	571,438
Disposals	-	-	-	-	-	(21,999)	-	-	-	-	-	-	-	(21,999)
Balance at 31.12.2014	-	126,840	191,834	84,000	164,904	95,199	44,659	1,752,707	99,801	211,684	1,280	83,881	-	2,856,789
Net book value														
Balance at 31.12.2014	4,591,471	3,688,684	3,313,862	516,000	30,751	57,801	27,887	266,349	56,140	68,995	1,920	108,597	-	12,728,457
Balance at 31.12.2013	4,591,471	3,744,852	3,353,108	528,000	46,592	83,402	36,705	561,558	78,188	90,818	2,560	146,142	-	13,263,396
Balance as at 01.01.2013														
Cost	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	-	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	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
Depreciation charge for Year 2013	-	56,168	39,246	12,000	31,657	25,600	11,078	344,250	24,887	38,334	640	37,828	-	621,688

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NOTES TO THE FINANCIAL STATEMENTS
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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Net book value of revalued land and buildings, had these assets been carried at cost less accumulated depreciation:				
- Freehold land	2,618,380	2,618,380	2,618,380	2,618,380
- Leasehold land	880,851	897,872	880,851	897,872

Net book value of assets pledged as securities for
bank borrowings:-

- Freehold land	4,561,471	4,561,471	4,561,471	4,561,471
- Freehold building	3,355,084	3,404,000	3,355,084	3,404,000
- Leasehold land	3,313,863	3,353,108	3,313,863	3,353,108
- Leasehold building	516,000	528,000	516,000	528,000
	<u>11,746,418</u>	<u>11,846,579</u>	<u>11,746,418</u>	<u>11,846,579</u>

Borrowing costs of RM Nil (2013 : RM 37,277) 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.

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Details of assets under hire-purchase:				
Motor vehicles				
- Additions during the year	-	216,000	-	216,000
- Net book value at year end	222,752	537,120	222,752	537,120
- Amount financed	-	180,000	-	180,000

The leasehold land and building is held in trust for the Company by two directors.

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NOTES TO THE FINANCIAL STATEMENTS
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5. INVESTMENT IN A SUBSIDIARY

	Company	
	2014	2013
	RM	RM
Unquoted investment in Malaysia, at cost	200,000	200,000

Details of the subsidiary are as follows:-

Name	Country of incorporation	Group's effective interest (%)		Principal Activities
		2014	2013	
Mun Xin Marketing Sdn. Bhd.	Malaysia	100%	100%	distributors, traders, importers, exporters and dealers of all kinds of food and beverages

6. INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Inventories consist of:-				
Trading goods at cost	6,865,349	8,164,459	6,864,800	8,133,011

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade receivables	6,060,765	5,887,905	6,048,404	5,811,190
Allowance for doubtful debts	(13,633)	(12,743)	(13,633)	(12,743)
	6,047,132	5,875,162	6,034,771	5,798,447
Other receivables	209,461	54,485	190,257	48,386
Deposits	18,200	12,200	18,200	12,200
Prepayments	43,952	69,737	43,952	69,737
	6,318,745	6,011,584	6,287,180	5,928,770

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7. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's and 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 Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

8. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Deposits with licensed banks	5,949,373	5,053,539	5,949,373	5,053,539
Cash and bank balances	314,027	724,594	293,327	682,602
Deposits, cash and bank balances	6,263,400	5,778,133	6,242,700	5,736,141
Deposits with licensed banks	(5,949,373)	(5,053,539)	(5,949,373)	(5,053,539)
	314,027	724,594	293,327	682,602

The deposits are pledged to the banks for banking facilities (Note 12). A total amount of RM 290,233 (2013: RM 623,897) of the deposits is held under the names of two directors in trust for the Company.

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

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Licensed banks	2.82	2.82	2.82	2.82

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

9. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade payables	206,935	483,250	206,935	438,444
Other payables	455,516	669,678	455,516	669,678
Accruals	200,228	297,910	195,000	285,241
Deposits	31,500	31,500	31,500	31,500
	<u>894,179</u>	<u>1,482,338</u>	<u>888,951</u>	<u>1,424,863</u>

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

10. AMOUNT DUE TO SUBSIDIARY

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Non-trade	<u>-</u>	<u>-</u>	<u>169,863</u>	<u>121,799</u>

Non-trade balance represents amounts paid by the subsidiary on the Company's behalf.

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

11. AMOUNT DUE TO DIRECTORS

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

12. BORROWINGS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Current				
Secured				
Banker's acceptance	15,283,000	15,383,000	15,283,000	15,383,000
Hire purchase payables	86,143	219,576	86,143	219,576
Term loans	415,762	332,967	415,762	332,967
	<u>15,784,905</u>	<u>15,935,543</u>	<u>15,784,905</u>	<u>15,935,543</u>
Non-current - Secured				
Hire purchase payables	130,382	223,148	130,382	223,148
Term loans	2,670,844	3,037,652	2,670,844	3,037,652
	<u>2,801,226</u>	<u>3,260,800</u>	<u>2,801,226</u>	<u>3,260,800</u>
Total - Secured				
Banker's acceptance	15,283,000	15,383,000	15,283,000	15,383,000
Hire purchase payables	216,525	442,724	216,525	442,724
Term loans	3,086,606	3,370,619	3,086,606	3,370,619
	<u>18,586,131</u>	<u>19,196,343</u>	<u>18,586,131</u>	<u>19,196,343</u>
Maturity of borrowings (excluding hire purchase):				
Within one year	15,698,762	15,715,967	15,698,762	15,715,967
More than one year and less than 5 years	410,555	655,482	410,555	655,482
5 years and more	2,260,289	2,382,170	2,260,289	2,382,170
	<u>18,369,606</u>	<u>18,753,619</u>	<u>18,369,606</u>	<u>18,753,619</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 the Directors of the Company and partially guaranteed by Syarikat Jaminan Pembiayaan Perniagaan Berhad.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

12. BORROWINGS (CONT'D)

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Hire purchase liabilities				
Minimum hire purchase payments				
- not later than 1 year	95,753	238,223	95,753	238,223
- later than 1 year and not later than 5 years	139,473	241,875	139,473	241,875
	<u>235,226</u>	<u>480,098</u>	<u>235,226</u>	<u>480,098</u>
Future finance charges on hire purchase	<u>(18,701)</u>	<u>(37,374)</u>	<u>(18,701)</u>	<u>(37,374)</u>
Present value of hire purchase liabilities	<u>216,525</u>	<u>442,724</u>	<u>216,525</u>	<u>442,724</u>
Present value of finance liabilities				
- not later than 1 year	86,143	219,576	86,143	219,576
- later than 1 year and not later than 5 years	130,382	223,148	130,382	223,148
	<u>216,525</u>	<u>442,724</u>	<u>216,525</u>	<u>442,724</u>
Analysed as follows:-				
Secured				
- Current	86,143	219,576	86,143	219,576
- Non-Current	130,382	223,148	130,382	223,148
	<u>216,525</u>	<u>442,724</u>	<u>216,525</u>	<u>442,724</u>

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

Effective interest rates on the hire purchase for the year range from 1.88% to 4.02% (2013: 1.88% to 4.02%) per annum. Effective interest rates on the other borrowings range from 3.47% to 7.40% (2013: 3.47% to 7.40%) per annum.

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13. SHARE CAPITAL

	No. of shares		Amount	
	2014	2013	2014 RM	2013 RM
Authorised ordinary shares of RM 1 each				
As at 1 January / 31 December	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid ordinary shares of RM1 each				
As at 1 January	4,500,000	4,000,000	4,500,000	4,000,000
Issued during the year	-	500,000	-	500,000
As at 31 December	4,500,000	4,500,000	4,500,000	4,500,000

14. DEFERRED TAXATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Balance at the beginning of the year	38,130	38,276	38,130	38,276
Amount recognised in the income statement (Note 21)	(27,345)	(146)	(27,345)	(146)
Balance at the end of the year	10,785	38,130	10,785	38,130
Tax effects of the excess of property, plant and equipment's carrying amounts over its tax written down value.	10,785	38,130	10,785	38,130

15. REVENUE

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

16. COST OF SALES

	Group		Company	
	2013 RM	2013 RM	2014 RM	2013 RM
Cost of inventories sold	79,873,477	76,790,193	79,853,536	76,712,658

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

17. PROFIT FROM OPERATIONS

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Allowance for doubtful debts	890	7,185	890	7,185
Auditors' remuneration	18,200	19,800	17,000	18,200
Auditors' remuneration over provided in previous year	(2,000)	-	(2,000)	-
Bad debts written off	58,588	5,718	58,588	5,718
Depreciation of property, plant and equipment	571,814	624,453	571,438	621,688
Directors' remuneration	594,647	634,982	594,647	634,982
Incorporation fee	-	2,201	-	-
Property, plant and equipment written off	1	-	1	-
Rental of office equipment	2,990	2,410	2,990	2,410
Rental of premises	19,800	19,800	19,800	19,800
Staff costs	2,555,708	2,238,282	2,531,277	2,218,522
Fixed deposit interest	(160,025)	(159,648)	(160,025)	(159,648)
(Loss)/ Profit on disposal of property, and equipment	117	(3,500)	-	(3,500)
Rental income	(126,000)	(84,000)	(126,000)	(84,000)

18. STAFF COSTS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Wages and salaries	2,304,088	2,024,013	2,281,750	2,005,927
Social security costs	19,283	16,175	19,078	15,990
Pension costs				
- defined contribution plans	191,633	132,045	190,057	130,632
Other staff related expenses	40,704	66,049	40,392	65,973
	<u>2,555,708</u>	<u>2,238,282</u>	<u>2,531,277</u>	<u>2,218,522</u>

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18. STAFF COSTS (CONT'D)

	Group		Company	
	2014	2013	2014	2013
Number of employees (excluding directors), at the end of the financial year	96	67	96	64

19. DIRECTORS' REMUNERATION

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Salaries, bonuses and allowances	533,040	564,847	533,040	564,847
Pension costs				
- defined contribution plans	61,607	70,135	61,607	70,135
	<u>594,647</u>	<u>634,982</u>	<u>594,647</u>	<u>634,982</u>

20. FINANCE COSTS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Interest expenses on:				
Banker's acceptance	834,233	865,697	834,233	865,697
Bank overdraft	1,636	8,265	1,636	8,265
Hire purchase	18,673	24,801	18,673	24,801
Term loans	235,086	164,981	235,086	164,981
	<u>1,089,628</u>	<u>1,063,744</u>	<u>1,089,628</u>	<u>1,063,744</u>
Less: Amount capitalised in qualifying assets:				
- Property, plant and equipment	-	(37,277)	-	(37,277)
	<u>1,089,628</u>	<u>1,026,467</u>	<u>1,089,628</u>	<u>1,026,467</u>

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21. TAXATION

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Tax expenses for the year				
Malaysia	353,864	334,435	353,864	334,435
Under provision of taxation in prior year	-	2,487	-	2,487
Deferred tax				
Relating to origination and reversal of temporary differences (Note 14)	(27,345)	(146)	(27,345)	(146)
	<u>326,519</u>	<u>336,776</u>	<u>326,519</u>	<u>336,776</u>

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit before taxation	<u>1,129,174</u>	<u>1,010,233</u>	<u>1,158,690</u>	<u>1,022,637</u>
Tax calculated at 25%	282,294	252,558	289,673	255,659
Tax effects in respect of:-				
Expenses not deductible for tax purpose	51,912	99,798	51,258	99,103
Income not subject to tax	(1,203)	-	-	-
Underprovision of taxation in prior year	-	2,487	-	2,487
Utilisation of unrecognised capital allowances	(131)	-	-	-
Unrecognised tax losses	6,638	1,715	-	-
Unrecognised capital allowances	-	2,446	-	-
Overprovision of deferred tax in prior years	(12,991)	(22,228)	(14,412)	(20,473)
	<u>326,519</u>	<u>336,776</u>	<u>326,519</u>	<u>336,776</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

21. TAXATION (CONT'D)

Subject to the agreement of the Inland Revenue Board, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM 33,412 (2013: 6,860) and RM 9,260 (2013: 9,783) respectively which can be carried forward to offset against its future business income.

22. REVALUATION RESERVE

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
<u>Non-distributable</u>				
Revaluation reserve				
- Freehold and leasehold land	<u>4,478,787</u>	<u>4,478,787</u>	<u>4,478,787</u>	<u>4,478,787</u>

The movements in revaluation reserve are as follows:-

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Freehold and leasehold land				
As at beginning of the year	4,478,787	787,064	4,478,787	787,064
Revaluation surplus	-	3,691,723	-	3,691,723
As at end of the year	<u>4,478,787</u>	<u>4,478,787</u>	<u>4,478,787</u>	<u>4,478,787</u>

23. DIVIDENDS

	Company	
	2014	2013
	RM	RM
Final single tier dividend		
- year ended 31 December 2012	-	200,000
Final single tier dividend		
- year ended 31 December 2013	225,000	-
	<u>225,000</u>	<u>200,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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23. DIVIDENDS (CONT'D)

The directors recommend the payment of a final single tier dividend in respect of the financial year ended 31 December 2014 of RM 0.05 per share on 4,500,000 ordinary shares amounting to RM 225,000, subject to the approval of members at the forthcoming Annual General Meeting.

24. SIGNIFICANT EVENT AFTER BALANCE SHEET DATE

On 10.02.2015, the Company accepted secured general banking facilities from a licensed bank amounting to RM 3,150,000.

25. FINANCIAL INSTRUMENTS

a) Derivative financial instruments

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

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)**

25. FINANCIAL INSTRUMENTS (CONT'D)

c) Fair values

i) Recognised financial instruments

The fair values of financial assets and financial liabilities approximate their respective carrying values at the balance sheet date except:-

- Unquoted investments

It is not practicable to estimate the fair value of unquoted investments due to lack of quoted market prices and the inability to estimate their fair value without incurring excessive costs.

- Amounts due from/to subsidiaries and/or associates

It is not practicable to estimate the fair value of amounts due from/to subsidiary (ies) and/or associate(s) because there is no fixed repayment term.

ii) Unrecognised financial instruments

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

26. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors on 06 April 2015.

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DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 RM	2013 RM
SALES	<u>82,489,713</u>	<u>80,673,862</u>
COST OF SALES		
Opening inventories	8,133,011	6,806,187
Purchases	78,478,144	77,928,574
Transportation charges	107,181	110,908
	<u>86,718,336</u>	<u>84,845,669</u>
Closing inventories	<u>(6,864,800)</u>	<u>(8,133,011)</u>
	<u>79,853,536</u>	<u>76,712,658</u>
GROSS PROFIT	<u>2,636,177</u>	<u>3,961,204</u>
OTHER INCOME		
Fixed deposit interest	160,025	159,648
Insurance claims	-	30,000
Profit on disposal of property, plant and equipment	-	3,500
Rental income	126,000	84,000
Sundry income	580,503	645,057
Trade incentives	3,308,769	1,580,204
	<u>4,175,297</u>	<u>2,502,409</u>
TOTAL INCOME	<u>6,811,474</u>	<u>6,463,613</u>
OPERATING EXPENSES		
Administration expenses (Appendix A/B)	3,932,239	3,779,918
Other operating expenses (Appendix B)	630,917	634,591
	<u>4,563,156</u>	<u>4,414,509</u>
FINANCE COSTS		
Bank overdraft interest	1,636	8,265
Banker's acceptance interest	834,233	865,697
Hire purchase interest	18,673	24,801
Term loan interest	235,086	127,704
	<u>1,089,628</u>	<u>1,026,467</u>
TOTAL EXPENSES	<u>5,652,784</u>	<u>5,440,976</u>
PROFIT BEFORE TAXATION	<u><u>1,158,690</u></u>	<u><u>1,022,637</u></u>

FOR MANAGEMENT INFORMATION ONLY

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SCHEDULE OF EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 RM	2013 RM
ADMINISTRATION EXPENSES		
Advertising and promotions	20,802	11,010
Auditors' remuneration	17,000	18,200
Auditors' remuneration overprovided in previous year	(2,000)	-
Bank charges	11,998	19,465
Bank guarantee charges	27,585	47,946
Directors' EPF	61,607	70,135
Directors' remuneration	533,040	564,847
Entertainment	758	3,491
Gas	-	333
Gifts and donations	2,190	5,190
Insurance and road tax	114,152	104,204
Legal and professional fees	2,741	66,566
Licence fees	738	1,706
Miscellaneous	1,022	2,728
Penalties	2,028	2,990
Postage and courier	1,061	430
Printing and stationery	37,053	35,289
Quit rent and assessments	21,372	22,223
Rental of office equipment	2,990	2,410
Rental of premises	19,800	19,800
Secretarial fees and disbursements	2,026	1,878
Staff EPF	190,057	130,632
Staff medical fees	7,926	7,906
Staff salaries, allowances and wages	2,281,750	2,005,927
Staff Socso	19,078	15,990
Staff training	(42,720)	24,000
Staff welfare and refreshments	75,186	34,067
Stamping fees	1,100	1,866
Subscription fees	1,190	350
Balance carried forward	3,411,530	3,221,579

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SCHEDULE OF EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 RM	2013 RM
ADMINISTRATION EXPENSES		
Balance brought forward	3,411,530	3,221,579
Taxation service fees and disbursements	5,141	4,970
Telephone and fax	56,565	42,964
Travelling expenses	301,410	260,868
Upkeep of motor vehicles	107,043	122,695
Upkeep of office	9,620	8,875
Upkeep of office equipment	21,591	36,455
Warehouse expenses	(44,940)	29,961
Water and electricity	64,279	51,551
	<u>3,932,239</u>	<u>3,779,918</u>
OTHER OPERATING EXPENSES		
Allowance for doubtful debts - general	890	7,185
Bad debts written off	58,588	5,718
Depreciation of property, plant and equipment	571,438	621,688
Property, plant and equipment written off	1	-
	<u>630,917</u>	<u>634,591</u>

FOR MANAGEMENT INFORMATION ONLY