

Company No. 832313-T

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

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR END
31 DECEMBER 2010**

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
(Incorporated in Malaysia)

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HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Basyirah Binti Anuar
Poomthep Malakul Na Ayudhaya
Kunnikar Medrawutinan
Tee Lee Ping

COMPANY SECRETARY

Alwizah Al-Yafii Binti Ahmad Kamal

REGISTERED ADDRESS

Suite 2-4, Level 2, Tower Block
Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPLE PLACE OF BUSINESS

Suite 3.1 Level 3, Menara IMC
8 Jalan Sultan Ismail
50250 Kuala Lumpur

AUDITORS

A. Razak & Co. (AF 0842)
Chartered Accountants
51-2D, 2nd Floor, Jalan Pandan 3/10
Pandan Jaya
55100 Kuala Lumpur

PRINCIPAL BANKER

HSBC Bank Malaysia Berhad
Bangkok Bank Berhad

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Company for the financial year 31 DECEMBER 2010.

PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year under review is to carry on business of trading in all types of lightings items.

There have been no significant changes in the nature of these activities during the financial year under review.

FINANCIAL RESULTS

	<u>RM</u>
Profit for the year	<u>36,553</u>

DIVIDEND

No dividend has been paid or declared since the date of the last report.

DIRECTORS

The names of the directors of the Company in office at the date of this report are:

BASYIRAH BINTI ANUAR	
PARIDAH BINTI MOHAMAD	(Resigned on 09.11.2010)
POOMTHEP MALAKUL NA AYUDHAYA	
ANIL SHARMA	(Resigned on 12.03.2010)
KUNNIKAR MEDRAWUTINAN	(Appointed on 09.11.2010)
TEE LEE PING	(Appointed on 09.11.2010)

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DIRECTORS' BENEFIT

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the company or any other body corporate.

Since the date of the last report, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Director as shown in 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 the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholding, none of the directors in office at the end of the financial year hold the ordinary shares of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any debentures during the financial year.

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BAD AND DOUBTFUL DEBTS

Before the financial statements were made out, the directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there were no known bad debts and that no allowance for doubtful debts is required.

At the date of this report, the directors are not aware of any circumstances which would render any amount to be written off as bad debts or provided for as doubtful debts in the financial statements of the company.

CURRENT ASSETS

Before the financial statements 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 values as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements 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 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 Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- b) any contingent liability of the Company which has arisen since the end of the financial year.

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

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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 Company for the year ended 31 DECEMBER 2010 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 Company for the financial year in which this report is made.

OPTIONS

No options has been granted during the year ended covered by the income statement to take up unissued shares of the Company.

HOLDING COMPANY

The Company is a subsidiary of Havells Sylvania Asia Pacific Limited, a company incorporated in Hong Kong.

AUDITORS

The auditors, Messrs. A. RAZAK & CO., have expressed their willingness to be re-appointed in accordance with Section 172 (2) as the Company Act, 1965.

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
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Signed on behalf in accordance with a resolution of the Directors

POOMTHEP MALAKUL NA
AYUDHAYA
Director

KUNNIKAR MEDRAWUTINAN
Director

Date: 25/05/2011

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
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STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act, 1965

We, POOMTHEP MALAKUL NA AYUDHAYA and KUNNIKAR MEDRAWUTINAN, being the Directors of HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. do hereby state that, in our opinion, the financial statements set out on pages 11 to 22 are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company as at 31 DECEMBER 2010 and of the results and the cash flows of the Company for the year ended on that date.

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

POOMTHEP MALAKUL NA
AYUDHAYA
Director

KUNNIKAR
MEDRAWUTINAN
Director

Date:

STATUTORY DECLARATION

Pursuant to Section 169 (16) of the Companies Act, 1965

I, POOMTHEP MALAKUL NA AYUDHAYA, the Director primarily responsible for the financial management of HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. do solemnly and sincerely declare that the financial statements set out on pages 11 to 22 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

Subscribed and solemnly declared by the abovenamed POOMTHEP MALAKUL NA AYUDHAYA Passport No. H843359 at Bangkok, Thailand on this

POOMTHEP MALAKUL NA
AYUDHAYA

Before me,

I have seen the individual and the identification document, Thai passport No. H843359 of Mr. Poomthep Malakul Na Ayudhaya at the same time, and I certify that I have witnessed the signature of the above said passport holder, who signed before me.

Date: 25/05/2011

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
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BALANCE SHEET AS AT 31 DECEMBER 2010

ASSETS	<u>NOTE</u>	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
Non-Current Asset			
Plant and equipment	4	113,010	180,118
Current Asset			
Inventory	5	305,920	-
Trade receivables	6	2,135,365	195,648
Other receivables	7	31,799	125,395
Tax recoverable		59,350	-
Cash and bank balances		199,115	634,824
		<u>2,731,549</u>	<u>955,867</u>
TOTAL ASSETS		<u>2,844,559</u>	<u>1,135,985</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	8	250,000	250,000
Retained earnings		214,302	177,749
		<u>464,302</u>	<u>427,749</u>
Non-Current Liabilities			
Deferred taxation	9	5,237	6,480
Current Liabilities			
Trade payables	10	2,144,632	633,275
Other payables	11	35,901	18,283
Borrowings	12	194,487	-
Taxation		-	50,198
		<u>2,375,020</u>	<u>701,756</u>
Total Liabilities		<u>2,380,257</u>	<u>708,236</u>
TOTAL EQUITY AND LIABILITIES		<u>2,844,559</u>	<u>1,135,985</u>

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

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
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INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	<u>NOTE</u>	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
Revenue	13	4,617,816	2,410,254
Cost of sales		(3,449,162)	(1,505,743)
Gross profit		1,168,654	904,511
Other income		97,199	-
Selling and distribution expenses		(282,503)	(45,372)
Administrative expenses		(742,128)	(508,660)
Other expenses		(119,200)	(116,052)
Profit from operation		122,022	234,427
Finance cost	14	(33,562)	-
Profit before taxation	15	88,460	234,427
Taxation	16	(51,907)	(56,678)
Profit for the year		36,553	177,749

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

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	<u>Share capital RM</u>	<u>Retained earnings RM</u>	<u>Total RM</u>
Balance as at the date of incorporation	100	-	100
Issuance of share capital	249,900	-	249,900
Profit for the year	-	177,749	177,749
Balance as at 31.12.2009	<u>250,000</u>	<u>177,749</u>	<u>427,749</u>
Profit for the year	-	36,553	36,553
Balance as at 31.12.2010	<u>250,000</u>	<u>214,302</u>	<u>464,302</u>

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

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	88,460	234,427
Adjustment for:		
Depreciation	38,955	47,195
Interest expenses	33,562	-
Interest income	(23,707)	-
Loss on disposal of plant and equipment	58,878	-
Operating profit before working capital	<u>196,148</u>	<u>281,622</u>
Increase in inventories	(305,920)	-
Increase in trade and other receivables	(1,846,121)	(321,043)
Increase in trade and other payables	<u>1,528,975</u>	<u>651,558</u>
	(426,918)	612,137
Tax paid	(162,698)	-
Net cash (used in)/generated from operating activities	<u>(589,616)</u>	<u>612,137</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(30,725)	(227,313)
Interest received	23,707	-
Net cash used in investing activities	<u>(7,018)</u>	<u>(227,313)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(33,562)	-
Proceed from issuance of share capital	-	250,000
Net cash (used in)/generated from financing activities	<u>(33,562)</u>	<u>250,000</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(630,196)	634,824
CASH AND CASH EQUIVALENTS AT DATE OF INCORPORATION	634,824	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>4,628</u>	<u>634,824</u>

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

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

1. CORPORATE INFORMATION

The Company is a private limited company, incorporated and domiciled in Malaysia.

The registered office is located at Suite 2-4, Level 2, Tower Block, Menara Milenium, Jalan Damansara, Pusat Bandar Damansara, 50490 Kuala Lumpur

The principal place at which business is carried out is located at Suite 3.1 Level 3, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur

The principal activity of the Company during the financial year under review is to carry on business of trading in all types of lightings items.

The financial statements are expressed in Ringgit Malaysia.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with applicable approved Private Entity Reporting Standards (PERS) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

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2. BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgments

The preparation of financial statements 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Plant and Equipment

Plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Cost comprises purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

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

Office equipment	20%
Computer and software	20% - 33 1/3%
Furniture & fittings	20%

Upon the disposal of an item of plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

(b) Receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. Specific provisions are made for debts that have been identified as bad or doubtful based on review of all specific outstanding amounts at the year-end. In addition, general provisions are made to cover possible losses that are not specifically identified.

(c) Payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Provision 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.

(e) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand and at bank, and deposits with licensed bank.

Cash equivalents are short term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

(f) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the 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 goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year 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 charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Revenue Recognition

Revenue from services rendered is recognised when the service are delivered.

(h) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets, other than inventories and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. 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. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(i) Employee Benefits

i) Short Term Benefits

Wages, salaries and bonuses are recognised as expenses in the 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 and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

ii) Defined Contribution Plans

Obligations for contributions to defined contribution plans are recognised as an expenses in the income statement as incurred.

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4. PLANT AND EQUIPMENT

COST	Furniture & fittings	Office equipment	Computer and Software	Total
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Balance at 01.01.2010	191,637	10,729	24,947	227,313
Addition	4,100	13,425	13,200	30,725
Disposal	(77,452)	(279)	-	(77,731)
Balance at 31.12.2010	<u>118,285</u>	<u>23,875</u>	<u>38,147</u>	<u>180,307</u>
ACCUMULATED DEPRECIATION				
Balance at 01.01.2010	34,148	2,796	10,251	47,195
Charge during the year	23,520	3,968	11,490	38,978
Disposal	(18,783)	(93)	-	(18,876)
Balance at 31.12.2010	<u>38,885</u>	<u>6,671</u>	<u>21,741</u>	<u>67,297</u>
NET BOOK VALUE				
As at 31.12.2010	<u>79,400</u>	<u>17,204</u>	<u>16,406</u>	<u>113,010</u>
As at 31.12.2009	<u>157,489</u>	<u>7,933</u>	<u>14,696</u>	<u>180,118</u>
Depreciation 2009	<u>34,148</u>	<u>2,796</u>	<u>10,251</u>	<u>47,195</u>

5. INVENTORIES

	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
Finished goods	<u>305,920</u>	<u>-</u>

6. TRADE RECEIVABLES

The Company's normal trade credit term ranges from 60 to 90 days other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

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7. OTHER RECEIVABLES

	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
Prepayment	5,800	46,758
Deposits	25,999	78,637
	<u>31,799</u>	<u>125,395</u>

8. SHARE CAPITAL

	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
AUTHORISED CAPITAL:- 250,000 ordinary shares of RM1 each	<u>250,000</u>	<u>250,000</u>
ISSUED AND FULLY PAID:- Ordinary shares of RM1 each		
At the beginning	250,000	100
Issuance of share capital	-	249,900
At 31 DECEMBER	<u>250,000</u>	<u>250,000</u>

9. DEFERRED TAXATION

	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
Balance at beginning	6,480	-
Transfer to income statement	-	6,480
Balance at ending	<u>6,480</u>	<u>6,480</u>

10. TRADE PAYABLES

The normal trade credit term granted to the Company is 90 days.

11. OTHER PAYABLES

	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
Accruals	<u>35,901</u>	<u>18,283</u>

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12. BORROWINGS

	2010	2009
	<u>RM</u>	<u>RM</u>
Trust receipts	<u>194,487</u>	<u>-</u>

13. REVENUE

This represents the invoice value less discounts given.

14. FINANCE COST

	2010	2009
	<u>RM</u>	<u>RM</u>
TR charges	<u>33,562</u>	<u>-</u>

15. PROFIT BEFORE TAXATION

The following items have been charged/credited) in arriving at profit before taxation:-

	2010	2009
	<u>RM</u>	<u>RM</u>
Auditors' remuneration	3,500	3,500
Incorporation fee	-	3,500
Directors' fee	21,771	9,968
Depreciation	38,955	47,195
Rental of office	119,258	234,378
(Gain)/Loss on foreign exchange	(73,492)	41,742
Interest income	(23,707)	-
Loss on disposal of property, plant and equipment	<u>58,878</u>	<u>-</u>

16. TAXATION

	2010	2009
	<u>RM</u>	<u>RM</u>
Current year taxation	53,150	50,198
Deferred taxation	(1,243)	6,480
	<u>51,907</u>	<u>56,678</u>

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16. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:-

	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
Profit before taxation	<u>88,460</u>	<u>234,427</u>
Tax calculated at a tax rate of 20%	17,692	46,885
Expenses not deductible for tax purposes	32,675	9,793
Deferred tax liabilities unrecognised in prior year	<u>1,540</u>	<u>-</u>
	<u>51,907</u>	<u>56,678</u>

17. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its foreign exchange, interest rate, credit, liquidity and cash flow risks.

(b) Foreign Exchange Risk

The Company operates solely in Malaysia and therefore is not exposed to foreign exchange risk.

(c) Interest Rate Risk

The Company is not exposed to interest rate risk as it has no long term interest-bearing assets or interest-bearing debts as at 31 DECEMBER 2010.

(d) Credit Risk

The Company has a credit assessment in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

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17. FINANCIAL INSTRUMENTS (CONT'D)

(e) Liquidity and Cash Flow Risk

The Company exercises prudent liquidity risk management to maintain adequate cash and short term investments to meet all its working capital requirements.

(f) Fair Values

The fair values of all financial assets and liabilities of the Company as at 31 DECEMBER 2010 are not materially different from their carrying values.

Lodged on behalf by:

ZI CORPORATE SERVICES SDN. BHD.
(Company No.: 238884-H)
Suite 2-4, Level 2, Tower Block,
Menara Milenium,
Jalan Damanlela,
50490 Kuala Lumpur.

Tel: 03-20940999

HAVELLS SYLVANIA (MALAYSIA) SDN. BHD. (832313-T)
(Incorporated in Malaysia)

**FOR MANAGEMENT
PURPOSES ONLY**

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
SALES	4,617,816	2,410,254
COST OF SALES		
Purchases	3,746,057	1,487,308
Freight charges	9,025	18,435
	3,755,082	1,505,743
Less: closing inventories	(305,920)	-
	3,449,162	1,507,743
GROSS PROFIT	1,168,654	904,511
ADD: OTHER INCOME		
Gain on foreign exchange	73,492	-
Interest income	23,707	-
	97,199	-
LESS:		
SELLING & DISTRIBUTION EXPENSES (Appendix I)	282,503	45,372
ADMINISTRATIVE EXPENSES (Appendix I)	742,128	508,660
OTHER EXPENSES (Appendix I)	119,200	116,052
FINANCE COST (Appendix I)	33,562	-
	1,177,393	670,084
PROFIT BEFORE TAX	<u>88,460</u>	<u>234,427</u>

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APPENDIX I

DETAILED INCOME STATEMENT
FOR THE FOR THE YEAR ENDED 31 DECEMBER 2010

	<u>2010</u> <u>RM</u>	<u>2009</u> <u>RM</u>
SELLING AND DISTRIBUTION EXPENSES		
Advertisement	45,519	2,614
Commission	27,000	238
Customer events	65,878	-
Entertainment	22,553	1,696
IT & EDP expenses	12,976	21,640
Promotion	13,027	-
Travelling	95,550	19,184
	282,503	45,372
ADMINISTRATIVE EXPENSES		
Courier expenses	7,892	2,351
Directors' fee	21,771	9,968
Electricity	2,698	7,248
EPF & Socso	59,063	20,400
Insurance	23,414	4,196
Medical fee	-	1,514
Office cleaning	2,400	3,000
Office supply	-	344
Printing & stationery	9,732	9,907
Recruitment fee	46,368	11,340
Reinstatement expenses	-	15,000
Rental of office	119,258	234,378
Salaries & allowance	434,704	180,000
Telephone & fax	14,828	9,014
	742,128	508,660
OTHER EXPENSES		
Auditors' remuneration	3,500	3,500
Bank charges	7,262	7,113
Depreciation	38,955	47,195
Incorporation fee	-	3,500
Legal fee	928	2,676
Loss on foreign exchange	-	41,742
Miscellaneous	2,494	1,934
Registration fee	-	1,000
Secretarial fee	4,718	6,392
Tax fee	2,465	1,000
Loss on disposal of property, plant and equipment	58,878	-
	119,200	116,052
FINANCE COST		
TR charges	33,562	-