Tax

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

FOR

THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

TH DING & CO
CHARTERED ACCOUNTANTS

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

FOR

THE FINANCIAL ENDED 31 DECEMBER 2016

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Lee Wen Mun Tai Tue Gor Chong Chee Chew Chai Keat Voon Tan Soo Soon Lee Chun Kee (Appointed on 25.05.2016)
SECRETARY	:	Ng Chee Fook (MIA 6802)
AUDITORS	:	TH Ding & Co. (AF 1180) Chartered Accountants, Malaysia
REGISTERED OFFICE	:	21-A Jalan SS 21/56B Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan
CORPORATE OFFICE	:	Lot 836 (Unit A & B) Jalan Dagang 10 Taman Dagang Jaya 68000 Ampang Selagor Darul Ehsan
BANKERS	:	Malayan Banking Berhad Alliance Bank Malaysia Berhad United Overseas Bank (Malaysia) Berhad Public Bank Berhad Hong Leong Bank Berhad

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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 2016.

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 6 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.

FINANCIAL RESULTS

	Group RM	Company RM
Profit before tax	292,940	295,752
Tax expenses	(140,322)	(140,322)
Profit for the financial year	152,618	155,430
Profit for the year attributable to:		
Owners of the Company	152,618	155,430
Non-controlling interests	-	-
	152,618	155,430

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid a final ordinary dividend of RM 0.025 per ordinary share totalling RM 125,000 in respect of the financial year ended 31 December 2015 on 13 April 2016.

The directors do not recommend the payment of a final dividend in respect of the current financial year.

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DIRECTORS

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

Lee Wen Mun
Tai Tue Gor
Chong Chee Chew
Chai Keat Voon
Tan Soo Soon
Lee Chun Kee (Appointed on 25.05.2016)

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' 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.

DIRECTORS' SHAREHOLDINGS

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: -

	Number of ordinary shares of RM1.00 each			
Direct interest in The Company	Balance at 01.01.2016	Bought	Sold	Balance at 31.12.2016
Lee Wen Mun	3,000,000	-	-	3,000,000
Tai Tue Gor	500,000	-	-	500,000
Chong Chee Chew	500,000	-	-	500,000
Chai Keat Voon	500,000	-	-	500,000
Tan Soo Soon	500,000	-	-	500,000
Lee Chun Kee	-	-	-	-

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ISSUE OF SHARES OR DEBENTURES

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

SHARE OPTIONS

No option has been granted by the Company to any parties during the financial year to take up unissued shares of the Group and of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Group and of the Company. As at the end of the financial year there were no unissued shares of the Group and of the Company under options.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off of bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their book values, 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 which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances 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.

CONTINGENT AND OTHER LIABILITIES

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 liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

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CONTINGENT AND OTHER LIABILITIES (CONT'D)

No contingent liability or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. TH Ding & Co., have indicated their willingness to be re-appointed in accordance with Section 269 (1)(b) of the Companies Act, 2016.

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

LEE WEN MUN
Director

CHAI KEAT VOON
Director

Petaling Jaya

Dated: 03 APR 2017

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MUN XIN SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to sections 251 (2) and 251 (3) of the Companies Act, 2016

We, **LEE WEN MUN** and **CHAI KEAT VOON**, being two of the directors of **MUN XIN SDN. BHD.**, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 12 to 50 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 1965 in Malaysia 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 2016 and of the results of their operations and of the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the directors

M. Chai

LEE WEN MUN
Director

CHAI KEAT VOON
Director

Petaling Jaya
Dated: 03 APR 2017

STATUTORY DECLARATION
Pursuant to section 251 (1)(b) of the Companies Act, 2016

I, **LEE WEN MUN**, I/C No. 671002-10-6413 being the director primarily responsible for the accounting records and financial management of **MUN XIN SDN. BHD.**, do solemnly and sincerely declare that the financial statements set out on pages 12 to 50, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Petaling Jaya)
in the State of Selangor on 03 APR 2017)

LEE WEN MUN
Director

Before me,

PESURUHJAYA SUMPAH
No: B 449
Nama: CHIN CHIA MAN
MALAYSIA

....
Commissioner for Oaths

No. 61B, Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan.

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MUN XIN SDN. BHD.**, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 50.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 provisions of the Act.

(b) We are satisfied that the accounts 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.

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUN XIN SDN. BHD.
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Report on Other Legal and Regulatory Requirements (Cont'd)

(c) Our audit report on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

As stated in Note 2 to the financial statements, **MUN XIN SDN. BHD.** adopted Malaysian Private Entities Reporting Standard on 1 January 2016 with a transition date of 1 January 2015. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 December 2015 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2016, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2016 do not contain misstatements that materially affect the financial position as at 31 December 2016 and the financial performance and cash flows for the year then ended.

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.
AF 1180
Chartered Accountants

DING TAI HEAN
01877/3/2019J
Chartered Accountant

Petaling Jaya
Dated : 03 APR 2017

Company No.: 656862-M

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-current assets					
Property, plant and equipment	5	13,883,495	13,135,495	13,883,059	13,134,683
Investment in subsidiary	6	-	-	200,000	200,000
		13,883,495	13,135,495	14,083,059	13,334,683
Current assets					
Inventories	7	5,279,707	4,733,751	5,279,707	4,733,751
Trade and other receivables	8	9,120,510	9,933,957	9,092,712	9,906,159
Cash and cash equivalents	9	4,529,719	6,251,116	4,524,246	6,241,981
		18,929,936	20,918,824	18,896,665	20,881,891
Total assets		**32,813,431**	**34,054,319**	**32,979,724**	**34,216,574**
Equity					
Share capital	10	5,000,000	5,000,000	5,000,000	5,000,000
Reserves	11	7,567,284	7,539,666	7,618,159	7,587,729
Equity attributable to the owners of the company		12,567,284	12,539,666	12,618,159	12,587,729
Non-controlling interests		-	-	-	-
Total Equity		**12,567,284**	**12,539,666**	**12,618,159**	**12,587,729**
Non-current liabilities					
Borrowings	12	2,980,761	2,829,232	2,980,761	2,829,232
Deferred tax liabilities	13	275	9,831	275	9,831
		2,981,036	2,839,063	2,981,036	2,839,063
Current liabilities					
Trade and other payables	14	2,408,691	2,509,453	2,394,363	2,493,899
Amount due to subsidiary	15	-	-	170,303	170,303
Amount due to a director/directors	16	115,057	340,057	74,500	299,500
Borrowings	12	14,683,148	15,727,177	14,683,148	15,727,177
Current tax liabilities	17	58,215	98,903	58,215	98,903
		17,265,111	18,675,590	17,380,529	18,789,782
Total liabilities		**20,246,147**	**21,514,653**	**20,361,565**	**21,628,845**
Total equity and liabilities		**32,813,431**	**34,054,319**	**32,979,724**	**34,216,574**

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

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STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	18	73,111,258	76,128,942	73,111,258	76,130,562
Cost of sales		(70,951,282)	(73,334,038)	(70,951,282)	(73,335,658)
Gross profit		2,159,976	2,794,904	2,159,976	2,794,904
Other operating income		5,205,734	3,675,463	5,205,734	3,675,459
Administration expenses		(5,651,112)	(4,434,790)	(5,648,676)	(4,429,019)
Other operating expenses		(568,928)	(711,769)	(568,552)	(711,393)
Profit from trading operations	19	1,145,670	1,323,808	1,148,482	1,329,951
Finance costs	20	(852,730)	(925,389)	(852,730)	(925,389)
Profit before tax		292,940	398,419	295,752	404,562
Tax expense	21	(140,322)	(196,788)	(140,322)	(196,788)
Profit for the year		**152,618**	**201,631**	**155,430**	**207,774**
Profit for the year attributable to:					
Owners of the Company		152,618	201,631	155,430	207,774
Non-controlling interests		-	-	-	-
		152,618	201,631	155,430	207,774

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Attributable to Owners of the Company			
		Share capital	Revaluation reserve	Retained profits	Total equity
GROUP	Note	RM	RM	RM	RM
Balance at 31 December 2014					
- As previously reported		4,500,000	4,867,605	3,195,430	12,563,035
- Effects of adopting MPERS	2(b)	-	(4,367,605)	4,367,605	-
Restated balance at 1 January 2015		4,500,000	500,000	7,563,035	12,563,035
Non-Owner Changes in Equity:					
Profit for the year		-	-	201,631	201,631
Total comprehensive income for the year		-	-	201,631	201,631
Transactions with Equity holders:					
Issue of shares		500,000	(500,000)	-	-
Dividends paid on shares		-	-	(225,000)	(225,000)
Total for transactions with equity holders		500,000	(500,000)	(225,000)	(225,000)
Balance at 31 December 2015					
- As previously reported		5,000,000	-	7,539,666	12,539,666
- Effects of adopting MPERS		-	-	-	-
Restated balance at 1 January 2016		5,000,000	-	7,539,666	12,539,666
Non-Owner Changes in Equity:					
Profit for the year		-	-	152,618	152,618
Total comprehensive income for the year		-	-	152,618	152,618
Transactions with Equity holders:					
Dividends paid on shares		-	-	(125,000)	(125,000)
Total for transactions with equity holders		-	-	(125,000)	(125,000)
Balance at 31 December 2016		5,000,000	-	7,567,284	12,567,284

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 2016

		Attributable to Owners of the Company			
		Share capital	Revaluation reserve	Retained profits	Total equity
COMPANY	Note	RM	RM	RM	RM
Balance at 31 December 2014					
- As previously reported		4,500,000	4,867,605	3,237,350	12,604,955
- Effects of adopting MPERS	2(b)	-	(4,367,605)	4,367,605	-
Restated balance at 1 January 2015		4,500,000	500,000	7,604,955	12,604,955
Non-Owner Changes in Equity:					
Profit for the year		-	-	207,774	207,774
Total comprehensive income for the year		-	-	207,774	207,774
Transactions with Equity holders:					
Issue of shares		500,000	(500,000)	-	-
Dividends paid on shares		-	-	(225,000)	(225,000)
Total for transactions with equity holders		500,000	(500,000)	(225,000)	(225,000)
Balance at 31 December 2015					
- As previously reported		5,000,000	-	7,587,729	12,587,729
Restated balance at 1 January 2016		5,000,000	-	7,587,729	12,587,729
Non-Owner Changes in Equity:					
Profit for the year		-	-	155,430	155,430
Total comprehensive income for the year		-	-	155,430	155,430
Transaction costs of share issue					
Dividends paid on shares		-	-	(125,000)	(125,000)
Total for transactions with equity holders		-	-	(125,000)	(125,000)
Balance at 31 December 2016		5,000,000	-	7,618,159	12,618,159

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

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MUN XIN SDN. BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash flows from operating activities					
Profit before tax		292,940	398,419	295,752	404,562
Adjustments for :-					
Bad debts written off		64,851	62,319	64,851	62,319
Depreciation of property, plant and equipment		504,077	649,450	503,701	649,074
Interest payable		852,730	925,389	852,730	925,388
Inventories written off		-	2,169	-	-
Profit on disposal of property, plant and equipment		-	(30,099)	-	(30,099)
Interest receivables		(129,147)	(168,318)	(129,147)	(168,318)
Operating profit before working capital changes		1,585,451	1,839,329	1,587,887	1,842,926
Decrease/(Increase) in inventories		(545,956)	2,129,429	(545,956)	2,131,049
(Increase)/Decrease in trade and other receivables		748,596	(3,677,531)	748,596	(3,681,298)
Increase/(Decrease) in trade and other payables		(100,762)	1,615,274	(99,536)	1,604,948
Increase in amount due to subsidiary		-	-	-	440
Increase/(Decrease) in amount due to a director		(225,000)	1,000	(225,000)	21,000
Cash generated from operations		1,462,329	1,907,501	1,465,991	1,919,065
Interest paid		(852,730)	(925,389)	(852,730)	(925,388)
Interest received		129,147	168,318	129,147	168,318
Tax paid		(190,566)	(271,609)	(190,566)	(271,609)
Net cash from operating activities		548,180	878,821	551,842	890,386

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

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(1,252,078)	(666,483)	(1,252,078)	(666,483)
Proceeds from disposal of property, plant and equipment		-	30,100	-	30,100
Placement in fixed deposits		2,008,087	100,547	2,008,087	100,547
Net cash flow from/ (used in)investing activities		756,009	(535,836)	756,009	(535,836)
Cash flows from financing activities					
Dividends paid		(125,000)	(225,000)	(125,000)	(225,000)
(Decrease)/ Increase in banker's acceptance		(1,235,000)	205,000	(1,235,000)	205,000
Financing from hire purchase		-	273,000	-	273,000
Repayments of hire purchase payables		(123,975)	(100,730)	(123,975)	(100,730)
Financing from term loans		960,000	-	960,000	-
Repayments of term loans		(620,773)	(420,186)	(620,773)	(420,186)
Net cash flow used in financing activities		(1,144,748)	(267,916)	(1,144,748)	(267,916)
Net increase in cash and cash equivalents		159,441	75,069	163,103	86,634
Cash and cash equivalents brought forward		389,096	314,027	379,961	293,327
Cash and cash equivalents carried forward	9	548,537	389,096	543,064	379,961

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. General information

MUN XIN SDN. BHD. is a private company, incorporated and domiciled in Malaysia. The principal activities of the Company during the financial year are that of distributors, traders, importers, exporters and dealers of all kinds of food and beverages and diapers, whilst the principal activities of the subsidiary are stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The principal place of business of the Company is located at Lot 836 (Unit A & B), Jalan Dagang 10, Taman Dagang Jaya, 68000 Ampang, Selangor Darul Ehsan.

The Company's registered office is located at 21-A, Jalan SS 21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The Group comprises the Company and its subsidiary (together referred to as the "Group" and individually referred to as "Group entities").

The consolidated financial statements of the Group and the separate financial statements of the Company were both authorised for issue by the Board of Directors on 03 April 2017.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise stated in the individual policy statements set out below and in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of Companies Act, 1965 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MPERS.

(b) Transition to the new MPERS Framework

For the current year ended 31 December 2016, the Group and the Company have adopted the new Malaysian Private Entities Reporting Standard ("MPERS"). The date of transition to the new MPERS framework is 1 January 2015.

2. Basis of preparation (Cont'd)

(b) Transition to the new MPERS Framework (Cont'd)

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Private Entity Reporting Standards ("PERSs"). The financial impact on transition to MPERS is as follows:-

Deemed cost of property, plant and equipment

In the prior years, a few of the properties (land and buildings) of the Group were measured at revalued amount. On adoption of MPERS, the Group has opted to change its accounting policy to measure all its property, plant and equipment on the cost model. The Group has treated the revalued amount as the deemed cost of the properties at their revaluation dates. The related net revaluation reserve of RM 4,367,605 attributable to the previous revaluation has been transferred to retained profits at the date of transition to MPERS.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency. All financial information is presented in RM, unless otherwise stated.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including special purpose entity, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs. On the disposal of such investments, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3. Significant accounting policies (Cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations

Business combinations are accounted for by applying the purchase method from the acquisition date, which is the date on which the Group obtains control of the acquiree.

• The cost of a business combination is the aggregate of:

• the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus

• any costs directly attributable to the business combination.

If an associate or a jointly controlled entity becomes a subsidiary, the Group remeasures its previously held equity interest to fair value and recognises the resulting gain or loss, if any, in profit or loss. The remeasured carrying amount forms part of the cost of business combination.

When the cost of the business combination is in excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised, the excess is recognised as goodwill. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The non-controlling interest in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

3. Significant accounting policies (Cont'd)

(a) Basis of consolidation (cont'd)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group recognises the difference between the proceeds from the disposal of the subsidiary and its carrying amount as of the date of disposal. If the Group retains any interest in the former subsidiary, that investment is accounted for as a financial asset from the date the entity ceases to be a subsidiary, provided that it does not become an associate or a jointly controlled entity. The carrying amount of the investment at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly. or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, including income, expenses and dividends, are eliminated in full in preparing the consolidated financial statements.

Unrealised profits and losses arising from transactions with equity-accounted associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated only to the extent that there is evidence of an impairment of the asset transferred.

3. Significant accounting policies (Cont'd)

(b) Related parties

A party is related to an entity if:

(i) Directly, or indirectly through one or more intermediaries, the party:

a. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); or

b. has an interest in the entity that gives it significant influence over the entity; or

c. has joint control over the entity.

(ii) The party is an associate of the entity; or

(iii) The party is a joint venture in which the entity is a venturer; or

(iv) The party is a member of the key management personnel of the entity or its parent; or

(v) The party is a close member of the family of any individual referred to in (i) or (iv); or

(vi) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) The party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by that individual in their dealings with the entity.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

3. Significant accounting policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day- to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3. Significant accounting policies (Cont'd)

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

(iii) Depreciation (Cont'd)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

Freehold buildings	2 %
Leasehold buildings	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).

If there is an indication that there has been a significant change since the last annual date in the pattern by which the Group expects to consume an asset's future economic benefits, the Group would review its present depreciation method and, if current expectations differ, the Group would amend the residual value, depreciation method or useful life to reflect the new pattern.

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3. Significant accounting policies (Cont'd)

(d) Leased assets (Cont'd)

(i) Finance lease (Cont'd)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are recognised as expenses in the profit or loss in the periods in which they are incurred.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(e) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

Investment properties are subsequently measured at fair value with any change therein recognised in profit or loss for the period in which they arise.

If a reliable measure of fair value is not available without undue cost or effort for an item of investment property, the item is classified as property, plant and equipment and is measured at cost less any accumulated depreciation and any accumulated impairment losses until a reliable measure of fair value becomes available. The carrying amount of the investment property on that date becomes its cost.

Fair value gain or loss arising from the reclassification from property, plant and equipment to investment property is recognised in profit or loss.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

3. **Significant accounting policies (Cont'd)**

(f) Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instruments.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables financial assets are classified as current assets, except for those having settlement elates later than 12 months after the reporting date which are classified as non-current assets.

(ii) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

3. Significant accounting policies (Cont'd)

(f) Financial instruments (Cont'd)

(ii) Financial liabilities (Cont'd)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instruments.

3. Significant accounting policies (Cont'd)

(f) Financial instruments (Cont'd)

(iii) Financial guarantee contracts (Cont'd)

The Group and the Company designates corporate guarantees given to financial institutions for credit facilities granted to a contract customer as insurance contracts as defined in FRS 4 Insurance Contracts. The Group and the Company recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset has expired or is transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(g) Impairment of assets

(i) Impairment of financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at the end of each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

3. **Significant accounting policies (Cont'd)**

(g) Impairment of assets (Cont'd)

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amoritsed cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (i.e. property, plant and equipment, investment property, and intangible assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units. For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related -generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash- generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

3. Significant accounting policies (Cont'd)

(g) Impairment of assets (Cont'd)

(ii) Impairment of non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first- in-first-out basis. Cost of the inventories includes expenditures incurred in acquiring the inventories conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

The Group and the Company adopt the indirect method in the preparation of the cash flow statement.

(j) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Significant accounting policies (Cont'd)

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit- sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). This contribution is recognized as an expense in the profit or loss as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Termination benefits

Termination benefits are recognised as liabilities and expenses only when the Group is committed to terminate the employment of an employee or group of employees before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(l) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic participant that would use the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. Significant accounting policies (Cont'd)

(l) Fair value measurement (Cont'd)

For financial reporting purpose, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or in directly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(m) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events(s) not wholly within the control of the entity.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

(o) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably.

3. Significant accounting policies (Cont'd)

(o) Revenue recognition (Cont'd)

(i) Sale of goods

Revenue from the sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptances of the goods, and is stated net of returns and trade discounts.

(ii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(iii) Rental income

Rental income from investment property is recognised in profit or loss on an accrual basis.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(p) Borrowing costs

Borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred by using the effective interest method.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

3. Significant accounting policies (Cont'd)

(q) Income tax (Cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognized as an expense or as part of cost of acquisition of an asset. Receivables and payables related to such revenue, expenses or acquisition of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to the tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

4. Significant accounting estimates and judgements

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

4. Significant accounting estimates and judgements (Cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:-

(a) Going concern

As at the reporting date, the subsidiary: Mun Xin Marketing Sdn. Bhd. has its current liabilities exceeded its current assets. The ability of the subsidiary to continue as a going concern is dependent on the continued financial support from the Group. The financial statements of the subsidiary do not include any adjustments relating to the recoverability and classification of assets or the amounts and the classification of liabilities that might be necessary should the subsidiary be unable to continue as a going concern.

(b) Impairment of non-financial assets

When the recoverable amount of a non-financial assets is determined based on the estimate of the value in use of the cash generating units to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating units and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(c) Impairment of trade and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its receivables financial assets and analyses historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

4. Significant accounting estimates and judgements (Cont'd)

Judgements made in applying accounting policies (Cont'd)

(d) Impairment of interest in subsidiaries and associates

Interest in subsidiaries and associates which include the investment in subsidiaries and associates and advances to subsidiaries and associates are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such impairment exist, an estimation of their recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected cash flows from the subsidiaries and associates and also choose a suitable discount rate in order to calculate the present value of those cash flows. Future cash flows largely depend on the forecast of the future performance of the subsidiaries and associates.

Key sources of estimation uncertainty

(a) Useful lives of property, plant and equipment

The group and the company estimate the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(b) Valuation of property, plant and equipment

The fair value of property, plant and equipment is individually determined periodically, with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date. The valuers and directors have relied on the following methodologies:-

(i) Long term leasehold land and buildings- comparison method by reference to observable prices in an active market or recent market transactions at arm's length terms.

4. Significant accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(b) Valuation of property, plant and equipment (Cont'd)

(ii) Plant and machinery – depreciated replacement cost method, which is based on the current cost of replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

(c) Valuation of inventories

Reviews are carried out periodically by management on damaged, obsolete and slow moving inventories based on an analysis of the ageing profile and taking into account the expected usage/sales pattern of item by category held in inventory. These reviews involved judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(d) Income taxes

Significant estimation is involved determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The group and the company recognises liabilities for expected tax issues based on estimates of the whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

5. Property, plant and equipment

Group	Balance at 01.01.2016 RM	Additions RM	Disposals RM	Balance at 31.12.2016 RM
Cost				
Freehold land	4,980,289	-	-	4,980,289
Freehold buildings	3,815,524	-	-	3,815,524
Leasehold land	3,505,696	416,000	-	3,921,696
Leasehold buildings	600,000	749,391	-	1,349,391
Computers	246,300	9,329	-	255,629
Forklifts	173,000	22,000	-	195,000
Furniture and fittings	78,872	1,489	-	80,361
Motor vehicles	2,356,344	31,000	-	2,387,344
Office equipment	158,427	9,583	-	168,010
Renovations	408,829	13,286	-	422,115
Signboard	3,200	-	-	3,200
Warehouse equipment and racking systems	244,066	-	-	244,066
	16,570,547	1,252,078	-	17,822,625

	Balance at 01.01.2016 RM	Depreciation / Impairment RM	Disposals RM	Balance at 31.12.2016 RM
Depreciation				
Freehold land	-	-	-	-
Freehold buildings	223,293	76,311	-	299,604
Leasehold land	279,720	66,660	-	346,380
Leasehold buildings	96,000	26,988	-	122,988
Computers	207,535	24,885	-	232,420
Forklifts	124,798	28,999	-	153,797
Furniture and fittings	56,507	10,630	-	67,137
Motor vehicles	1,914,444	160,396	-	2,074,840
Office equipment	120,443	21,772	-	142,215
Renovations	279,136	39,873	-	319,009
Signboard	1,920	640	-	2,560
Warehouse equipment and racking systems	131,256	46,924	-	178,180
	3,435,052	504,078	-	3,939,130

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

5. Property, plant and equipment (Cont'd)

Group	2016 RM	2015 RM
Carrying amounts		
Freehold land	4,980,289	4,980,289
Freehold buildings	3,515,920	3,592,231
Leasehold land	3,575,316	3,225,976
Leasehold buildings	1,226,403	504,000
Computers	23,209	38,765
Forklifts	41,203	48,202
Furniture and fittings	13,224	22,365
Motor vehicles	312,504	441,900
Office equipment	25,795	37,984
Renovations	103,106	129,693
Signboard	640	1,280
Warehouse equipment and racking systems	65,886	112,810
	13,883,495	13,135,495

Company	Balance at 01.01.2016 RM	Additions RM	Disposals RM	Balance at 31.12.2016 RM
Cost				
Freehold land	4,980,289	-	-	4,980,289
Freehold buildings	3,815,524	-	-	3,815,524
Leasehold land	3,505,696	416,000	-	3,921,696
Leasehold buildings	600,000	749,391	-	1,349,391
Computers	246,467	9,329	-	255,796
Forklifts	173,000	22,000	-	195,000
Furniture and fittings	76,854	1,489	-	78,343
Motor vehicles	2,356,344	31,000	-	2,387,344
Office equipment	158,286	9,583	-	167,869
Renovations	408,829	13,286	-	422,115
Signboard	3,200	-	-	3,200
Warehouse equipment and racking systems	244,066	-	-	244,066
	16,568,555	1,252,078	-	17,820,633

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

5. Property, plant and equipment (Cont'd)

Company	Balance at 01.01.2016 RM	Depreciation / Impairment RM	Disposals RM	Balance at 31.12.2016 RM
Depreciation				
Freehold land	-	-	-	-
Freehold buildings	223,293	76,311	-	299,604
Leasehold land	279,720	66,660	-	346,380
Leasehold buildings	96,000	26,988	-	122,988
Computers	207,647	24,941	-	232,588
Forklifts	124,798	28,999	-	153,797
Furniture and fittings	55,287	10,227	-	65,514
Motor vehicles	1,914,444	160,396	-	2,074,840
Office equipment	120,371	21,743	-	142,114
Renovations	279,136	39,873	-	319,009
Signboard	1,920	640	-	2,560
Warehouse equipment and racking systems	131,256	46,924	-	178,180
	3,433,872	503,702	-	3,937,574

	2016 RM	2015 RM
Carrying amounts		
Freehold land	4,980,289	4,980,289
Freehold buildings	3,515,920	3,592,231
Leasehold land	3,575,316	3,225,976
Leasehold buildings	1,226,403	504,000
Computers	23,208	38,820
Forklifts	41,203	48,202
Furniture and fittings	12,829	21,567
Motor vehicles	312,504	441,900
Office equipment	25,755	37,915
Renovations	103,106	129,693
Signboard	640	1,280
Warehouse equipment and racking systems	65,886	112,810
	13,883,059	13,134,683

(a) Impairment loss and subsequent reversal

As at the financial year end, the Group have ascertained that no impairment loss arises in respect of property, plant and equipment.

(b) Leased plant and equipment

At 31 December 2016, the net carrying amount of plant and equipment under finance leases was RM 232,188 (2015:RM 356,991).

5. Property, plant and equipment (Cont'd)

(c) Security

The freehold land, freehold buildings, leasehold land and leasehold buildings with a carrying amount of RM 8,905,605 (2015: RM 7,827,354) have been pledged to a licensed bank as security for banking facilities granted to the Group (see Note 12).

(d) Investment property

Included in leasehold land and buildings with a carrying amount of RM 3,654,410 is an investment property classified as property, plant and equipment on 31 December 2016 because the fair value cannot be reliably measured without undue cost or effort.

6. Investment in subsidiary

	Company	
	2016	2015
	RM	RM
At cost		
Unquoted investment in Malaysia	200,000	200,000

Details of the subsidiary are as follows :-

Name of entity	Country of incorporation and domicile	Effective ownership interest (%) 2016	Effective ownership interest (%) 2015	Principal activities
Mun Xin Marketing Sdn. Bhd.	Malaysia	100%	100%	Dormant

7. Inventories

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Carrying amount:				
Finished goods	5,279,707	4,733,751	5,279,707	4,733,751

8. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables	8,679,211	9,559,666	8,670,617	9,551,072
Allowance for doubtful debts	(13,633)	(13,633)	(13,633)	(13,633)
	8,665,578	9,546,033	8,656,984	9,537,439
Other receivables	389,048	328,957	369,844	309,753
Deposits	65,884	22,600	65,884	22,600
Prepayments	-	36,367	-	36,367
	9,120,510	9,933,957	9,092,712	9,906,159

9. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deposits with licensed banks	3,840,739	5,848,826	3,840,739	5,848,826
Cash and bank balances	688,980	402,290	683,507	393,155
	4,529,719	6,251,116	4,524,246	6,241,981
Bank overdrafts				
- unsecured (Noted 12)	(60,508)	(9,481)	(60,508)	(9,481)
- secured (Noted 12)	(79,935)	(3,713)	(79,935)	(3,713)
Deposits pledged with licensed banks	(3,840,739)	(5,848,826)	(3,840,739)	(5,848,826)
	548,537	389,096	543,064	379,961

All cash at banks and in hand in the current year and in year 2015 are denominated in Ringgit Malaysia and accordingly, there is no foreign currency exposure.

The deposits placed with licensed banks of the Group have been pledged as collateral for bank facilities granted to the Group.

10. Share capital

	Number of shares		Amount	
	2016	2015	2016	2015
			RM	RM
Authorised				
Ordinary shares of RM 1 each	5,000,000	5,000,000	5,000,000	5,000,000

10. Share capital (Cont'd)

	Number of shares		Amount	
	2016	2015	2016 RM	2015 RM
Issued and fully paid shares classified as equity instruments				
ordinary shares of RM1 each				
As at 1 January	5,000,000	4,500,000	5,000,000	4,500,000
Issued during the year	-	500,000	-	500,000
As at 31 December	5,000,000	5,000,000	5,000,000	5,000,000

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

11. Reserves

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Distributable				
Retained profits	7,567,284	7,539,666	7,618,395	7,587,729

Retained profits

The Company's policy is to treat all gains and losses that pass through the statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

The retained profits of the Company and the subsidiary are available for distribution by way of dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed tax exempt in the hands of the shareholders.

12. Borrowings

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Current				
Unsecured				
Bank overdraft (Note 9)	60,508	9,481	60,508	9,481
Secured				
Banker's acceptance	14,253,000	15,488,000	14,253,000	15,488,000
Bank overdraft (Note 9)	79,935	3,713	79,935	3,713
Finance lease liabilities	104,589	123,975	104,589	123,975
Term loans	185,116	102,008	185,116	102,008
	14,683,148	15,727,177	14,683,148	15,727,177
Non-current				
Secured				
Finance lease liabilities	160,231	264,820	160,231	264,820
Term loans	2,820,530	2,564,412	2,820,530	2,564,412
	2,980,761	2,829,232	2,980,761	2,829,232

Bank overdrafts

The bank overdrafts bear interest at 2% (2015 : 2%) per annum above the bank's base lending rate and are repayable on demand.

Bankers acceptance

The banker acceptance facilities are chargeable at discount rates ranging from 4.59% to 4.85% (2015 : 4.81% to 5.46%)per annum and are repayable within 3 months from their issue dates.

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Future minimum lease payments:				
Not later than one year	119,292	146,795	119,292	146,795
More than one year to five years	171,089	290,382	171,089	290,382
	290,381	437,177	290,381	437,177
Interest	(25,561)	(48,382)	(25,561)	(48,382)
Present value of minimum lease payments	264,820	388,795	264,820	388,795

12. Borrowings (Cont'd)

Finance lease liabilities (cont'd)

Finance lease liabilities are repayable as follows (cont'd):

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Analysed as:				
Current	104,589	123,975	104,589	123,975
Non-current	160,231	264,820	160,231	264,820
	264,820	388,795	264,820	388,795

Finance lease liabilities

The borrowing rates for finance leases are fixed at the inception of the leases and range from 1.88% to 4.88% (2015 : 1.88% to 4.88%) per annum. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

Bank loans

The average interest rate of the bank loans is 4.75% to 5.81% (2015 : 4.96% to 8.35%) per annum. The bank loans are repayable on a monthly basis.

Maturity of bank loans is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Not later than one year	185,116	102,008	185,116	102,008
More than one year to five years	773,013	430,668	773,013	430,668
More than five years	2,047,517	2,133,744	2,047,517	2,133,744
	3,005,646	2,666,420	3,005,646	2,666,420
Analysed as:				
Current	185,116	102,008	185,116	102,008
Non-current	2,820,530	2,564,412	2,820,530	2,564,412
	3,005,646	2,666,420	3,005,646	2,666,420

12. Borrowings (Cont'd)

Securities

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 majority of the Directors of the Company.

13. Deferred tax liabilities

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Movement in temporary differences				
At 1 January	9,831	10,785	9,831	10,785
Recognised in profit or loss	(9,556)	(954)	(9,556)	(954)
At 31 December	275	9,831	275	9,831

14. Trade and other payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables	1,499,078	1,805,562	1,499,078	1,805,562
Other payables	593,284	444,550	581,060	444,550
Accruals	284,829	227,841	282,725	212,287
Deposits	31,500	31,500	31,500	31,500
	2,408,691	2,509,453	2,394,363	2,493,899

15. Amount due to subsidiary

The amount due to subsidiary is unsecured, interest free and repayable on demand.

16. Amount due to a director/directors

The amount due to a director/directors comprises mainly of advances and is unsecured, interest free and is repayable on demand.

17. Current tax liabilities

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Movements in the provision for taxation are:				
Balance at 1 January	98,903	172,770	98,903	172,770
Taxation charge for the financial year	149,878	197,742	149,878	197,742
Tax paid	(190,566)	(271,609)	(190,566)	(271,609)
Balance at 31 December	58,215	98,903	58,215	98,903

18. Revenue

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods	73,111,258	76,128,942	73,111,258	76,130,562

19. Profit from trading operations

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration	18,350	21,500	17,550	20,500
Bad debts written off	64,851	62,319	64,851	62,319
Depreciation of property, plant and equipment	504,077	649,450	503,701	649,074
Directors' remuneration	668,179	613,557	668,179	613,557
Inventories written off	-	2,169	-	-
Rental of equipment	2,520	2,360	2,520	2,360
Rental of premises	51,000	25,100	51,000	25,100
Staff costs	3,173,297	2,711,077	3,173,297	2,711,077
Interest income	(129,147)	(168,318)	(129,147)	(168,318)
Profit on disposal of property, plant and equipment	-	(30,099)	-	(30,099)
Rental income	(138,000)	(13,400)	(138,000)	(134,000)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

19. Profit from trading operations (Cont'd)

The directors' remuneration of the Group and the Company comprise:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, allowances and bonuses	595,398	546,568	595,398	546,568
Social security costs	535	-	535	-
Pension costs - defined contribution plans	72,246	66,989	72,246	66,989
	668,179	613,557	668,179	613,557

The staff costs of the Group and the Company comprise:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries and wages	2,757,617	2,371,064	2,757,617	2,371,064
Social security costs	28,664	24,279	28,664	24,279
Pension costs - defined contribution plans	315,948	280,372	315,948	280,372
Other staff related expenses	71,068	35,362	71,068	35,362
	3,173,297	2,711,077	3,173,297	2,711,077

20. Finance costs

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest expense of financial liabilities that are not measured at fair value through profit or loss:				
Bank overdraft interest	3,048	2,199	3,048	2,199
Banker's acceptance interest	684,880	725,636	684,880	725,636
Finance lease interest	22,820	14,843	22,820	14,843
Term loan interest	141,982	182,711	141,982	182,711
	852,730	925,389	852,730	925,389

21. Tax expense

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current income tax expense:				
- Taxes payable in Malaysia	149,878	197,742	149,878	197,742
Deferred tax expense	(9,556)	(954)	(9,556)	(954)
	140,322	196,788	140,322	196,788

The significant differences between the tax expense and accounting profit multiplied by the statutory tax rate are due to the tax effects arising from the following items:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	292,940	398,419	295,752	404,562
Tax calculated at 24%/25%	70,306	99,605	70,980	101,141
Tax effects in respect of:-				
Expenses not deductible for tax purposes	88,704	103,007	88,956	102,425
Unrecognised tax losses	820	844	-	-
Underprovision of deferred tax in prior years	(19,508)	(6,668)	(19,614)	(6,778)
Income tax expense for the financial year	140,322	196,788	140,322	196,788

With effect from 1 January 2016, the tax rate of the Group and the Company has been reduced from 25% to 24% due to the change in Malaysian corporate tax rate that was announced during the Malaysian Budget 2014.

Subject to the agreement of Inland Revenue Board, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM 40,203 (2015: RM 36,788) and RM 9,260 (2015: RM 9,260) respectively which can be carried forward to offset against its future business income.

21. Tax expense (Cont'd)

Unrecognised deferred tax assets

The following deferred tax assets have not been recognised as it is not probable that future taxable profit will be available against which the deductible temporary differences nd unused tax losses can be utilised by the Group as the future profit streams are unpredictable. However, the unused tax losses may be carried forward indefinitely:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Excess of carrying amounts over its tax written down	(108)	(223)	-	-
Tax loss and capital allowances carried forward	11,871	11,512	-	-
	11,763	11,289	-	-

22. Dividends

	Group and Company	
	2016	2015
	RM	RM
Ordinary dividends paid in the year:		
Proposed final dividend of prior year authorised and paid		
- RM 0.025 per share (2015 : RM 0.045 per share)	125,000	225,000
Total deducted from equity in the current year	125,000	225,000
Proposed final dividend not yet authorised:		
- RM Nil per share (2015 : RM 0.025 per share)	-	125,000

23. 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 reporting date.

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DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
REVENUE	73,111,258	76,130,562
COST OF SALES		
Opening inventories	4,733,751	6,864,800
Purchases	71,113,950	71,064,983
Transportation charges	383,288	139,626
	76,230,989	78,069,409
Less: Closing inventories	(5,279,707)	(4,733,751)
	70,951,282	73,335,658
GROSS PROFIT	**2,159,976**	**2,794,904**
OTHER INCOME		
Interest income	129,147	168,318
Profit on disposal of property, plant and equipment	-	30,099
Rental income	138,000	134,000
Sundry income	306,757	295,354
Trade incentives	4,631,830	3,047,688
	5,205,734	3,675,459
TOTAL INCOME	7,365,710	6,470,363
OPERATING EXPENSES		
Administration expenses (Appendix A/B)	5,648,676	4,429,019
Other operating expenses (Appendix B)	568,552	711,393
	6,217,228	5,140,412
FINANCE COSTS		
Bank overdraft interest	3,048	2,199
Bankers' acceptance interest	684,880	725,636
Hire purchase interest	22,820	14,843
Term loan interest	141,982	182,711
	852,730	925,389
TOTAL EXPENSES	7,069,958	6,065,801
PROFIT BEFORE TAXATION	**295,752**	**404,562**

FOR MANAGEMENT INFORMATION ONLY

Company No.: 656862-M

APPENDIX A

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

SCHEDULE OF EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
ADMINISTRATIVE EXPENSES		
Advertisement and promotions	16,241	8,685
Auditors' remuneration	17,550	20,500
Bank charges	27,451	21,391
Bank guarantee charges	39,141	39,750
Commissions	707,825	56,640
Directors' EPF	72,246	66,989
Directors' salaries, allowances and bonuses	595,398	546,568
Directors' Socso	535	-
Entertainment	1,096	503
Gifts and donations	2,336	2,070
Insurance and road tax	104,892	120,407
Legal and professional fees	18,182	52,714
Loss of cash-burglary	1,723	-
Licence fees	1,440	1,113
Miscellaneous	37	1,523
Penalties	11,838	5,491
Postage and courier	3,541	1,572
Printing and stationery	32,769	62,317
Quit rent and assessments	22,153	19,993
Rental of equipment	2,520	2,360
Rental of premises	51,000	25,100
Secretarial fees and disbursements	2,281	2,122
Staff EPF	315,948	280,372
Staff medical fees	9,840	8,564
Staff salaries and wages	2,757,617	2,371,064
Staff seminars	8,543	3,163
Staff Socso	28,664	24,279
Staff welfare and refreshments	52,685	23,635
Stamping fees	20	13
Subscription fees	950	350
Taxation service fees and disbursements	4,905	5,115
Telephone and fax charges	84,396	70,447
Travelling expenses	323,541	313,556
Balance carried forward	5,319,304	4,158,366

Company No.: 656862-M

APPENDIX B

MUN XIN SDN. BHD.
(Incorporated in Malaysia)

SCHEDULE OF EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
ADMINISTRATIVE EXPENSES		
Balance brought forward	5,319,304	4,158,366
Upkeep of motor vehicles	126,785	109,825
Upkeep of office	9,923	6,740
Upkeep of office equipment	40,110	38,387
Warehouse expenses	51,037	34,942
Water and electricity	101,517	80,759
	5,648,676	4,429,019
OTHER OPERATING EXPENSES		
Bad debts written off	64,851	62,319
Depreciation of property, plant and equipment	503,701	649,074
	568,552	711,393

FOR MANAGEMENT INFORMATION ONLY