

Company No.
832313-T

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2014

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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 2014.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of trading in all types of lightings items. The Company has ceased its business operations during the financial year.

RESULTS

	RM
Loss after taxation	<u>1,303,644</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

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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 1.1.2014	Acquired	Sold	At 31.12.2014
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 2014.

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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 adequate allowance had been made for doubtful debts; 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 or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; 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 : 12 MAR 2015

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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 2014 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



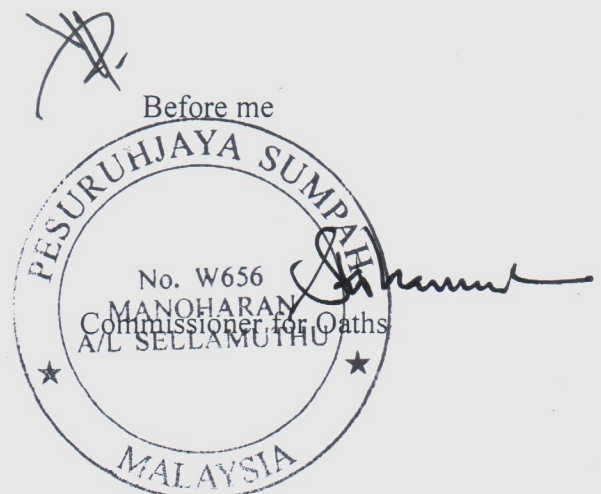
YEE PUI YUEN
Director

Date : 12 MAR 2015

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 12 MAR 2015)



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 2014

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 2014, 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 so as to give a true and fair view in accordance with Private Entity Reporting Standards and 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 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of its financial performance and cash flows for the financial year then ended in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 RM1,303,644 during the financial year ended 31 December 2014 and as of that date, the accumulated loss of the Company have exceeded its paid-up share capital by RM1,904,599 and the Company's current liabilities exceeded its current assets by a similar amount, 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



ROGER YUE SAU YIN
M.B.A., C.A. (M), F.C.A.
Partner of Firm
838/3/16 (J)

Petaling Jaya

Date : 12 MAR 2015

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HAVELLS SYLVANIA (MALAYSIA) SDN. BHD.
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BALANCE SHEET – 31 DECEMBER 2014

	Note	2014 RM	2013 RM
NON-CURRENT ASSET			
Property, plant and equipment	3	<u>-</u>	<u>63,645</u>
CURRENT ASSETS			
Inventories	4	-	587,891
Trade receivable	5	-	1,773,370
Other receivable	6	1,293	19,362
Cash and bank balances	7	28,801	650,531
Tax recoverable		34,813	34,813
		<u>64,907</u>	<u>3,065,967</u>
CURRENT LIABILITIES			
Trade payables	8	348,711	2,600,032
Other payables	9	1,620,795	1,125,508
		<u>1,969,506</u>	<u>3,725,540</u>
NET CURRENT LIABILITIES			
		<u>(1,904,599)</u>	<u>(659,573)</u>
		<u>(1,904,599)</u>	<u>(595,928)</u>
Financed by :			
Share capital	10	250,000	250,000
Accumulated loss		<u>(2,154,599)</u>	<u>(850,955)</u>
CAPITAL DEFICIENCY			
	11	(1,904,599)	(600,955)
NON-CURRENT LIABILITY			
Deferred tax liabilities	12	-	5,027
		<u>(1,904,599)</u>	<u>(595,928)</u>

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

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INCOME STATEMENT FOR THE YEAR ENDED

31 DECEMBER 2014

	Note	2014 RM	2013 RM
Revenue	13	595,814	4,430,408
Costs of sales		<u>(641,963)</u>	<u>(3,876,383)</u>
GROSS (LOSS)/PROFIT		(46,149)	554,025
Other operating income		39,597	-
Administration expenses		(553,088)	(850,725)
Selling and distributable expenses		(39,144)	(143,028)
Other operating expenses		<u>(636,452)</u>	<u>(235,793)</u>
LOSS FROM OPERATIONS	14	(1,235,236)	(675,521)
Finance costs	17	<u>(73,435)</u>	<u>(63,637)</u>
LOSS BEFORE TAXATION		(1,308,671)	(739,158)
Taxation	18	<u>5,027</u>	<u>(17,691)</u>
LOSS AFTER TAXATION		<u>(1,303,644)</u>	<u>(756,849)</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 2014

	Share Capital RM	Accumulated Loss RM	Total RM
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)
At 1 January 2014	250,000	(850,955)	(600,955)
Net loss for the year	-	(1,303,644)	(1,303,644)
At 31 December 2014	250,000	(2,154,599)	(1,904,599)

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

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CASH FLOW STATEMENT FOR THE YEAR ENDED

31 DECEMBER 2014

	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,303,671)	(739,158)
Adjustments for:		
Bad debts written off	11,397	7,747
Inventories written off	247,027	148
Property, plant and equipment written off	58,220	-
Loss on foreign exchange - unrealised	171,490	90,976
Interest expenses	73,435	63,637
Depreciation	3,387	28,340
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(743,715)	(548,310)
Decrease/(increase) in inventories	340,864	(256,754)
Decrease in receivables	1,780,042	1,900,077
Decrease in payables	(1,927,524)	(299,130)
CASH (DEPLETED IN)/GENERATED FROM OPERATIONS	(550,333)	795,883
Interest paid	(73,435)	(63,637)
Taxes refunded	-	11,240
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(623,768)	743,486

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CASH FLOW STATEMENT FOR THE YEAR ENDED

31 DECEMBER 2014

	2014 RM	2013 RM
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	-	(999)
Proceeds from disposal of property, plant and equipment	2,038	-
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITY	2,038	(999)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(621,730)	742,487
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	650,531	(91,956)
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 7)	28,801	650,531

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

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

1. CORPORATE INFORMATION

The Company is principally engaged in the business of trading in all types of lightings items. The Company has ceased its business operations 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.

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 Nil (2013: 4).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 March 2015.

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.

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 2014	119,288	25,744	40,062	185,094
Additions	-	-	-	-
Disposals	-	(6,516)	(31,416)	(37,932)
Written off	(119,288)	(19,228)	(8,646)	(147,162)
At 31 December 2014	-	-	-	-
Accumulated Depreciation				
At 1 January 2014	61,539	21,072	38,838	121,449
Depreciation charge for the year	2,750	530	107	3,387
Disposals	-	(4,477)	(31,417)	(35,894)
Written off	(64,289)	(17,125)	(7,528)	(88,942)
At 31 December 2014	-	-	-	-
Net Book Value				
At 31 December 2014	-	-	-	-
At 31 December 2013	57,749	4,672	1,224	63,645
Details at 1 January 2013				
Cost	119,288	24,745	40,062	184,095
Accumulated depreciation	39,520	16,540	37,049	93,109
Depreciation charge for 2013	22,019	4,532	1,789	28,340

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4.	INVENTORIES	2014 RM	2013 RM
	At cost:		
	Finished goods	<u>-</u>	<u>587,891</u>
5.	TRADE RECEIVABLES	2014 RM	2013 RM
	Trade receivables	144,932	1,773,370
	Less: Allowance for doubtful debts	<u>(144,932)</u>	<u>-</u>
		<u>-</u>	<u>1,773,370</u>
6.	OTHER RECEIVABLE	2014 RM	2013 RM
	Deposit	1,293	13,530
	Prepayment	<u>-</u>	<u>5,832</u>
		<u>1,293</u>	<u>19,362</u>
7.	CASH AND CASH EQUIVALENTS	2014 RM	2013 RM
	Cash and bank balances	<u>28,801</u>	<u>650,531</u>

8. TRADE PAYABLES

Included in trade payables is an amount of RM291,366 (2013: RM304,333) due to a corporate shareholder; an amount of RM11,422 (2013: RM12,405) due to related companies and an amount of RM13,794 (2013: RM13,548) due to holding company.

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

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9. OTHER PAYABLES

	2014 RM	2013 RM
Accruals	9,402	178,095
Loans from holding company	530,540	-
Loans from corporate shareholder	1,080,853	944,739
Sundry payable	-	2,674
	<u>1,620,795</u>	<u>1,125,508</u>

The loans from holding company is unsecured, bearing interest of 3% (2013: Nil) per annum and is repayable within the next 12 months (2013: Nil).

The loans from corporate shareholder is unsecured, bearing interest of 6 - 8% (2013: 6 - 8%) per annum and is repayable within the next 12 months (2013: Nil).

10. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2014	2013	2014 RM	2013 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 RM1,303,644 during the financial year ended 31 December 2014 and as of that date, the accumulated loss of the Company have exceeded its paid-up share capital by RM1,904,599 and the Company's current liabilities exceeded its current assets by a similar amount.

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12. DEFERRED TAX LIABILITIES

	2014 RM	2013 RM
At 1 January	5,027	5,027
Recognised in income statement (Note 18)	<u>(5,027)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>5,027</u>

The deferred tax liabilities for the Company at the financial year end is made up as follows:

	2014 RM	2013 RM
Temporary differences between net book value and the corresponding tax written down value	<u>-</u>	<u>5,027</u>

13. REVENUE

Revenue represents gross billings less credit notes.

14. LOSS FROM OPERATIONS

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

	Note	2014 RM	2013 RM
Auditors' remuneration		4,000	3,500
Auditors' remuneration underprovided		500	-
Directors' remuneration	15	60,386	119,602
Depreciation	3	3,387	28,340
Allowance for doubtful debts	5	144,932	-
Rental of office		14,400	28,800
Rental of warehouse		16,727	38,755
Bad debts written off		11,397	7,747
Inventories written off		247,027	148
(Gain)/loss on foreign exchange			
- realised		(39,097)	108,582
- unrealised		171,490	90,976
Property, plant and equipment written off		58,220	-
Staff costs	16	<u>363,865</u>	<u>569,638</u>

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15.	DIRECTORS' REMUNERATION	2014	2013
		RM	RM
	Salary and other emoluments	48,561	100,750
	Fees	5,830	6,064
	Social security costs	155	620
	Pension costs – defined contribution plans	5,840	12,168
		<u>60,386</u>	<u>119,602</u>
16.	STAFF COSTS	2014	2013
		RM	RM
	Wages and salaries	322,054	500,753
	Social security costs	620	2,712
	Pension costs – defined contribution plans	38,720	61,174
	Other staff related expenses	2,471	4,999
		<u>363,865</u>	<u>569,638</u>
17.	FINANCE COSTS	2014	2013
		RM	RM
	Interest expense on:		
	Bank overdraft	-	8,676
	Loans from corporate shareholder	67,924	54,961
	Loans from holding company	5,511	-
		<u>73,435</u>	<u>63,637</u>

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18. TAXATION

	2014 RM	2013 RM
Income tax:		
Malaysian income tax	-	-
Underprovided in prior year	-	<u>(17,691)</u>
	-	<u>(17,691)</u>
Deferred tax (Note 12):		
Relating to origination and reversal of temporary differences	5,027	-
	<u>5,027</u>	<u>(17,691)</u>

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

	2014 RM	2013 RM
Loss before taxation	<u>(1,308,671)</u>	<u>(739,158)</u>
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	327,168	184,790
Effect of expenses not deductible for tax purposes	(88,300)	(86,812)
Temporary differences in respect of property, plant and equipment not recognised	(12,672)	(2,307)
Deferred tax assets not recognised in respect of current year's tax losses and unutilised capital allowances	(221,169)	(95,671)
Underprovision of taxation in prior years	-	<u>(17,691)</u>
Tax expense for the year	<u>5,027</u>	<u>(17,691)</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 RM1,559,400 (2013: RM694,196).

As at 31 December 2014, the unrecognised deferred tax assets of the Company are as follows:

	2014 RM	2013 RM
Unabsorbed tax losses	378,002	164,131
Unutilised capital allowances	11,856	9,418
Taxable temporary differences	6,703	(634)
	<u>396,561</u>	<u>172,915</u>

The potential net deferred tax assets amounting to RM396,561 (2013: RM172,915) 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 2014

	2014 RM	2013 RM
REVENUE	<u>595,814</u>	<u>4,430,408</u>
COST OF SALES		
Opening inventories	587,891	331,285
Purchases	38,098	4,091,739
Freight charges	15,974	41,250
Closing inventories	-	(587,891)
	<u>641,963</u>	<u>3,876,383</u>
GROSS (LOSS)/PROFIT	<u>(46,149)</u>	<u>554,025</u>
OTHER OPERATING INCOME		
Gain on foreign exchange - realised	39,097	-
Sundry income	500	-
	<u>39,597</u>	<u>-</u>
	<u>(6,552)</u>	<u>554,025</u>
OPERATING EXPENSES		
Administration expenses	553,088	850,725
Selling and distribution expenses	39,143	143,028
Other operating expenses	636,453	235,793
	<u>1,228,684</u>	<u>1,229,546</u>
FINANCE COSTS		
Bank overdraft	-	8,676
Loans from corporate shareholder	67,924	54,961
Loans from holding company	5,511	-
	<u>73,435</u>	<u>63,637</u>
TOTAL EXPENSES	<u>1,302,119</u>	<u>1,293,183</u>
NET LOSS	<u>(1,308,671)</u>	<u>(739,158)</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 2014

	2014 RM	2013 RM
ADMINISTRATION EXPENSES		
Auditors' remuneration	4,000	3,500
Auditors' remuneration underprovided	500	-
Bank charges	935	1,652
Courier expenses	2,241	2,016
Directors' remuneration	60,386	119,602
Electricity	920	5,552
Insurance	7,034	23,331
Miscellaneous	21,413	13,844
Penalty	-	11,240
Printing and stationery	15,719	1,097
Repair and maintenance fee	-	7,752
Rental of office	14,400	28,800
Rental of warehouse	16,727	38,755
Salaries and related expenses	363,865	569,638
Secretarial and accounting fees	41,419	4,149
Subscription	300	20
Tax fee	-	3,400
Telephone and fax	3,229	16,377
	<u>553,088</u>	<u>850,725</u>

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HAVELLS SYLVANIA (MALAYSIA) SDN. BHD.
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SCHEDULE OF OPERATING EXPENSES FOR THE YEAR ENDED

31 DECEMBER 2014

	2014 RM	2013 RM
SELLING AND DISTRIBUTION EXPENSES		
Commission	-	(3,323)
Customer events	19,275	46,236
Entertainment	2,767	21,582
IT & EDP expenses	2,137	16,986
Travelling	14,964	61,547
	<u>39,143</u>	<u>143,028</u>
OTHER OPERATING EXPENSES		
Allowance for doubtful debts	144,932	-
Bad debts written off	11,397	7,747
Depreciation	3,387	28,340
Inventories written off	247,027	148
Loss on foreign exchange		
- realised	-	108,582
- unrealised	171,490	90,976
Property, plant and equipment written off	58,220	-
	<u>636,453</u>	<u>235,793</u>

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