

**I SYNERGY INTERNATIONAL (M) SDN. BHD.
(formerly known as AFFILIATE JUNCTION (M) SDN. BHD.)
(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 18 SEPTEMBER 2013
(DATE OF INCORPORATION) TO 31 DECEMBER 2013**

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K. S. HOO & CO. (AF1131)
Chartered Accountants
32A-1, Jalan Kuchai Maju 8,
Off Jalan Kuchai Lama,
58200 Kuala Lumpur.

Company No. : 1062594-W

I SYNERGY INTERNATIONAL (M) SDN. BHD.
(formerly known as AFFILIATE JUNCTION (M) SDN. BHD.)
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE PERIOD FROM 18 SEPTEMBER 2013 (DATE OF INCORPORATION) TO 31 DECEMBER 2013

The directors have pleasure in submitting their report and the audited financial statements of the Company for the period from 18 September 2013 (Date of incorporation) to 31 December 2013.

CHANGE OF NAME

The Company changed its name from AFFILIATE JUNCTION (M) SDN. BHD. to I SYNERGY INTERNATIONAL (M) SDN. BHD. on 21 October 2013.

INCORPORATION AND COMMENCEMENT OF BUSINESS

The Company was incorporated on 18 September 2013 and commenced business operations on 1 November 2013.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business as service and resource providers for commercial industry. There has been no significant change in the nature of this activity during the financial period.

RESULTS

	2013 RM
Loss after taxation, carried forward	<u>(575,275)</u>

DIVIDEND

No dividends have been paid or declared by the Company since the date of its incorporation.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and, the making of provisions for doubtful debts, and that all known bad debts had been written off and adequate provision had been made for doubtful debts.

At the date of this report, the directors of the Company are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

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

CONTINGENT AND OTHER LIABILITIES (CONT'D)

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

There were no items, transactions or events of material and unusual nature during the period.

There has not arisen in the interval between the end of the financial period and the date of this report any items, transaction or event of material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the current financial period.

ISSUE OF SHARES

During the financial period, the following issue of shares was made by the Company:-

<u>Class</u>	<u>Number</u>	<u>Term of issue</u>	<u>Purpose of issue</u>
Ordinary RM 1	100	Cash at par	Subscribers' shares

DIRECTORS OF THE COMPANY

The directors who have held office since the date of the incorporation are:-

Dato' Teo Chee Hong	(As per Article of Association)
Ong Siw Hut (F)	(As per Article of Association)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the directors in office at the end of the financial period in shares of the Company were as follows:

	<u>Number of ordinary shares of RM1 each</u>			<u>Balance at 31/12/2013</u>
	<u>At date of incorporation</u>	<u>Bought</u>	<u>Sold</u>	
Dato' Teo Chee Hong	70	-	-	70
Ong Siw Hut (F)	30	-	-	30

DIRECTORS' BENEFITS

No director of the Company has received or become entitled to receive any 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.

Neither during nor at the end of the financial period, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

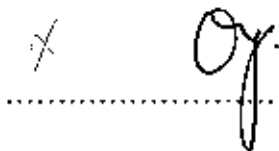
AUDITORS

The auditors, Messrs: K. S. Hoo & Co. have indicated their willingness to continue in office.

ON BEHALF OF THE BOARD,



.....DATO' TEO CHEE HONG



.....ONG SIW HUT (F)

Kuala Lumpur

Date : 19 MAR 2015

Company No. : 1062594-W


I SYNERGY INTERNATIONAL (M) SDN. BHD.
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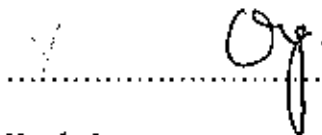
STATEMENT BY THE DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 8 to 17 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to exhibit a true and fair view of the state of affairs of the Company as at 31 December 2013 and of its results and cash flow for the period then ended.

ON BEHALF OF THE BOARD,

..... DATO' TEO CHEE HONG

..... ONG SIW HUT (P)

Kuala Lumpur

Date : 19 MAR 2015

STATUTORY DECLARATION

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

I, DATO' TEO CHEE HONG, being the director primarily responsible for the financial management of I SYNERGY INTERNATIONAL (M) SDN. BHD. (formerly known as AFFILIATE JUNCTION (M) SDN. BHD.), do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 8 to 17 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Petaling Jaya)
in Selangor)
this 19 MAR 2015)

..... DATO' TEO CHEE HONG

Before me:



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF I SYNERGY INTERNATIONAL (M) SDN. BHD. (formerly known as AFFILIATE JUNCTION (M) SDN. BHD.)

Report on the Financial Statements

We have audited the financial statements of I SYNERGY INTERNATIONAL (M) SDN. BHD. (formerly known as AFFILIATE JUNCTION (M) 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 period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 17.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards for Private Entities and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 judgment, 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 and fair presentation of the financial statements 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.

Opinion

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

Company No. : 1062594-W

Emphasis of Matter

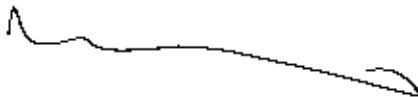
Without qualifying our opinion, we draw attention to Note 2 in the financial statements. The Company sustained capital deficiency of RM 575,175 as a result of operational losses incurred over the years. This factor raises substantial doubt that the Company will be able to continue as a going concern.

Report on Other Legal and Regulatory Requirements

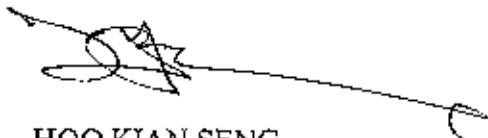
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.



K. S. HOO & CO. (Firm No. AF1131)
Chartered Accountants



HOO KIAN SENG
Approval No. 1883/4/16(J)
Chartered Accountant

Date : 19 MAR 2015

Kuala Lumpur

(Our ref : nat/aud/)

I SYNERGY INTERNATIONAL (M) SDN. BHD.
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BALANCE SHEET
AS AT 31 DECEMBER 2013

	NOTE	2013 RM
PROPERTY, PLANT AND EQUIPMENT	6	220,027
DEFERRED EXPENDITURE	5.2	4,676,614
CURRENT ASSETS		
Inventory		10,015
Trade receivables		285,000
Other receivables		3,391,640
Cash at bank		5,275,825
		8,962,480
LESS : CURRENT LIABILITIES		
Trade payables		4,866
Other payables		7,922,327
Hire purchase creditor	7	16,953
Amount due to directors	8	34,220
		7,978,366
NET CURRENT ASSETS		984,114
		5,880,755
REPRESENTED BY:		
SHARE CAPITAL	9	100
ACCUMULATED LOSS		(575,275)
CAPITAL DEFICIENCY		(575,175)
LONG TERM LIABILITIES		
Hire purchase creditor	8	161,280
Deferred income		6,294,650
		6,455,930
		5,880,755

The annexed notes form an integral part of these financial statements

I SYNERGY INTERNATIONAL (M) SDN. BHD.
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INCOME STATEMENT
FOR THE PERIOD FROM 18 SEPTEMBER 2013 (DATE OF
INCORPORATION) TO 31 DECEMBER 2013

	NOTE	2013 RM
REVENUE	10	3,283,242
OTHER INCOME		840
DEPRECIATION		(15,412)
OTHER OPERATING EXPENSES		(3,841,744)
		(3,857,156)
LOSS FROM OPERATIONS		(573,074)
FINANCE COST		(2,201)
LOSS BEFORE TAXATION		(575,275)
After charging :-		
Auditors' remuneration		6,000
Depreciation	5.1	15,412
Interest on hire purchase		2,201
Rental of equipment		180
Rental of premises		42,496
LESS : TAXATION	11	-
LOSS AFTER TAXATION		(575,275)

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I SYNERGY INTERNATIONAL (M) SDN. BHD.
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CASH FLOW STATEMENT

FOR THE PERIOD FROM 18 SEPTEMBER 2013 (DATE OF INCORPORATION) TO 31 DECEMBER 2013

	Note	2013 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation		(575,275)
Adjustments for :		
Depreciation		15,412
Hire purchase interest		2,201
Operating loss before working capital changes		(557,662)
Changes in working capital		
Inventory		(10,015)
Receivables		(8,353,254)
Payables		14,221,841
Amount due to directors		34,220
Net cash generated from operations		5,335,130
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	12	(50,439)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares		100
Hire purchase instalments		(8,966)
		(8,866)
CASH AND CASH EQUIVALENTS		
AT END OF THE YEAR		<u>5,275,825</u>
Represented by:		
CASH AND CASH EQUIVALENTS		
Cash at bank		<u>5,275,825</u>

The annexed notes form an integral part of these financial statements

I SYNERGY INTERNATIONAL (M) SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 18 SEPTEMBER 2013 (DATE OF
INCORPORATION) TO 31 DECEMBER 2013

	Share Capital RM	Accumulated Loss RM	Total RM
At date of incorporation	100	-	100
Loss for the period	-	(575,275)	(575,275)
At 31 December 2013	<u>100</u>	<u>(575,275)</u>	<u>(575,175)</u>

The annexed notes form an integral part of these financial statements

I SYNERGY INTERNATIONAL (M) SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2013

1. INCORPORATION AND REGISTERED OFFICE

The Company was incorporated in Malaysia on 18 September 2013 as a private company limited by shares under the Companies Act, 1965 and is domiciled in Malaysia. Its registered office is situated at B-1-15, Block B, 8th Avenue, Jalan Sungai Jernih 8/1, Section 8, 46050 Petaling Jaya, Selangor Darul Ehsan.

2. CHANGE OF NAME

The Company changed its name from AFFILIATE JUNCTION (M) SDN. BHD. to I SYNERGY INTERNATIONAL (M) SDN. BHD. on 21 October 2013.

3. COMMENCEMENT OF BUSINESS

The Company commenced business operations on 1 November 2013.

4. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and comply with MASB Approved Accounting Standards For Private Entities.

As at 31 December 2013, the Company sustained a capital deficiency RM 575,175 as a result of operational losses incurred over the years. The Company's financial statements have been prepared on the accounting principles applicable to a going concern which contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. Continuity as a going concern therefore, dependent on the future profitable operations of the Company and the availability of funds to meet its obligations as and when they fall due. The financial statements do not include any adjustment relating to the realization of the carrying value of the assets or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation on property, plant and equipment is calculated on the straight line basis at the following rates based on their estimated useful lives:

Computer and software	20%
Office equipment	10%
Motor vehicle	20%

5.2 Deferred Expenditure

Deferred expenditure represents prepaid commission attributed to membership fees received in advance.

5.3 Receivables

Trade and other receivables are carried at anticipated realisable value. Known bad debts are written off and specific provision is made for debts that are considered to be doubtful of collection.

5.4 Impairment of Assets

The carrying values of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts of the assets are estimated by the directors. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is would have been recognised as depreciation had the write-down or write-off not occurred.

5.5 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 rendered, whether or not billed to the Company.

5.6 Hire Purchase Transaction

Assets acquired under hire purchase agreements are included in property, plant and equipment and the capital element of the hire purchase commitments is shown as hire purchase creditors. The capital element of the hire purchase instalments is applied to reduce the outstanding obligations and the interest element is charged to the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period. Assets acquired under hire purchase are depreciated over the useful lives of equivalent owned assets.

5. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

5.7 **Income Tax**

Income tax on the profit or loss for the year comprises current and deferred taxation. Current tax is 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 differences 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 period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognized in the income statement, except when it arises from a transaction which is recognized 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.

5.7 **Revenue Recognition**

Membership fees are recognised on accrual basis. Membership fees received in advance are recognised when they are due.

5.8 **Cash and Cash Equivalents**

Cash and cash equivalents represent cash at bank.

6. PROPERTY, PLANT AND EQUIPMENT

	As at incorporation RM	Additions RM	Disposals RM	Balance as at 31/12/2013 RM
<u>Cost</u>				
Computer and software	-	4,060	-	4,060
Office equipment	-	1,379	-	1,379
Motor vehicle	-	230,000	-	230,000
	-	235,439	-	235,439
<u>Accumulated depreciation</u>				
Computer and software	-	68	-	68
Office equipment	-	11	-	11
Motor vehicle	-	15,333	-	15,333
	-	15,412	-	15,412
				2013 RM
<u>Net book value</u>				
Computer and software				3,992
Office equipment				1,368
Motor vehicle				214,667
				220,027

The motor vehicle is acquired under hire purchase financing.

7. HIRE PURCHASE CREDITOR

	2013 RM
Hire purchase instalments outstanding	215,656
Less : Interest in suspense	37,423
	178,233
Repayable within next 12 months	16,953
Repayable between 1 to 5 years	77,874
Repayable after 5 years	83,406
	161,280
	178,233

8. AMOUNT DUE TO DIRECTORS

The amount due to directors is unsecured, interest free and has no fixed term of repayment.

9. **SHARE CAPITAL**

	2013 RM
Ordinary share of RM 1 each :	
Authorised :	
Per Memorandum of Association	<u>400,000</u>
Issued and fully paid :	
At date of incorporation	<u>100</u>

10. **REVENUE**

Revenue represents membership fees earned and merchandise sales.

11. **TAXATION**

The Company has unutilised business losses and unabsorbed capital allowances amounting RM 556,813 and RM 24,474 respectively as at 31 December 2013 which will be carried forward to offset against future taxable income.

A reconciliation of taxation applicable to loss before taxation at the statutory tax rate to taxation at the effective tax rate is as follows :-

	2013 RM
Loss before taxation	<u>(575,275)</u>
Taxation at statutory tax rate at 20%	(115,055)
Expenses not deductible for tax purpose	2,410
Deferred tax asset not recognised	<u>112,645</u>
	<u>-</u>

No deferred tax asset is recognised on the following net temporary differences :-

	2013 RM
Excess of capital allowances over depreciation of property, plant and equipment	18,062
Unabsorbed capital allowances	(24,474)
Unutilised business losses	<u>(556,813)</u>
	<u>(563,225)</u>

12. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Company acquired property, plant and equipment with an aggregate cost of RM 235,439 of which RM 185,000 was acquired by hire purchase financing. Cash payments of RM 50,439 were made to purchase the property, plant and equipment.

13. EVENT SUBSEQUENT AFTER BALANCE SHEET DATE

The issued and paid up capital of the Company was increased from RM 100 to RM 100,000 by an allotment of additional 99,900 ordinary shares of RM 1 each at par for cash.

14. COMPARATIVE FIGURES

There are no comparative figures as this is the first set of financial statements.

15. NUMBER OF EMPLOYEES

The Company has no employee at the end of the financial period.

16. ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on 19 March 2015.

FOR MANAGEMENT PURPOSES ONLY

I SYNERGY INTERNATIONAL (M) SDN. BHD.
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INCOME STATEMENT
FOR THE PERIOD FROM 18 SEPTEMBER 2013 (DATE OF
INCORPORATION) TO 31 DECEMBER 2013

	2013 RM
REVENUE	3,283,242
LESS : DIRECT COSTS	
Activation code	190,950
Seminar and training	134,695
Merchandise product	29,706
	355,351
Less : Closing inventory	10,015
	345,336
GROSS PROFIT	2,937,906
ADD : OTHER INCOME	
Sundry income	840
	2,938,746
LESS : EXPENSES	(APPENDIX II)
	3,514,021
LOSS BEFORE TAXATION	(575,275)

I SYNERGY INTERNATIONAL (M) SDN. BHD.
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SCHEDULE OF EXPENSES
FOR THE PERIOD FROM 18 SEPTEMBER 2013 (DATE OF
INCORPORATION) TO 31 DECEMBER 2013

	2013 RM
Auditors' remuneration	6,000
Advertisement and promotion	6,000
Attestation	35
Bank charges	543
Depreciation	15,412
Electricity and water	3,740
Incorporation fee	300
Interest on hire purchase	2,201
Marketing expenses	3,419,717
Membership fee	2,400
Postages and courier	730
Printing and stationery	3,385
Recruitment fee	2,000
Registration fees	1,000
Rental of equipment	180
Rental of premises	42,496
Secretarial fee	920
Service tax	696
Staff refreshment	190
Stamping fee	200
Telephone and fax	2,790
Travelling and accommodation	516
Upkeep of computer equipment	1,800
Upkeep of office	300
Upkeep of office equipment	470
	<hr/>
	3,514,021