

Company No.  
832313-T

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD.  
(Incorporated in Malaysia)

ANNUAL REPORT AND FINANCIAL STATEMENTS  
31 DECEMBER 2013

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HAVELLS SYLVANIA (MALAYSIA) SDN. BHD.  
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#### DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2013.

#### PRINCIPAL ACTIVITY

The Company is principally engaged in the business of trading in all types of lightings items. There was no significant change in the nature of this activity during the financial year.

#### RESULTS

	RM
Loss after taxation	<u>756,849</u>

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the statement of changes in equity.

In the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

#### DIVIDENDS

No dividend was paid since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

#### DIRECTORS

The names of the Directors of the Company in office since the date of last report and at the date of this report are:

Basyirah Binti Anuar  
Poomthep Malakul Na Ayudhaya  
Yee Pui Yuen  
Kunnikar Medrawutinan (resigned on 7.6.2013)

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#### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit, (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the notes to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which he has a substantial financial interest, except as disclosed in the notes to the financial statements.

#### DIRECTORS' INTEREST IN SHARES

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	At 1.1.2013	Acquired	Sold	At 31.12.2013
The Company				
Indirect Interest:				
Poomthep Malakul Na Ayudhaya	75,000	-	-	75,000*

\* Deemed interest by virtue of their interests in Havells Sylvania (Thailand) Limited

Other than as disclosed, the Directors do not hold any interest in shares in the Company and its related corporations during the financial year.

#### ISSUE OF SHARES

There were no changes in the issued and paid-up share capital of the Company during the financial year ended 31 December 2013.



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OTHER STATUTORY INFORMATION

- (a) Before the income statement and balance sheet of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts was necessary; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts inadequate to any substantial extent and it necessary to make any allowance for doubtful debts in respect of the financial statements of the Company; and
  - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
  - (ii) any contingent liability of the Company which has arisen since the end of the financial year.

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- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

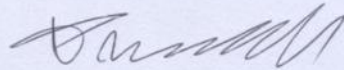
HOLDING COMPANY

The Directors regard Havells Sylvania Asia Pacific Limited, a company incorporated in Hong Kong as the Company's holding company.

AUDITORS

The auditors, Roger Yue, Tan & Associates have expressed their willingness to continue in office.

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



POOMTHEP MALAKUL NA AYUDHAYA  
Director



YEE PUI YUEN  
Director

Date : 20 MAR 2014

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HAVELLS SYLVANIA (MALAYSIA) SDN. BHD.  
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STATEMENT BY DIRECTORS  
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, the undersigned, being two of the Directors of HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. do hereby state on behalf of the Directors that in our opinion, the accompanying financial statements together with the notes thereon, are drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 December 2013 and of the results and cash flows of the Company for the financial year then ended.

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



POOMTHEP MALAKUL NA AYUDHAYA  
Director



YEE PUI YUEN  
Director

Date : 20 MAR 2014

STATUTORY DECLARATION  
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, YEE PUI YUEN, being the Director primarily responsible for the financial management of HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. do solemnly and sincerely declare that the accompanying financial statements together with the notes thereon, are in my opinion 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 Kuala Lumpur )  
in the Federal Territory this )  
day of 20 MAR 2014 )



Commissioner for Oaths

5

149, Jalan Aminuddin Baki  
Taman Tun Dr Ismail  
60000 Kuala Lumpur



# ROGER YUE, TAN & ASSOCIATES

CHARTERED ACCOUNTANTS (FIRM NO: AF : 0134)

WISMA GOSHEN (GRD. & 1ST FLR.) NO. 60 & 62 JALAN SS 22/21, DAMANSARA JAYA,  
47400 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA.  
TEL: (603) 7726 2828 (HUNTING LINE) FAX: (603) 7728 9986 & 7728 9987 E-mail: ryt@ryt.com.my

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD.  
(Incorporated in Malaysia)

31 DECEMBER 2013

### Report on the Financial Statements

We have audited the financial statements of HAVELLS SYLVANIA (MALAYSIA) SDN. BHD., which comprise the balance sheet as at 31 December 2013, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out.

### Directors' Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**ROGER YUE, TAN & ASSOCIATES**  
(FIRM NO. AF : 0134)

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**Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and cash flows for the financial year then ended.

**Emphasis of Matter**

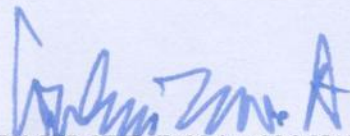
Without qualifying our opinion, we draw attention to Note 11 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM756,849 during the financial year ended 31 December 2013 and as of that date, the accumulated loss of the Company have exceeded its paid-up share capital by RM600,955 and the Company's current liabilities exceeded its current assets by RM659,573, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

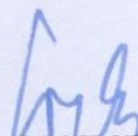
This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



ROGER YUE, TAN & ASSOCIATES  
AF 0134  
Chartered Accountants

Petaling Jaya

Date : 20 MAR 2014



ROGER YUE SAU YIN  
M.B.A., C.A. (M), F.C.A.  
Partner of Firm  
838/3/14 (J)



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BALANCE SHEET – 31 DECEMBER 2013

	Note	2013 RM	2012 RM
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	3	<u>63,645</u>	<u>90,986</u>
<b>CURRENT ASSETS</b>			
Inventories	4	587,891	331,285
Trade receivables		1,773,370	3,683,597
Other receivables	5	19,362	16,959
Cash and bank balances	6	650,531	48,106
Tax recoverable		34,813	63,744
		<u>3,065,967</u>	<u>4,143,691</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	7	2,600,032	2,823,809
Other payables	8	1,125,508	1,109,885
Borrowing	9	-	140,062
		<u>3,725,540</u>	<u>4,073,756</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			
		<u>(659,573)</u>	<u>69,935</u>
		<u>(595,928)</u>	<u>160,921</u>
Financed by :			
Share capital	10	250,000	250,000
Accumulated loss		<u>(850,955)</u>	<u>(94,106)</u>
<b>(CAPITAL DEFICIENCY)/ SHAREHOLDERS' EQUITY</b>			
	11	<u>(600,955)</u>	<u>155,894</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liabilities	12	<u>5,027</u>	<u>5,027</u>
		<u>(595,928)</u>	<u>160,921</u>

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

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INCOME STATEMENT FOR THE YEAR ENDED

31 DECEMBER 2013

	Note	2013 RM	2012 RM
Revenue	13	4,430,408	7,278,244
Costs of sales		<u>(3,876,383)</u>	<u>(6,243,799)</u>
GROSS PROFIT		554,025	1,034,445
Other operating income		-	247,590
Administration expenses		(850,725)	(853,449)
Selling and distributable expenses		(143,028)	(205,156)
Other operating expenses		<u>(235,793)</u>	<u>(73,528)</u>
(LOSS)/PROFIT FROM OPERATIONS	14	(675,521)	149,902
Finance costs	17	<u>(63,637)</u>	<u>(61,831)</u>
(LOSS)/PROFIT BEFORE TAXATION		(739,158)	88,071
Taxation	18	<u>(17,691)</u>	<u>(41,762)</u>
(LOSS)/PROFIT AFTER TAXATION		<u>(756,849)</u>	<u>46,309</u>

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



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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

31 DECEMBER 2013

	Share Capital RM	Accumulated Loss RM	Total RM
At 1 January 2012	250,000	(140,415)	109,585
Net profit for the year	-	46,309	46,309
At 31 December 2012	250,000	(94,106)	155,894
At 1 January 2013	250,000	(94,106)	155,894
Net loss for the year	-	(756,849)	(756,849)
At 31 December 2013	250,000	(850,955)	(600,955)

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

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CASH FLOW STATEMENT FOR THE YEAR ENDED

31 DECEMBER 2013

	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(739,158)	88,071
Adjustments for:		
Bad debts written off	7,747	-
Inventories written off	148	-
Property, plant and equipment written off	-	34,718
Loss/(gain) on foreign exchange - unrealised	90,976	(247,590)
Interest expenses	63,637	61,831
Depreciation	28,340	33,257
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(548,310)	(29,713)
(Increase)/decrease in inventories	(256,754)	364,885
Decrease/(increase) in receivables	1,900,077	(957,605)
(Decrease)/increase in payables	(299,130)	575,055
CASH GENERATED FROM/(DEPLETED IN) OPERATIONS	795,883	(47,378)
Interest paid	(63,637)	(61,831)
Taxes refunded	11,240	21,866
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	743,486	(87,343)

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



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CASH FLOW STATEMENT FOR THE YEAR ENDED

31 DECEMBER 2013

	2013 RM	2012 RM
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>(999)</u>	<u>(84,415)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	742,487	(171,758)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>(91,956)</u>	<u>79,802</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 6)	<u>650,531</u>	<u>(91,956)</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

1. CORPORATE INFORMATION

The Company is principally engaged in the business of trading in all types of lightings items. There was no significant change in the nature of this activity during the financial year.

The Company is incorporated and domiciled in Malaysia. The registered office of the Company is located at 43-2, Plaza Damansara, Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur and the principal place of business of the Company is located at Unit 923, Block A, Kelana Centre Point, 3 Jalan SS 7/19, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Directors regard Havells Sylvania Asia Pacific Limited, a company incorporated in Hong Kong as the Company's holding company.

The number of employees (excluding Directors) in the Company at the end of the financial year was 4 (2012: 5).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 March 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention except as indicated in the individual policy notes.

The financial statements comply with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia.



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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(b) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each assets to its residual value over the estimated useful life at the following annual rates.

Furniture and fittings	20%
Office equipment	20%
Computer and software	33.33%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average method. Cost comprises the cost of purchase plus the cost of bringing the inventories to its present condition and location.

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.

(d) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(e) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(f) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(g) Provisions for Liabilities

Provisions for liabilities are recognised when the Company has a present obligation as a result of a past event 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 each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(h) Income Tax

Income tax on the income statement for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.



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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(i) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(j) Revenue Recognition

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

Sale of goods

Revenue relating to sale of goods is recognised net of discounts upon the transfer of risks and rewards.

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(k) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange rate differences are taken to the income statement.

(l) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately.

(m) Interest-Bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.



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3. PROPERTY, PLANT AND EQUIPMENT

Cost	Furniture and fittings RM	Office equipment RM	Computer and software RM	Total RM
At 1 January 2013	119,288	24,745	40,062	184,095
Additions	-	999	-	999
Disposals	-	-	-	-
At 31 December 2013	119,288	25,744	40,062	185,094
Accumulated Depreciation				
At 1 January 2013	39,520	16,540	37,049	93,109
Depreciation charge for the year	22,019	4,532	1,789	28,340
Disposals	-	-	-	-
At 31 December 2013	61,539	21,072	38,838	121,449
Net Book Value				
At 31 December 2013	57,749	4,672	1,224	63,645
At 31 December 2012	79,768	8,205	3,013	90,986
Details at 1 January 2012				
Cost	118,285	24,745	38,147	181,177
Accumulated depreciation	62,542	11,591	32,498	106,631
Depreciation charge for 2012	23,757	4,949	4,551	33,257



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4.	INVENTORIES	2013 RM	2012 RM
	At cost:		
	Finished goods	<u>587,891</u>	<u>331,285</u>
5.	OTHER RECEIVABLES	2013 RM	2012 RM
	Deposits	13,530	9,675
	Prepayments	<u>5,832</u>	<u>7,284</u>
		<u>19,362</u>	<u>16,959</u>
6.	CASH AND CASH EQUIVALENTS	2013 RM	2012 RM
	Cash and bank balances	650,531	48,106
	Bank overdraft (Note 9)	<u>-</u>	<u>(140,062)</u>
	Cash and cash equivalents	<u>650,531</u>	<u>(91,956)</u>

7. TRADE PAYABLES

Included in trade payables is an amount of RM304,333 (2012: RM222,337) due to a corporate shareholder; an amount of RM12,405 (2012: RM9,997) due to related companies and an amount of RM13,548 (2012: RM12,577) due to holding company.

These amounts are unsecured, interest free and there is no fixed term of repayment.

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8. OTHER PAYABLES	2013 RM	2012 RM
Accruals	178,095	277,750
Loans from corporate shareholder	944,739	829,611
Sundry payables	2,674	2,524
	<u>1,125,508</u>	<u>1,109,885</u>

The loans from corporate shareholder is unsecured, bearing interest of 6 - 8% (2012: 6 - 6.1%) per annum and is repayable within the next 12 months (2012: 12 months).

9. BORROWING	2013 RM	2012 RM
Short Term Borrowing		
Secured:		
Bank overdraft (Note 6)	<u>-</u>	<u>140,062</u>
Maturity of borrowing:		
Within one year	<u>-</u>	<u>140,062</u>

The effective interest rates at the balance sheet date for borrowing was as follows:

	2013 %	2012 %
Bank overdraft	<u>-</u>	<u>8.35</u>

The bank overdraft is secured by the following:

- (i) letter of conform from its corporate shareholder;
- (ii) letter of undertaking with respect to the overdrafts and bankers' acceptance to be executed and stamped; and
- (iii) other securities which the bank may deem fit to request/accept from time to time.

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10. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised At 1 January/ 31 December	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Issued and fully paid At 1 January/ 31 December	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

11. GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes the continuing financial support from the Directors, shareholders, creditors and the future profitable operations of the business. The Company incurred a net loss of RM756,849 during the financial year ended 31 December 2013 and as of that date, the accumulated loss of the Company have exceeded its paid-up share capital by RM600,955 and the Company's current liabilities exceeded its current assets by RM659,573 and non-current liability of RM5,027.

12. DEFERRED TAX LIABILITIES

	2013 RM	2012 RM
At 1 January/31 December	<u>5,027</u>	<u>5,027</u>

13. REVENUE

Revenue represents gross billings less credit notes.



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14. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated after charging/(crediting):

	Note	2013 RM	2012 RM
Auditors' remuneration		3,500	3,500
Directors' remuneration	15	119,602	92,199
Depreciation	3	28,340	33,257
Rental of office		28,800	64,468
Rental of warehouse		38,755	60,719
Bad debts written off		7,747	-
Inventories written off		148	-
Loss/(gain) on foreign exchange			
- realised		108,582	5,553
- unrealised		90,976	(247,590)
Property, plant and equipment written off		-	34,718
Staff costs	16	<u>569,638</u>	<u>505,194</u>

15. DIRECTORS' REMUNERATION

	2013 RM	2012 RM
Salary and other emoluments	100,750	75,000
Fees	6,064	7,860
Social security costs	620	465
Pension costs – defined contribution plans	<u>12,168</u>	<u>8,874</u>
	<u>119,602</u>	<u>92,199</u>

16. STAFF COSTS

	2013 RM	2012 RM
Wages and salaries	500,753	441,526
Social security costs	2,712	3,267
Pension costs – defined contribution plans	61,174	54,830
Other staff related expenses	<u>4,999</u>	<u>5,571</u>
	<u>569,638</u>	<u>505,194</u>

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17.	FINANCE COSTS	2013 RM	2012 RM
	Interest expense on:		
	Bank overdraft	8,676	11,943
	Loans from corporate shareholder	54,961	49,888
		<u>63,637</u>	<u>61,831</u>
18.	TAXATION	2013 RM	2012 RM
	Income tax:		
	Malaysian income tax	-	-
	Underprovided in prior years	(17,691)	(41,762)
		<u>(17,691)</u>	<u>(41,762)</u>

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the company is as follow:

	2013 RM	2012 RM
(Loss)/profit before taxation	<u>(739,158)</u>	<u>88,071</u>
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	184,790	(22,018)
Effect of expenses not deductible for tax purposes	(86,812)	39,670
Temporary differences in respect of property, plant and equipment not recognised	(2,307)	1,161
Deferred tax assets not recognised in respect of current year's tax losses and unutilised capital allowances	(95,671)	(18,813)
Underprovision of taxation in prior years	<u>(17,691)</u>	<u>(41,762)</u>
Tax expense for the year	<u>(17,691)</u>	<u>(41,762)</u>



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18. TAXATION - Continued

Subject to agreement with Inland Revenue Board, the amount of unabsorbed tax losses and unutilised capital allowances which are available for set-off against future chargeable income for which the tax effects have not been recognised in the financial statements amounted to approximately RM694,196 (2012: RM366,800).

As at 31 December 2013, the unrecognised deferred tax assets of the Company are as follows:

	2013 RM	2012 RM
Unabsorbed tax losses	164,131	83,800
Unutilised capital allowances	9,418	7,898
Taxable temporary differences	(634)	(752)
	<u>172,915</u>	<u>90,946</u>

The potential net deferred tax assets amounting to RM172,915 (2012: RM90,946) has not been recognised in the financial statements because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.



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INCOME STATEMENT FOR THE YEAR ENDED

31 DECEMBER 2013

	2013 RM	2012 RM
REVENUE	<u>4,430,408</u>	<u>7,278,244</u>
COST OF SALES		
Opening inventories	331,285	696,170
Purchases	4,091,739	5,828,774
Freight charges	41,250	50,140
Closing inventories	<u>(587,891)</u>	<u>(331,285)</u>
	<u>3,876,383</u>	<u>6,243,799</u>
GROSS PROFIT	554,025	1,034,445
OTHER OPERATING INCOME		
Gain on foreign exchange – unrealised	<u>-</u>	<u>247,590</u>
TOTAL INCOME	<u>554,025</u>	<u>1,282,035</u>
OPERATING EXPENSES		
Administration expenses	850,725	853,449
Selling and distribution expenses	143,028	205,156
Other operating expenses	<u>235,793</u>	<u>73,528</u>
	<u>1,229,546</u>	<u>1,132,133</u>
FINANCE COSTS		
Bank overdraft	8,676	11,943
Loans from corporate shareholder	<u>54,961</u>	<u>49,888</u>
	<u>63,637</u>	<u>61,831</u>
TOTAL EXPENSES	<u>1,293,183</u>	<u>1,193,964</u>
NET (LOSS)/PROFIT	<u>(739,158)</u>	<u>88,071</u>

THIS SCHEDULE DOES NOT FORM PART OF THE AUDITED  
STATUTORY FINANCIAL STATEMENTS

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SCHEDULE OF OPERATING EXPENSES FOR THE YEAR ENDED

31 DECEMBER 2013

	2013 RM	2012 RM
ADMINISTRATION EXPENSES		
Auditors' remuneration	3,500	3,500
Bank charges	1,652	3,637
Courier expenses	2,016	2,160
Directors' remuneration	119,602	92,199
Electricity	5,552	4,955
Insurance	23,331	13,958
Legal and professional fee	-	7,500
Miscellaneous	13,844	18,241
Office clearance expenses	-	21,800
Penalty	11,240	21,479
Printing and stationery	1,097	7,245
Repair and maintenance fee	7,752	1,200
Rental of office	28,800	64,468
Rental of warehouse	38,755	60,719
Salaries and related expenses	569,638	505,194
Secretarial and accounting fees	4,149	4,790
Subscription	20	600
Tax fee	3,400	5,238
Telephone and fax	16,377	14,566
	<u>850,725</u>	<u>853,449</u>

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