

**Company No.: 656862-M**

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

**REPORTS AND FINANCIAL STATEMENTS  
FOR  
THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**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 2015**

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**Company No.: 656862-M**

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(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  
Hong Leong Bank Berhad

Company No.: 656862-M

**MUN XIN SDN. BHD.**  
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**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 2015.

**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**

	<b>Group RM</b>	<b>Company RM</b>
Net profit for the year before taxation	398,419	404,562
Taxation	(196,788)	(196,788)
Net profit for the year	<u>201,631</u>	<u>207,774</u>

**DIVIDENDS**

**RM**

For the year ended 31.12.2014, final single tier dividend of RM0.05  
per share on 4,500,000 ordinary shares paid in Apr 2015

225,000

The directors recommend the payment of a final single tier dividend in respect of the financial year ended 31 December 2015 of RM 0.025 per share on 5,000,000 ordinary shares amounting to RM 125,000, 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.

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**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
01.06.2015	Working capital	Ordinary shares of RM 1 each	RM 1.00	1,400,000	Bonus issue

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 01.01.2015	Bought	Sold	At 31.12.2015
Lee Wen Mun	2,700,000	300,000	-	3,000,000
Tai Tue Gor	450,000	50,000	-	500,000
Chong Chee Chew	450,000	50,000	-	500,000
Chai Keat Voon	450,000	50,000	-	500,000
Tan Soo Soon	450,000	50,000	-	500,000

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**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.

**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.

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**INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)**

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.

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.

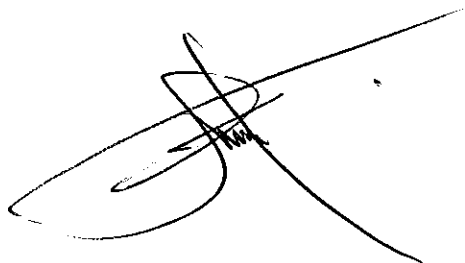
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**AUDITORS**

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,

A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

**LEE WEN MUN**  
Director

A handwritten signature in black ink, appearing to read 'M. Chai' with a flourish at the end.

**CHAI KEAT VOON**  
Director

Petaling Jaya  
Date: 28 MAR 2016



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 11 to 38 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 2015 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: **28 MAR 2016**

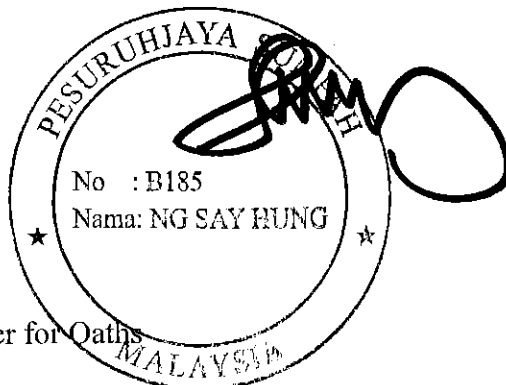
**STATUTORY DECLARATION**

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 11 to 38 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 **28 MAR 2016**

  
**LEE WEN MUN**  
Director

Before me,



Commissioner for Oaths

No. 69A, Jalan SS21/37  
Damansara Utama (Up Town)  
47400 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 2015 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 11 to 38.

**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 Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended.

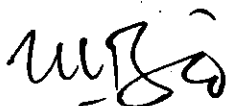
### **Report on Other Legal and Regulatory Requirements**

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: 28 MAR 2016

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

**BALANCE SHEETS**  
**AS AT 31 DECEMBER 2015**

		Group		Company	
		2015	2014	2015	2014
	Notes	RM	RM	RM	RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	4	13,135,495	12,729,645	13,134,683	12,728,457
Investment in a subsidiary	5	-	-	200,000	200,000
		<u>13,135,495</u>	<u>12,729,645</u>	<u>13,334,683</u>	<u>12,928,457</u>
<b>CURRENT ASSETS</b>					
Inventories	6	4,733,751	6,865,349	4,733,751	6,864,800
Trade and other receivables	7	9,933,957	6,318,745	9,906,159	6,287,180
Deposits, cash and bank balances		6,251,116	6,263,400	6,241,981	6,242,700
		<u>20,918,824</u>	<u>19,447,494</u>	<u>20,881,891</u>	<u>19,394,680</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	9	2,509,453	894,179	2,493,899	888,951
Amount due to subsidiary	10	-	-	170,303	169,863
Amount due to directors	11	340,057	339,057	299,500	278,500
Borrowings	12	15,727,177	15,784,905	15,727,177	15,784,905
Taxation		98,903	172,770	98,903	172,770
		<u>18,675,590</u>	<u>17,190,911</u>	<u>18,789,782</u>	<u>17,294,989</u>
<b>NET CURRENT ASSETS</b>					
		<u>2,243,234</u>	<u>2,256,583</u>	<u>2,092,109</u>	<u>2,099,691</u>
		<u>15,378,729</u>	<u>14,986,228</u>	<u>15,426,792</u>	<u>15,028,148</u>
<b>FINANCED BY:-</b>					
Share capital	13	5,000,000	4,500,000	5,000,000	4,500,000
Reserves		7,539,666	7,674,217	7,587,729	7,716,137
Shareholders' equity		<u>12,539,666</u>	<u>12,174,217</u>	<u>12,587,729</u>	<u>12,216,137</u>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	12	2,829,232	2,801,226	2,829,232	2,801,226
Deferred taxation	14	9,831	10,785	9,831	10,785
		<u>2,839,063</u>	<u>2,812,011</u>	<u>2,839,063</u>	<u>2,812,011</u>
		<u>15,378,729</u>	<u>14,986,228</u>	<u>15,426,792</u>	<u>15,028,148</u>

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

Company No.: 656862-M

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

**INCOME STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

		<b>Group</b>		<b>Company</b>	
		<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>Notes</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Revenue	15	76,128,942	82,515,872	76,130,562	82,489,713
Cost of sales	16	(73,334,038)	(79,873,477)	(73,335,658)	(79,853,536)
Gross profit		2,794,904	2,642,395	2,794,904	2,636,177
Other operating income		3,675,463	4,175,297	3,675,459	4,175,297
Administration expenses		(4,434,790)	(3,961,062)	(4,429,019)	(3,932,239)
Other operating expenses		(711,769)	(637,828)	(711,393)	(630,917)
Profit from operations	17	1,323,808	2,218,802	1,329,951	2,248,318
Finance costs	20	(925,389)	(1,089,628)	(925,389)	(1,089,628)
Profit from ordinary activities before taxation		398,419	1,129,174	404,562	1,158,690
Taxation	21				
- Group		(196,788)	(326,519)	-	-
- Company		-	-	(196,788)	(326,519)
Net profit for the year		201,631	802,655	207,774	832,171

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 2015**

	Notes	SHARE CAPITAL RM	NON- DISTRIBUTABLE REVALUATION RESERVE RM	DISTRIBUTABLE RETAINED PROFIT RM	TOTAL RM
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
Balance 01.01.2015		4,500,000	4,478,787	3,195,430	12,174,217
Issuance of shares		500,000	(500,000)	-	-
Net gain not recognised in the income statement - Surplus on revaluation of freehold land	22	-	388,818	-	388,818
Net profit for the year		-	-	201,631	201,631
Dividend: final dividend for the year ended 31.12.2014	23	-	-	(225,000)	(225,000)
Balance as at 31.12.2015		5,000,000	4,367,605	3,172,061	12,539,666

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 2015**

	Notes	SHARE CAPITAL RM	NON- DISTRIBUTABLE REVALUATION RESERVE RM	DISTRIBUTABLE RETAINED PROFIT RM	TOTAL RM
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
Balance 01.01.2015		4,500,000	4,478,787	3,237,350	12,216,137
Issuance of shares		500,000	(500,000)	-	-
Net gain not recognised in the income statement - Surplus on revaluation of freehold land	22	-	388,818	-	388,818
Net profit for the year		-	-	207,774	207,774
Dividend: final dividend for the year ended 31.12.2014	23	-	-	(225,000)	(225,000)
Balance as at 31.12.2015		5,000,000	4,367,605	3,220,124	12,587,729

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 2015**

Notes	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxation	398,419	1,129,174	404,562	1,158,690
Adjustments for:-				
Allowance for doubtful debts	-	890	-	890
Bad debts written off	62,319	58,588	62,319	58,588
Depreciation of property, plant and equipment	649,450	571,814	649,074	571,438
Inventories written off	2,169	-	-	-
(Profit)/Loss on disposal of property, plant and equipment	(30,099)	117	(30,099)	-
Property, plant and equipment written off	-	-	-	1
Interest payable	925,389	1,089,628	925,389	1,089,628
Interest receivable	(168,318)	(160,025)	(168,318)	(160,025)
Operating profit before working capital changes	1,839,329	2,690,186	1,842,927	2,719,210
Decrease in inventories	2,129,429	1,299,110	2,131,049	1,268,211
Increase in trade and other receivables	(3,677,531)	(366,639)	(3,681,298)	(417,888)
Increase/(Decrease) in trade other payables	1,615,274	(588,159)	1,604,948	(535,912)
Increase in amount due to subsidiary	-	-	440	48,064
Increase/(Decrease) in amount due to directors	1,000	(462,125)	21,000	(482,682)
Cash generated from operations	1,907,501	2,572,373	1,919,066	2,599,003
Interest paid	(925,389)	(1,089,628)	(925,389)	(1,089,628)
Interest received	168,318	160,025	168,318	160,025
Tax paid	(271,609)	(291,129)	(271,609)	(291,129)
<b>Net Cash From Operating Activities</b>	<b>878,821</b>	<b>1,351,641</b>	<b>890,386</b>	<b>1,378,271</b>

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 2015 (CONT'D)**

		Group		Company	
	Notes	2015 RM	2014 RM	2015 RM	2014 RM
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of property,plant and equipment	4	(666,483)	(36,516)	(666,483)	(36,500)
Proceed on disposal of property, plant and equipment		30,100	5,353	30,100	-
Placement in fixed deposits		100,547	(895,834)	100,547	(895,834)
<b>Net Cash Used In Investing Activities</b>		<b>(535,836)</b>	<b>(926,997)</b>	<b>(535,836)</b>	<b>(932,334)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Dividend paid		(225,000)	(225,000)	(225,000)	(225,000)
Increase/(Decrease) in banker's acceptance		205,000	(100,000)	205,000	(100,000)
Hire purchase financing		273,000	-	273,000	-
Repayments of hire purchase payables		(100,730)	(226,199)	(100,730)	(226,199)
Proceeds from term loans		-	200,000	-	200,000
Repayments of term loans		(420,186)	(484,013)	(420,186)	(484,013)
<b>Net Cash Used In Financing Activities</b>		<b>(267,916)</b>	<b>(835,212)</b>	<b>(267,916)</b>	<b>(835,212)</b>
Net increase/(decrease) in cash and cash equivalents					
		75,069	(410,567)	86,634	(389,275)
Cash and cash equivalents					
- at beginning of year		314,027	724,594	293,327	682,602
- at end of year	8	389,096	314,027	379,961	293,327

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

Company No.: 656862-M

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**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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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (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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**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. The principal rates used are as follows:-

Freehold buildings	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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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (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, bank overdraft, 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**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**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 2015 (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 2015 (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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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**4. PROPERTY, PLANT AND EQUIPMENT**

GROUP	Freehold land RM	Freehold buildings 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	Total RM
<b>Cost/Valuation</b>													
Balance at 01.01.2015	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
Additions	-	-	-	-	50,812	20,000	4,308	407,480	4,145	128,150	-	51,588	666,483
Disposals	-	-	-	-	-	-	-	(70,192)	(1,800)	-	-	-	(71,992)
Balance at 31.12.2015	4,980,289	3,815,524	3,505,696	600,000	246,300	173,000	78,872	2,356,344	158,427	408,829	3,200	244,066	16,570,547
<b>Accumulated depreciation</b>													
Balance at 01.01.2015	-	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
Charge for the year	-	96,453	87,886	12,000	42,687	29,599	11,032	231,928	22,398	67,452	640	47,375	649,450
Disposals	-	-	-	-	-	-	-	(70,191)	(1,800)	-	-	-	(71,991)
Balance at 31.12.2015	-	223,293	279,720	96,000	207,535	124,798	56,507	1,914,444	120,443	279,136	1,920	131,256	3,435,052
<b>Net book value</b>													
Balance at 31.12.2015	4,980,289	3,592,231	3,225,976	504,000	38,765	48,202	22,365	441,900	37,984	129,693	1,280	112,810	13,135,495
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
<b>Balance as at 01.01.2014</b>													
Cost	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
Accumulated depreciation	-	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
Net book value	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
Depreciation charge for Year 2014	-	56,168	39,246	12,000	30,352	25,600	10,796	295,209	22,435	41,823	640	37,545	571,814

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

COMPANY	Freehold land RM	Freehold buildings 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	Total RM
<b>Cost/Valuation</b>													
Balance at 01.01.2015	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
Additions	-	-	-	-	50,812	20,000	4,308	407,480	4,145	128,150	-	51,588	666,483
Disposals	-	-	-	-	-	-	-	(70,192)	(1,800)	-	-	-	(71,992)
Revaluation surplus	388,818	-	-	-	-	-	-	-	-	-	-	-	388,818
Balance at 31.12.2015	4,980,289	3,815,524	3,505,696	600,000	246,467	173,000	76,854	2,356,344	158,286	408,829	3,200	244,066	16,568,555
<b>Accumulated depreciation</b>													
Balance at 01.01.2015	-	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
Charge for the year	-	96,453	87,886	12,000	42,743	29,599	10,628	231,928	22,370	67,452	640	47,375	649,074
Disposals	-	-	-	-	-	-	-	(70,191)	(1,800)	-	-	-	(71,991)
Balance at 31.12.2015	-	223,293	279,720	96,000	207,647	124,798	55,287	1,914,444	120,371	279,136	1,920	131,256	3,433,872
<b>Net book value</b>													
Balance at 31.12.2015	4,980,289	3,592,231	3,225,976	504,000	38,820	48,202	21,567	441,900	37,915	129,693	1,280	112,810	13,134,683
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
<b>Balance as at 01.01.2014</b>													
Cost	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
Accumulated depreciation	-	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
Net book value	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
Depreciation charge for Year 2014	-	56,168	39,246	12,000	30,408	25,600	10,392	295,209	22,407	41,823	640	37,545	571,438

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Net book value of revalued land and buildings, had these assets been carried at cost less accumulated depreciation:				
- Freehold land	2,648,380	2,618,380	2,648,380	2,618,380
- Leasehold land	863,830	880,851	863,830	880,851
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	3,265,883	3,355,084	3,265,883	3,355,084
- Leasehold land	-	3,313,863	-	3,313,863
- Leasehold building	-	516,000	-	516,000
	<u>7,827,354</u>	<u>11,746,418</u>	<u>7,827,354</u>	<u>11,746,418</u>
Details of assets under hire-purchase:				
Motor vehicles				
- Additions during the year	314,980	-	314,980	-
- Net book value at year end	356,991	222,752	356,991	222,752
- Amount financed	<u>273,000</u>	<u>-</u>	<u>273,000</u>	<u>-</u>

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

**5. INVESTMENT IN A SUBSIDIARY**

	Company	
	2015	2014
	RM	RM
Unquoted investment in Malaysia, at cost	<u>200,000</u>	<u>200,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**5. INVESTMENT IN A SUBSIDIARY (CONT'D)**

Details of the subsidiary are as follows:-

Name	Country of incorporation	Group's effective interest (%)		Principal Activities
		2015	2014	
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	
	2015	2014	2015	2014
	RM	RM	RM	RM
Inventories consist of:-				
Trading goods at cost	4,733,751	6,865,349	4,733,751	6,864,800

**7. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade receivables	9,559,666	6,060,765	9,551,072	6,048,404
Allowance for doubtful debts	(13,633)	(13,633)	(13,633)	(13,633)
	9,546,033	6,047,132	9,537,439	6,034,771
Other receivables	328,957	209,461	309,753	190,257
Deposits	22,600	18,200	22,600	18,200
Prepayments	36,367	43,952	36,367	43,952
	9,933,957	6,318,745	9,906,159	6,287,180

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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**8. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Deposits with licensed banks	5,848,826	5,949,373	5,848,826	5,949,373
Cash and bank balances	402,290	314,027	393,155	293,327
Deposits, cash and bank balances	6,251,116	6,263,400	6,241,981	6,242,700
Bank overdraft - unsecured (Note 12)	(9,481)	-	(9,481)	-
Bank overdraft - secured (Note 12)	(3,713)	-	(3,713)	-
Deposits with licensed banks	(5,848,826)	(5,949,373)	(5,848,826)	(5,949,373)
	<u>389,096</u>	<u>314,027</u>	<u>379,961</u>	<u>293,327</u>

The deposits are pledged to the banks for banking facilities (Note 12). A total amount of RM Nil (2014: RM 290,233) 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:-

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Licensed banks	3.22	2.82	3.22	2.82

**9. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables	1,805,562	206,935	1,805,562	206,935
Other payables	444,550	455,516	444,550	455,516
Accruals	227,841	200,228	212,287	195,000
Deposits	31,500	31,500	31,500	31,500
	<u>2,509,453</u>	<u>894,179</u>	<u>2,493,899</u>	<u>888,951</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**10. AMOUNT DUE TO SUBSIDIARY**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Non-trade	-	-	170,303	169,863

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.

**12. BORROWINGS**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current				
Unsecured				
Bank overdraft (Note 8)	9,481	-	9,481	-
Secured				
Bank overdraft (Note 8)	3,713	-	3,713	-
Banker's acceptance	15,488,000	15,283,000	15,488,000	15,283,000
Hire purchase payables	123,975	86,143	123,975	86,143
Term loans	102,008	415,762	102,008	415,762
	<u>15,727,177</u>	<u>15,784,905</u>	<u>15,727,177</u>	<u>15,784,905</u>
Non-current				
Secured				
Hire purchase payables	264,820	130,382	264,820	130,382
Term loans	2,564,412	2,670,844	2,564,412	2,670,844
	<u>2,829,232</u>	<u>2,801,226</u>	<u>2,829,232</u>	<u>2,801,226</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**12. BORROWINGS (CONT'D)**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Total				
Unsecured				
Bank overdraft (Note 8)	9,481	-	9,481	-
Secured				
Bank overdraft (Note 8)	3,713	-	3,713	-
Banker's acceptance	15,488,000	15,283,000	15,488,000	15,283,000
Hire purchase payables	388,795	216,525	388,795	216,525
Term loans	2,666,420	3,086,606	2,666,420	3,086,606
	<u>18,556,409</u>	<u>18,586,131</u>	<u>18,556,409</u>	<u>18,586,131</u>
Maturity of borrowings (excluding hire purchase):				
Within one year	15,603,202	15,698,762	15,603,202	15,698,762
More than one year and less than 5 years	430,668	410,555	430,668	410,555
5 years and more	2,133,744	2,260,289	2,133,744	2,260,289
	<u>18,167,614</u>	<u>18,369,606</u>	<u>18,167,614</u>	<u>18,369,606</u>

The unsecured bank overdraft represents the surplus of unrepresented cheques over the bank balance as at the balance sheet date.

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.

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Hire purchase liabilities				
Minimum hire purchase payments				
- not later than 1 year	146,795	95,753	146,795	95,753
- later than 1 year and not later than 5 years	290,382	139,473	290,382	139,473
	<u>437,177</u>	<u>235,226</u>	<u>437,177</u>	<u>235,226</u>
Future finance charges on hire purchase	<u>(48,382)</u>	<u>(18,701)</u>	<u>(48,382)</u>	<u>(18,701)</u>
Present value of hire purchase liabilities	<u>388,795</u>	<u>216,525</u>	<u>388,795</u>	<u>216,525</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**12. BORROWINGS (CONT'D)**

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Present value of finance liabilities				
- not later than 1 year	123,975	86,143	123,975	86,143
- later than 1 year and not later than 5 years	264,820	130,382	264,820	130,382
	<u>388,795</u>	<u>216,525</u>	<u>388,795</u>	<u>216,525</u>
Analysed as follows:-				
Secured				
- Current	123,975	86,143	123,975	86,143
- Non-Current	264,820	130,382	264,820	130,382
	<u>388,795</u>	<u>216,525</u>	<u>388,795</u>	<u>216,525</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 4.88% (2014: 1.88% to 4.02%) per annum. Effective interest rates on the other borrowings range from 4.96% to 8.35% (2014: 3.47% to 7.40%) per annum.

**13. SHARE CAPITAL**

	No. of shares		Amount	
	2015	2014	2015	2014
			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	4,500,000	4,500,000	4,500,000	4,500,000
Issued during the year	500,000	-	500,000	-
As at 31 December	<u>5,000,000</u>	<u>4,500,000</u>	<u>5,000,000</u>	<u>4,500,000</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**14. DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance at the beginning of the year	10,785	38,130	10,785	38,130
Amount recognised in the income statement (Note 21)	(954)	(27,345)	(954)	(27,345)
Balance at the end of the year	<u>9,831</u>	<u>10,785</u>	<u>9,831</u>	<u>10,785</u>
Tax effects of the excess of property, plant and equipment's carrying amounts over its tax written down value.	<u>9,831</u>	<u>10,785</u>	<u>9,831</u>	<u>10,785</u>

**15. REVENUE**

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

**16. COST OF SALES**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cost of inventories sold	<u>73,334,038</u>	<u>79,873,477</u>	<u>73,335,658</u>	<u>79,853,536</u>

**17. PROFIT FROM OPERATIONS**

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

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fixed deposit interest	(168,318)	(160,025)	(168,318)	(160,025)
(Profit)/Loss on disposal of property, and equipment	(30,099)	117	(30,099)	-
Rental income	<u>(134,000)</u>	<u>(126,000)</u>	<u>(134,000)</u>	<u>(126,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**17. PROFIT FROM OPERATIONS (CONT'D)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Allowance for doubtful debts	-	890	-	890
Auditors' remuneration	21,500	18,200	20,500	17,000
Auditors' remuneration over provided in previous year	-	(2,000)	-	(2,000)
Bad debts written off	62,319	58,588	62,319	58,588
Depreciation of property, plant and equipment	649,450	571,814	649,074	571,438
Directors' remuneration	613,557	594,647	613,557	594,647
Inventories written off	2,169	-	-	-
Property, plant and equipment written off	-	1	-	1
Rental of office equipment	2,360	2,990	2,360	2,990
Rental of premises	25,100	19,800	25,100	19,800
Staff costs	2,711,077	2,555,708	2,711,077	2,531,277

**18. STAFF COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Wages and salaries	2,371,064	2,304,088	2,371,064	2,281,750
Social security costs	24,279	19,283	24,279	19,078
Pension costs				
- defined contribution plans	280,372	191,633	280,372	190,057
Other staff related expenses	35,362	40,704	35,362	40,392
	2,711,077	2,555,708	2,711,077	2,531,277

Number of employees  
(excluding directors),  
at the end of the financial year

	<b>83</b>	<b>96</b>	<b>83</b>	<b>96</b>
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**19. DIRECTORS' REMUNERATION**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Salaries, bonuses and allowances	546,568	533,040	546,568	533,040
Pension costs				
- defined contribution plans	66,989	61,607	66,989	61,607
	<u>613,557</u>	<u>594,647</u>	<u>613,557</u>	<u>594,647</u>

**20. FINANCE COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expenses on:				
Banker's acceptance	725,636	834,233	725,636	834,233
Bank overdrafts	2,199	1,636	2,199	1,636
Hire purchase	14,843	18,673	14,843	18,673
Term loans	182,711	235,086	182,711	235,086
	<u>925,389</u>	<u>1,089,628</u>	<u>925,389</u>	<u>1,089,628</u>

**21. TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax expenses for the year				
Malaysia	197,742	353,864	197,742	353,864
Deferred tax				
Relating to origination and reversal				
of temporary differences (Note 14)	(954)	(27,345)	(954)	(27,345)
	<u>196,788</u>	<u>326,519</u>	<u>196,788</u>	<u>326,519</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**21. TAXATION (CONT'D)**

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:-

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit before taxation	398,419	1,129,174	404,562	1,158,690
Tax calculated at 25%	99,605	282,294	101,141	289,673
Tax effects in respect of:-				
Expenses not deductible for tax purpose	103,007	51,912	102,425	51,258
Income not subject to tax	-	(1,203)	-	-
Utilisation of unrecognised capital allowances	-	(131)	-	-
Unrecognised tax losses	844	6,638	-	-
Overprovision of deferred tax in prior years	(6,668)	(12,991)	(6,778)	(14,412)
	<u>196,788</u>	<u>326,519</u>	<u>196,788</u>	<u>326,519</u>

Subject to the agreement of the Inland Revenue Board, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM 36,788 (2014: 33,412) and RM 9,260 (2014: 9,260) respectively which can be carried forward to offset against its future business income.

**22. REVALUATION RESERVE**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>Non-distributable</u>				
Revaluation reserve				
- Freehold and leasehold land	<u>4,367,605</u>	<u>4,478,787</u>	<u>4,367,605</u>	<u>4,478,787</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**22. REVALUATION RESERVE (CONT'D)**

The movements in revaluation reserve are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Freehold and leasehold land				
As at beginning of the year	4,478,787	4,478,787	4,478,787	4,478,787
Bonus shares	(500,000)	-	(500,000)	-
Revaluation surplus	388,818	-	388,818	-
As at end of the year	<u>4,367,605</u>	<u>4,478,787</u>	<u>4,367,605</u>	<u>4,478,787</u>

**23. DIVIDENDS**

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Final single tier dividend		
- year ended 31 December 2013	-	225,000
Final single tier dividend		
- year ended 31 December 2014	225,000	-
	<u>225,000</u>	<u>225,000</u>

The directors recommend the payment of a final single tier dividend in respect of the financial year ended 31 December 2015 of RM 0.025 per share on 5,000,000 ordinary shares amounting to RM 125,000, subject to the approval of members at the forthcoming Annual General Meeting.

**24. FINANCIAL INSTRUMENTS**

**a) Derivative financial instruments**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**24. 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 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)**

**24. FINANCIAL INSTRUMENTS (CONT'D)**

**c) Fair values (Cont'd)**

**ii) Unrecognised financial instruments**

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

**25. DATE OF AUTHORISATION OF ISSUE**

The financial statements were authorised for issue by the Board of Directors on 28 March 2016.

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**DETAILED INCOME STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<b>2015</b> <b>RM</b>	<b>2014</b> <b>RM</b>
<b>SALES</b>	<u>76,130,562</u>	<u>82,489,713</u>
<b>COST OF SALES</b>		
Opening inventories	6,864,800	8,133,011
Purchases	71,064,983	78,478,144
Transportation charges	139,626	107,181
	<u>78,069,409</u>	<u>86,718,336</u>
Closing inventories	<u>(4,733,751)</u>	<u>(6,864,800)</u>
	<u>73,335,658</u>	<u>79,853,536</u>
<b>GROSS PROFIT</b>	<u>2,794,904</u>	<u>2,636,177</u>
<b>OTHER INCOME</b>		
Fixed deposit interest	168,318	160,025
Profit on disposal of property, plant and equipment	30,099	-
Rental income	134,000	126,000
Sundry income	295,354	580,503
Trade incentives	3,047,688	3,308,769
	<u>3,675,459</u>	<u>4,175,297</u>
<b>TOTAL INCOME</b>	<u>6,470,363</u>	<u>6,811,474</u>
<b>OPERATING EXPENSES</b>		
Administration expenses (Appendix A/B)	4,429,019	3,932,239
Other operating expenses (Appendix B)	711,393	630,917
	<u>5,140,412</u>	<u>4,563,156</u>
<b>FINANCE COSTS</b>		
Banker's acceptance interest	725,636	834,233
Bank overdraft interest	2,199	1,636
Hire purchase interest	14,843	18,673
Term loan interest	182,711	235,086
	<u>925,389</u>	<u>1,089,628</u>
<b>TOTAL EXPENSES</b>	<u>6,065,801</u>	<u>5,652,784</u>
<b>PROFIT BEFORE TAXATION</b>	<u>404,562</u>	<u>1,158,690</u>

**FOR MANAGEMENT INFORMATION ONLY**



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**SCHEDULE OF EXPENDITURE**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	2015 RM	2014 RM
<b>ADMINISTRATION EXPENSES</b>		
Advertising and promotions	8,685	20,802
Auditors' remuneration	20,500	17,000
Auditors' remuneration overprovided in previous year	-	(2,000)
Bank charges	21,391	11,998
Bank guarantee charges	39,750	27,585
Commissions	56,640	-
Directors' EPF	66,989	61,607
Directors' remuneration	546,568	533,040
Entertainment	503	758
Gifts and donations	2,070	2,190
Insurance and road tax	120,407	114,152
Legal and professional fees	52,714	2,741
Licence fees	1,113	738
Miscellaneous	1,523	1,022
Penalties	5,491	2,028
Postage and courier	1,572	1,061
Printing and stationery	62,317	37,053
Quit rent and assessments	19,993	21,372
Rental of office equipment	2,360	2,990
Rental of premises	25,100	19,800
Secretarial fees and disbursements	2,122	2,026
Staff EPF	280,372	190,057
Staff medical fees	8,564	7,926
Staff salaries, allowances and wages	2,371,064	2,281,750
Staff Socso	24,279	19,078
Staff training	3,163	(42,720)
Staff welfare and refreshments	23,635	75,186
Stamping fees	13	1,100
Subscription fees	350	1,190
Balance carried forward	3,769,248	3,411,530

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**SCHEDULE OF EXPENDITURE**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	2015 RM	2014 RM
<b>ADMINISTRATION EXPENSES</b>		
Balance brought forward	3,769,248	3,411,530
Taxation service fees and disbursements	5,115	5,141
Telephone and fax	70,447	56,565
Travelling expenses	313,556	301,410
Upkeep of motor vehicles	109,825	107,043
Upkeep of office	6,740	9,620
Upkeep of office equipment	38,387	21,591
Warehouse expenses	34,942	(44,940)
Water and electricity	80,759	64,279
	<u>4,429,019</u>	<u>3,932,239</u>
<b>OTHER OPERATING EXPENSES</b>		
Allowance for doubtful debts - general	-	890
Bad debts written off	62,319	58,588
Depreciation of property, plant and equipment	649,074	571,438
Property, plant and equipment written off	-	1
	<u>711,393</u>	<u>630,917</u>

**FOR MANAGEMENT INFORMATION ONLY**