

Company No.: 656862-M

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

**REPORTS AND FINANCIAL STATEMENTS
FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

**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 2013**

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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
Standard Chartered Bank Malaysia Berhad

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**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 2013.

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. The subsidiary has been acquired by the Company during the financial year (Note 14).

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	1,010,233	1,022,637
Taxation	(336,776)	(336,776)
Net profit for the year	<u>673,457</u>	<u>685,861</u>

DIVIDENDS

RM

For the year ended 31.12.2012, final single tier dividend of RM0.05 per share on 4,000,000 ordinary shares paid in May 2013

200,000

The directors recommend the payment of a final single tier dividend in respect of the financial year ended 31 December 2013 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.

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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
25.09.2013	Working capital	Ordinary shares of RM 1 each	RM 1.00	500,000	Cash

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 01.01.2013	Bought	Sold	At 31.12.2013
Lee Wen Mun	2,400,000	300,000	-	2,700,000
Tai Tue Gor	400,000	50,000	-	450,000
Chong Chee Chew	400,000	50,000	-	450,000
Chai Keat Voon	400,000	50,000	-	450,000
Tan Soo Soon	400,000	50,000	-	450,000

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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 20 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 handwritten signature in black ink, appearing to be 'LEE WEN MUN', written over a horizontal line.

LEE WEN MUN
Director

A handwritten signature in black ink, appearing to be 'CHAI KEAT VOON', written in a cursive style.

CHAI KEAT VOON
Director

Petaling Jaya
Date: 27 MAR 2014

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 2013 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: 27 MAR 2014

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 27 MAR 2014


LEE WEN MUN
Director

Before me



Commission for Oaths

No. 9-3, Jalan PJS 8/4,
Bandar Sunway, 46150
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 2013 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 2013 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
(1877/03/15 (J))

Petaling Jaya

Date: 27 MAR 2014

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

BALANCE SHEETS
AS AT 31 DECEMBER 2013

		Group 2013 RM	Company 2013 RM	2012 RM
	Notes			
NON-CURRENT ASSETS				
Property, plant and equipment	4	13,270,414	13,263,396	8,150,903
Investment in a subsidiary	5	-	200,000	-
		<u>13,270,414</u>	<u>13,463,396</u>	<u>8,150,903</u>
CURRENT ASSETS				
Inventories	6	8,164,459	8,133,011	6,806,187
Trade and other receivables	7	6,011,584	5,928,770	5,136,969
Deposits, cash and bank balances		5,778,133	5,736,141	7,052,893
		<u>19,954,176</u>	<u>19,797,922</u>	<u>18,996,049</u>
CURRENT LIABILITIES				
Trade and other payables	9	1,482,338	1,424,863	1,691,299
Amount due to subsidiary	10	-	121,799	-
Amount due to directors	11	801,182	761,182	350,031
Borrowings	12	15,935,543	15,935,543	16,022,244
Taxation		110,035	110,035	127,406
		<u>18,329,098</u>	<u>18,353,422</u>	<u>18,190,980</u>
NET CURRENT ASSETS				
		<u>1,625,078</u>	<u>1,444,500</u>	<u>805,069</u>
		<u>14,895,492</u>	<u>14,907,896</u>	<u>8,955,972</u>
FINANCED BY:-				
Share capital	13	4,500,000	4,500,000	4,000,000
Reserves		7,096,562	7,108,966	2,931,382
Shareholders' equity		<u>11,596,562</u>	<u>11,608,966</u>	<u>6,931,382</u>
NON-CURRENT LIABILITIES				
Borrowings	12	3,260,800	3,260,800	1,986,314
Deferred taxation	15	38,130	38,130	38,276
		<u>3,298,930</u>	<u>3,298,930</u>	<u>2,024,590</u>
		<u>14,895,492</u>	<u>14,907,896</u>	<u>8,955,972</u>

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

Company No.: 656862-M

MUN XIN SDN. BHD.
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INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group	Company	
		2013	2013	2012
	Notes	RM	RM	RM
Revenue	16	80,768,656	80,673,862	79,422,869
Cost of sales	17	(76,790,193)	(76,712,658)	(76,030,380)
Gross profit		<u>3,978,463</u>	<u>3,961,204</u>	<u>3,392,489</u>
Other operating income		2,506,046	2,502,409	2,510,790
Administration expenses		(3,810,453)	(3,779,918)	(3,545,717)
Other operating expenses		(637,356)	(634,591)	(462,711)
Profit from operations	18	<u>2,036,700</u>	<u>2,049,104</u>	<u>1,894,851</u>
Finance costs	21	(1,026,467)	(1,026,467)	(823,470)
Profit before taxation		<u>1,010,233</u>	<u>1,022,637</u>	<u>1,071,381</u>
Taxation	22			
- Group		(336,776)	-	-
- Company		-	(336,776)	(308,878)
Net profit for the year		<u><u>673,457</u></u>	<u><u>685,861</u></u>	<u><u>762,503</u></u>

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

MUN XIN SDN. BHD.
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Notes	SHARE CAPITAL RM	NON- DISTRIBUTABLE REVALUATION RESERVE RM	DISTRIBUTABLE RETAINED PROFIT RM	TOTAL RM
Balance as at 01.01.2012		3,500,000	787,064	1,556,815	5,843,879
Issuance of shares		500,000	-	-	500,000
Net profit for the year		-	-	762,503	762,503
Dividend: final dividend for the year ended 31.12.2011	24	-	-	(175,000)	(175,000)
Balance 31.12.2012		4,000,000	787,064	2,144,318	6,931,382
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	23	-	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	24	-	-	(200,000)	(200,000)
Balance as at 31.12.2013		4,500,000	4,478,787	2,617,775	11,596,562

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

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**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Notes	SHARE CAPITAL RM	NON- DISTRIBUTABLE REVALUATION RESERVE RM	DISTRIBUTABLE RETAINED PROFIT RM	TOTAL RM
Balance as at 01.01.2012		3,500,000	787,064	1,556,815	5,843,879
Issuance of shares		500,000	-	-	500,000
Net profit for the year		-	-	762,503	762,503
Dividend: final dividend for the year ended 31.12.2011	24	-	-	(175,000)	(175,000)
Balance 31.12.2012		4,000,000	787,064	2,144,318	6,931,382
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	23	-	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	24	-	-	(200,000)	(200,000)
Balance as at 31.12.2013		4,500,000	4,478,787	2,630,179	11,608,966

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

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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group	Company	
	2013	2013	2012
Notes	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation	1,010,233	1,022,637	1,071,381
Adjustments for:-			
Allowance for doubtful debts	7,185	7,185	-
Bad debts written off	5,718	5,718	16,313
Depreciation of property, plant and equipment	624,453	621,688	445,944
Inventories written off	-	-	32,262
Profit on disposal of property, plant and equipment	(3,500)	(3,500)	(17,998)
Property, plant and equipment written off	-	-	454
Interest payable	1,026,467	1,026,467	823,470
Interest receivable	(159,648)	(159,648)	(126,352)
Operating profit before working capital changes	2,510,908	2,520,547	2,245,474
Increase in inventories	(1,358,272)	(1,326,824)	(2,466,263)
(Increase)/Decrease in trade and other receivables	(887,518)	(804,704)	671,138
Decrease in trade and other payables	(208,961)	(266,436)	(217,002)
Increase in amount due to subsidiary	-	121,799	-
Increase/(Decrease) in amount due to directors	451,151	411,151	(36,887)
Cash generated from operations	507,308	655,533	196,460
Interest paid	(1,026,467)	(1,026,467)	(823,470)
Interest received	159,648	159,648	126,352
Tax paid	(354,293)	(354,293)	(383,946)
Net Cash Used In Operating Activities	(713,804)	(565,579)	(884,604)

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

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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		Group	Company	
		2013	2013	2012
	Notes	RM	RM	RM
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	4	(2,052,241)	(2,042,458)	(1,465,839)
Purchase of investment in subsidiary		-	(200,000)	-
Proceed on disposal of property, plant and equipment		3,500	3,500	18,001
Placement in fixed deposits		1,663,950	1,663,950	(1,996,708)
Net Cash Used In Investing Activities		<u>(384,791)</u>	<u>(575,008)</u>	<u>(3,444,546)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Issuance of shares		500,000	500,000	500,000
Dividend paid		(200,000)	(200,000)	(175,000)
(Decrease)/ Increase in banker's acceptance		(173,000)	(173,000)	3,730,000
Hire purchase financing		180,000	180,000	-
Repayments of hire purchase payables		(242,675)	(242,675)	(251,563)
Proceeds from term loans		1,570,857	1,570,857	619,143
Repayments of term loans		(147,397)	(147,397)	(108,359)
Net Cash From Financing Activities		<u>1,487,785</u>	<u>1,487,785</u>	<u>4,314,221</u>
Net increase/(decrease) in cash and cash equivalents		389,190	347,198	(14,929)
Cash and cash equivalents - at beginning of year		335,404	335,404	350,333
- at end of year	8	<u><u>724,594</u></u>	<u><u>682,602</u></u>	<u><u>335,404</u></u>

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 2013**

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. The subsidiary has been acquired by the Company during the financial year (Note 14).

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 2013 (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.

MUN XIN SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (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
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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
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (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
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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 2013 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

m) Income taxes (Cont'd)

Deferred tax assets and liabilities 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
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

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 01.01.2013	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
Additions/re-classification	-	3,452,916	-	-	69,017	58,000	45,159	216,000	72,023	37,933	3,200	173,200	1,377,709	5,505,157
Disposals/re-classification	-	-	-	-	-	-	-	-	-	-	-	(76,400)	(3,452,916)	(3,529,316)
Revaluation surplus	1,973,091	-	1,718,632	-	-	-	-	-	-	-	-	-	-	3,691,723
Balance at 31.12.2013	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														
Balance at 01.01.2013	-	14,504	113,342	60,000	102,839	65,998	23,189	1,113,248	52,507	131,527	-	84,908	-	1,762,062
Charge for the year	-	56,168	39,246	12,000	33,681	25,600	11,686	344,250	25,020	38,334	640	37,828	-	624,453
Disposals	-	-	-	-	-	-	-	-	-	-	-	(76,400)	-	(76,400)
Balance at 31.12.2013	-	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														
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 at 31.12.2012	2,618,380	348,104	1,673,722	540,000	15,312	51,002	5,663	689,808	31,716	91,219	-	10,770	2,075,207	8,150,903

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

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 01.01.2013	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
Additions/re-classification	-	3,452,916	-	-	62,937	58,000	42,120	216,000	71,359	37,933	3,200	173,200	1,377,709	5,495,374
Disposals/re-classification	-	-	-	-	-	-	-	-	-	-	-	(76,400)	(3,452,916)	(3,529,316)
Revaluation surplus	1,973,091	-	1,718,632	-	-	-	-	-	-	-	-	-	-	3,691,723
Balance at 31.12.2013	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														
Balance at 01.01.2013	-	14,504	113,342	60,000	102,839	65,998	23,189	1,113,248	52,507	131,527	-	84,908	-	1,762,062
Charge for the year	-	56,168	39,246	12,000	31,657	25,600	11,078	344,250	24,887	38,334	640	37,828	-	621,688
Disposals	-	-	-	-	-	-	-	-	-	-	-	(76,400)	-	(76,400)
Balance at 31.12.2013	-	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														
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 at 31.12.2012	2,618,380	348,104	1,673,722	540,000	153,312	51,002	5,663	689,808	31,716	91,219	-	10,770	2,075,207	8,150,903
Balance as at 01.01.2012														
Cost	2,618,380	362,608	1,787,064	600,000	105,333	110,000	27,207	1,917,343	73,478	222,746	-	95,678	682,036	8,601,873
Accumulated depreciation	-	7,252	82,203	48,000	83,664	86,248	20,022	917,672	42,697	99,645	-	83,005	-	1,470,408
Net book value	2,618,380	355,356	1,704,861	552,000	21,669	23,752	7,185	999,671	30,781	123,101	-	12,673	682,036	7,131,465
Depreciation charge for Year 2012	-	7,252	31,139	12,000	19,681	17,749	3,167	309,861	11,310	31,882	-	1,903	-	445,944

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

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

	Group	Company	
	2013	2013	2012
	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	-
- Leasehold land	897,872	897,872	914,895

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

- Freehold land	4,561,471	4,561,471	2,588,380
- Freehold building	3,404,000	3,404,000	-
- Leasehold land	3,353,108	3,353,108	1,673,722
- Leasehold building	528,000	528,000	540,000
- Building in progress	-	-	2,075,207
	<u>11,846,579</u>	<u>11,846,579</u>	<u>6,877,309</u>

Borrowing costs of RM 37,277 (2012 : RM 69,828) 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	
	2013	2013	2012
	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	537,120	537,120	630,776
- Amount financed	<u>180,000</u>	<u>180,000</u>	<u>-</u>

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

5. INVESTMENT IN A SUBSIDIARY

	Company	
	2013	2012
	RM	RM
Unquoted investment in Malaysia, at cost	200,000	-

Details of the subsidiary are as follows:-

Name	Country of incorporation	Group's effective interest (%)		Principal Activities
		2013	2012	
Mun Xin Marketing Sdn. Bhd.	Malaysia	100%	-%	distributors, traders, importers, exporters and dealers of all kinds of food and beverages

Mun Xin Marketing Sdn. Bhd. (Company No. 1052369-X) became a subsidiary on 12 July 2013.

6. INVENTORIES

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Inventories consist of:-			
Trading goods at cost	8,164,459	8,133,011	6,806,187

7. TRADE AND OTHER RECEIVABLES

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Trade receivables	5,887,905	5,811,190	5,083,133
Allowance for doubtful debts	(12,743)	(12,743)	(5,558)
	5,875,162	5,798,447	5,077,575
Other receivables	54,485	48,386	3,267
Deposits	12,200	12,200	18,700
Prepayments	69,737	69,737	37,427
	6,011,584	5,928,770	5,136,969

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

7. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's and the Company's normal trade credit term 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	
	2013	2013	2012
	RM	RM	RM
Deposits with licensed banks	5,053,539	5,053,539	6,717,489
Cash and bank balances	724,594	682,602	335,404
Deposits, cash and bank balances	5,778,133	5,736,141	7,052,893
Deposits with licensed banks	(5,053,539)	(5,053,539)	(6,717,489)
	<u>724,594</u>	<u>682,602</u>	<u>335,404</u>

The deposits are pledged to the banks for banking facilities (Note 12). A total amount of RM 623,897 (2012: RM 604,399) 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	
	2013	2013	2012
	%	%	%
Licensed banks	<u>2.82</u>	<u>2.82</u>	<u>2.86</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

9. TRADE AND OTHER PAYABLES (CONT'D)

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Trade payables	483,250	438,444	483,156
Other payables	669,678	669,678	926,993
Accruals	297,910	285,241	281,150
Deposits	31,500	31,500	-
	<u>1,482,338</u>	<u>1,424,863</u>	<u>1,691,299</u>

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

10. AMOUNT DUE TO SUBSIDIARY

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Non-trade	<u>-</u>	<u>121,799</u>	<u>-</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.

12. BORROWINGS

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Current - Secured			
Banker's acceptance	15,383,000	15,383,000	15,556,000
Hire purchase payables	219,576	219,576	232,507
Term loans	332,967	332,967	233,737
	<u>15,935,543</u>	<u>15,935,543</u>	<u>16,022,244</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

12. BORROWINGS (CONT'D)

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Non-current - Secured			
Hire purchase payables	223,148	223,148	272,892
Term loans	3,037,652	3,037,652	1,713,422
	<u>3,260,800</u>	<u>3,260,800</u>	<u>1,986,314</u>
 Total - Secured			
Banker's acceptance	15,383,000	15,383,000	15,556,000
Hire purchase payables	442,724	442,724	505,399
Term loans	3,370,619	3,370,619	1,947,159
	<u>19,196,343</u>	<u>19,196,343</u>	<u>18,008,558</u>
 Maturity of borrowings (excluding hire purchase):			
Within one year	15,715,967	15,715,967	15,789,737
More than one year and less than 5 years	655,482	655,482	821,277
5 years and more	2,382,170	2,382,170	892,145
	<u>18,753,619</u>	<u>18,753,619</u>	<u>17,503,159</u>

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

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Hire purchase liabilities			
Minimum hire purchase payments			
- not later than 1 year	238,223	238,223	253,476
- later than 1 year and not later than 5 years	241,875	241,875	284,128
	<u>480,098</u>	<u>480,098</u>	<u>537,604</u>
Future finance charges on hire purchase	(37,374)	(37,374)	(32,205)
Present value of hire purchase liabilities	<u>442,724</u>	<u>442,724</u>	<u>505,399</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

12. BORROWINGS (CONT'D)

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Present value of finance liabilities			
- not later than 1 year	219,576	219,576	232,507
- later than 1 year and not later than 5 years	223,148	223,148	272,892
	<u>442,724</u>	<u>442,724</u>	<u>505,399</u>
Analysed as follows:-			
Secured			
- Current	219,576	219,576	232,507
- Non-Current	223,148	223,148	272,892
	<u>442,724</u>	<u>442,724</u>	<u>505,399</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% (2012: 1.88% to 4.02%) per annum. Effective interest rates on the other borrowings range from 3.47% to 7.40% (2012: 5.75% to 7.40%) per annum.

13. SHARE CAPITAL

	No. of shares	Amount	
	2013	2012	2013
			2012
			RM
			RM
Authorised ordinary shares of RM 1 each			
As at 1 January / 31 December	5,000,000	5,000,000	5,000,000
Issued and fully paid ordinary shares of RM1 each			
As at 1 January	4,000,000	3,500,000	4,000,000
Issued during the year	500,000	500,000	500,000
As at 31 December	<u>4,500,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

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14. ACQUISITION OF A SUBSIDIARY COMPANY

Summary of net assets acquired, goodwill and cash flow arising from the acquisition of the subsidiary (Note 5) during the financial year are as follows:-

	At date of Acquisition RM
Net assets acquired (including cash and cash equivalents)	200,000
Goodwill	-
	<u>200,000</u>
Less: cash and bank balances of subsidiary acquired	<u>(200,000)</u>
Cash flow on acquisition, net of cash and cash equivalents acquired	<u>-</u>

15. DEFERRED TAXATION

	Group 2013 RM	Company 2013 RM	2012 RM
Balance at the beginning of the year	38,276	38,276	58,467
Amount recognised in the income statement (Note 22)	(146)	(146)	(20,191)
Balance at the end of the year	<u>38,130</u>	<u>38,130</u>	<u>38,276</u>
Tax effects of the excess of property, plant and equipment's carrying amounts over its tax written down value.	<u>38,130</u>	<u>38,130</u>	<u>38,276</u>

16. REVENUE

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

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17. COST OF SALES

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Cost of inventories sold	<u>76,790,193</u>	<u>76,712,658</u>	<u>76,030,380</u>

18. PROFIT FROM OPERATIONS

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

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Allowance for doubtful debts	7,185	7,185	-
Auditors' remuneration	19,800	18,200	12,000
Bad debts written off	5,718	5,718	16,313
Depreciation of property, plant and equipment	624,453	621,688	445,944
Directors' remuneration	634,982	634,982	621,713
Incorporation fee	2,201	-	-
Property, plant and equipment written off	-	-	454
Rental of office equipment	2,410	2,410	2,520
Rental of premises	19,800	19,800	19,100
Staff costs	2,238,282	2,218,522	2,115,924
Fixed deposit interest	(159,648)	(159,648)	(126,352)
Profit on disposal of property, and equipment	(3,500)	(3,500)	(17,998)
Rental income	<u>(84,000)</u>	<u>(84,000)</u>	<u>-</u>

19. STAFF COSTS

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Wages and salaries	2,024,013	2,005,927	1,858,799
Social security costs	16,175	15,990	13,287
Pension costs - defined contribution plans	132,045	130,632	110,126
Other staff related expenses	66,049	65,973	133,712
	<u>2,238,282</u>	<u>2,218,522</u>	<u>2,115,924</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

19. STAFF COSTS (CONT'D)

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Number of employees (excluding directors), at the end of the financial year	<u>67</u>	<u>64</u>	<u>49</u>

20. DIRECTORS' REMUNERATION

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Salaries, bonuses and allowances	564,847	564,847	559,521
Pension costs			
- defined contribution plans	<u>70,135</u>	<u>70,135</u>	<u>62,192</u>
	<u>634,982</u>	<u>634,982</u>	<u>621,713</u>

21. FINANCE COSTS

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Interest expenses on:			
Banker's acceptance	865,697	865,697	750,821
Bank overdraft	8,265	8,265	1,560
Hire purchase	24,801	24,801	35,743
Term loans	<u>164,981</u>	<u>164,981</u>	<u>105,174</u>
	1,063,744	1,063,744	893,298
Less: Amount capitalised in qualifying assets:			
- Property, plant and equipment	<u>(37,277)</u>	<u>(37,277)</u>	<u>(69,828)</u>
	<u>1,026,467</u>	<u>1,026,467</u>	<u>823,470</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. TAXATION

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Tax expenses for the year			
Malaysia	334,435	334,435	354,069
Under/(Over) provision of taxation in prior year	2,487	2,487	(25,000)
Deferred tax			
Relating to origination and reversal of temporary differences (Note 15)	(146)	(146)	(20,191)
	<u>336,776</u>	<u>336,776</u>	<u>308,878</u>

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

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

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Profit before taxation	<u>1,010,233</u>	<u>1,022,637</u>	<u>1,071,381</u>
Tax calculated at 25%	252,558	255,659	267,845
Tax effects in respect of:-			
Expenses not deductible for tax purpose	99,798	99,103	83,256
Under/(Over) provision of taxation in prior year	2,487	2,487	(25,000)
Unrecognised tax losses	1,715	-	-
Unrecognised capital allowances	2,446	-	-
Over provision of deferred tax in prior years	<u>(22,228)</u>	<u>(20,473)</u>	<u>(17,223)</u>
	<u>336,776</u>	<u>336,776</u>	<u>308,878</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

22. 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 6,860 (2012: Nil) and RM 9,783 (2012: Nil) respectively which can be carried forward to offset against its future business income.

23. REVALUATION RESERVE

	Group	Company	
	2013	2013	2012
	RM	RM	RM
<u>Non-distributable</u>			
Revaluation reserve			
- Freehold and leasehold land	<u>4,478,787</u>	<u>4,478,787</u>	<u>787,064</u>

The movements in revaluation reserve are as follows:-

	Group	Company	
	2013	2013	2012
	RM	RM	RM
Freehold and leasehold land			
As at beginning of the year	787,064	787,064	787,064
Revaluation surplus	<u>3,691,723</u>	<u>3,691,723</u>	<u>-</u>
As at end of the year	<u>4,478,787</u>	<u>4,478,787</u>	<u>787,064</u>

24. DIVIDENDS

	Company	
	2013	2012
	RM	RM
Final single tier dividend		
- year ended 31 December 2011	-	175,000
Final single tier dividend		
- year ended 31 December 2012	200,000	-
	<u>200,000</u>	<u>175,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

24. DIVIDENDS (CONT'D)

The directors recommend the payment of a final single tier dividend in respect of the financial year ended 31 December 2013 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.

25. COMMITMENTS

At the year end, the Group and the Company have the following capital expenditures in respect of:-

	Group	Company
	2013	2013 2012
	RM	RM RM
Authorised and contracted	<u>-</u>	<u>- 1,060,857</u>
Analysed as follows:-		
Property, plant and equipment	<u>-</u>	<u>- 1,060,857</u>

26. 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)**

26. FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risks (Cont'd)

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.

ii) Unrecognised financial instruments

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

27. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors on 27 March 2014.

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DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013 RM	2012 RM
SALES	<u>80,673,862</u>	<u>79,422,869</u>
COST OF SALES		
Opening inventories	6,806,187	4,372,186
Purchases	77,928,574	78,298,643
Transportation charges	<u>110,908</u>	<u>198,000</u>
	84,845,669	82,868,829
Closing inventories	<u>(8,133,011)</u>	<u>(6,838,449)</u>
	<u>76,712,658</u>	<u>76,030,380</u>
GROSS PROFIT	<u>3,961,204</u>	<u>3,392,489</u>
OTHER INCOME		
Fixed deposit interest	159,648	126,352
Insurance claims	30,000	31,903
Profit on disposal of property, plant and equipment	3,500	17,998
Rental income	84,000	-
Sundry income	645,057	720,238
Trade incentives	<u>1,580,204</u>	<u>1,614,299</u>
	<u>2,502,409</u>	<u>2,510,790</u>
TOTAL INCOME	<u>6,463,613</u>	<u>5,903,279</u>
OPERATING EXPENSES		
Administration expenses (Appendix A/B)	3,779,918	3,545,717
Other operating expenses (Appendix B)	<u>634,591</u>	<u>462,711</u>
	<u>4,414,509</u>	<u>4,008,428</u>
FINANCE COSTS		
Bank overdraft interest	8,265	1,560
Banker's acceptance interest	865,697	750,821
Hire purchase interest	24,801	35,743
Term loan interest	<u>127,704</u>	<u>35,346</u>
	<u>1,026,467</u>	<u>823,470</u>
TOTAL EXPENSES	<u>5,440,976</u>	<u>4,831,898</u>
PROFIT BEFORE TAXATION	<u>1,022,637</u>	<u>1,071,381</u>

FOR MANAGEMENT INFORMATION ONLY

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SCHEDULE OF EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013 RM	2012 RM
ADMINISTRATION EXPENSES		
Advertising and promotions	11,010	4,916
Auditors' remuneration	18,200	12,000
Bank charges	19,465	11,453
Bank guarantee charges	47,946	41,130
Directors' EPF	70,135	62,192
Directors' remuneration	564,847	559,521
Donations and gifts	5,190	1,950
Entertainment	3,491	6,790
Gas	333	2,958
Insurance and road tax	104,204	99,052
Inventories written off	-	32,262
Legal and professional fees	66,566	59,623
Licence fees	1,706	778
Miscellaneous	2,728	720
Penalties	2,990	10,524
Postage and courier	430	366
Printing and stationery	35,289	31,296
Quit rent and assessments	22,223	7,988
Rental of office equipment	2,410	2,520
Rental of premises	19,800	19,100
Secretarial fees and disbursements	1,878	2,239
Staff amenities	34,067	100,838
Staff bonuses	95,530	94,331
Staff EPF	130,632	110,126
Staff medical fees	7,906	8,874
Staff salaries, allowances and wages	1,910,397	1,764,468
Staff Socso	15,990	13,287
Staff training	24,000	24,000
Stamping fees	1,866	24
Subscription fee	350	250
Balance carried forward	3,221,579	3,085,576

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SCHEDULE OF EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013	2012
	RM	RM
ADMINISTRATION EXPENSES		
Balance brought forward	3,221,579	3,085,576
Taxation service fees and disbursements	4,970	4,450
Telephone and fax	42,964	43,570
Travelling expenses	260,868	242,232
Upkeep of motor vehicles	122,695	81,880
Upkeep of office	8,875	8,698
Upkeep of office equipment	36,455	22,438
Warehouse expenses	29,961	17,749
Water and electricity	51,551	39,124
	<u>3,779,918</u>	<u>3,545,717</u>
OTHER OPERATING EXPENSES		
Allowance for doubtful debts - general	7,185	-
Bad debts written off	5,718	16,313
Depreciation of property, plant and equipment	621,688	445,944
Property, plant and equipment written off	-	454
	<u>634,591</u>	<u>462,711</u>

FOR MANAGEMENT INFORMATION ONLY