

**I SYNERGY INTERNATIONAL (M) SDN. BHD.**

(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 DECEMBER 2014

**RICHARD HO & ASSOCIATES (AF 1600)**  
**CHARTERED ACCOUNTANTS**

**I SYNERGY INTERNATIONAL (M) SDN. BHD.**  
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2014**

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**I SYNERGY INTERNATIONAL (M) SDN. BHD.**

(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors hereby submit their report together with the audited financial statements of the Company for the year ended 31 December 2014.

**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 the activities during the financial year.

**RESULTS**

**RM**

Loss for the financial year	<u>2,683,364</u>
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In the opinion of the Directors, the results of the operations of the Company during the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**DIVIDENDS**

No dividends have been paid or declared since the end of the previous year. The Directors do not recommend that a dividend to be paid in respect of the current year.

**RESERVES AND PROVISIONS**

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

**ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company has issued the following ordinary shares:

<u>Date of issued</u>	<u>No. of shares</u> <u>Issued</u>	<u>Issued</u> <u>Price</u>	<u>Consideration</u>	<u>Purpose</u>
10.06.2014	99,900	RM 1	Cash	Working capital

The new ordinary shares rank in pari passu in all respects with existing ordinary shares. There were no issuances of debentures by the Company during the financial year.

## SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

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

## DIRECTORS

The Directors who held office since the date of the last report are:

DATO' TEO CHEE HONG  
ONG SIW HUT

## DIRECTORS' BENEFITS

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 Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial period, 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 directors 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, the interest of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:

	<u>Number of ordinary shares of RM1.00 each</u>			
	<u>At</u> <u>1.1.2014</u>	<u>Acquired</u>	<u>Disposed</u>	<u>At</u> <u>31.12.14</u>
DATO' TEO CHEE HONG	70	69,930	-	70,000
ONG SIW HUT	30	29,970	-	30,000

## OTHER STATUTORY INFORMATION

Before the statement of comprehensive income and the statement of financial position of the Company were made out, the Directors took reasonable steps:

- (a) 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 have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts, and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- (d) not otherwise dealt with in this report or financial statement which would render any amount stated in the financial statements of the Company misleading.

As of 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 and secures the liability 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 or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, 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 succeeding year.

Company No : 1062594-W

## AUDITORS

The retiring auditors, Messrs. **RICHARD HO & ASSOCIATES**, have indicated their willingness to be re-appointed in accordance with Section 172(2) of the Companies Act, 1965.

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



**DATO' TEO CHEE HONG**  
Director



**ONG SIW HUT (I)**  
Director

Petaling Jaya, Selangor  
Date : 06 MAY 2015

Company No : 1062594-W

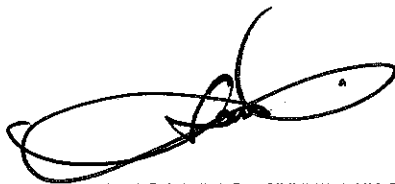
**I SYNERGY INTERNATIONAL (M) SDN. BHD.**  
**(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS**

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

The directors of **I SYNERGY INTERNATIONAL (M) SDN. BHD** state that, in their opinion, the financial statements set out on pages 8 to are drawn up in accordance with the provisions of the Companies Act, 1965 and the approved accounting standards applicable to entities other than private entities 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 of its business and the cash flows of the Company for the year ended on that date.

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



**DATO' TEO CHEE HONG**  
Director



**ONG SIW HUT (O)**  
Director

Petaling Jaya, Selangor

Dated: 06 MAY 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.** do solemnly and sincerely declare that the financial statements set out on pages 8 to 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 above-named Dato' Teo Chee Hong )  
at Petaling Jaya in the Selangor )  
on 06 MAY 2015


No : B185  
Nama: NG SAY HUNG



**DATO' TEO CHEE HONG**

Before me,

COMMISSIONER FOR OATHS



No. 69A, Jalan SS21/3  
Damansara Utama (Up Town)  
47400 Petaling Jaya, Selangor D.E.

# **RICHARD HO & ASSOCIATES (AF 1600)**

Chartered Accountants

COMPANY NO. 1062594 - W

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF I SYNERGY INTERNATIONAL (M) SDN. BHD.**

(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of I SYNERGY INTERNATIONAL (M) SDN. BHD. which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 24.

### **Director's 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 Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements 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 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.



### **Emphasis of Matters**

Without qualifying our opinion, we draw attention that the Company has a shareholders' deficit of RM3,158,639. However, the financial statements have been prepared in the basis of accounting principles applicable to a going concern. This going concern basis presumes that the Company will be able to operate profitably in the foreseeable future and continue to receive financial support from its Directors and shareholders and, consequently, the realisation of assets and settlement of liabilities will occur in the ordinary course of business. In this connection, the Directors are satisfied that the Company will be able to meet its financial obligation as the fall due for the foreseeable future and the Directors will have pledged that they will continue to provide financial support to the Company.

### **Opinion**

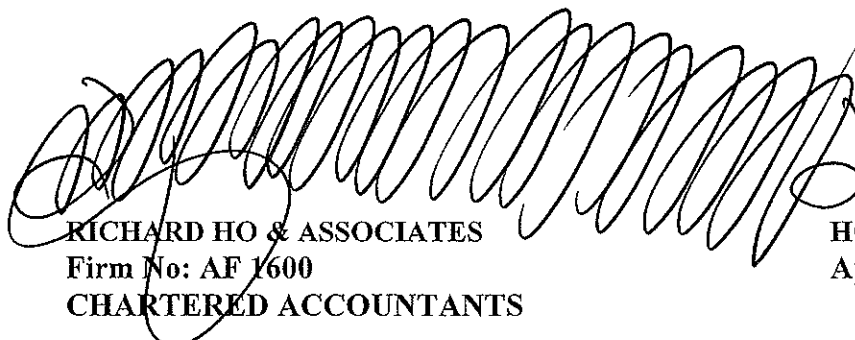
In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of its financial performance and cash flows for the financial year ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965,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

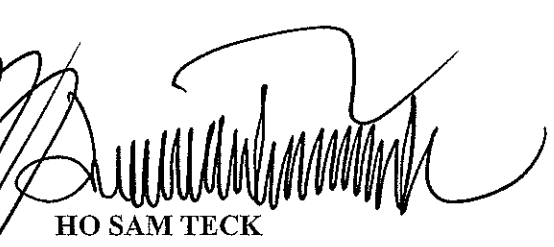
### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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 register 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.

  
**RICHARD HO & ASSOCIATES**  
Firm No: AF 1600  
**CHARTERED ACCOUNTANTS**

  
**HO SAM TECK**  
Approval No. 2660/07/15(J)

Kuala Lumpur  
Dated: 6 May 2015

**I SYNERGY INTERNATIONAL (M) SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

	Note	2014 RM	2013 RM
<b>NON CURRENT ASSETS</b>			
Plant and equipment	4	835,620	220,027
<b>DEFERRED EXPENDITURE</b>	5	28,436,449	4,676,614
<b>CURRENT ASSETS</b>			
Inventories	6	10,091	10,015
Trade receivables	7	536,280	285,000
Amounts due to related companies	8	1,719,705	-
Other receivables, deposits and prepayment	9	846,138	4,831,622
Cash and bank balances		11,151,186	5,275,825
		14,263,400	10,402,462
<b>CURRENT LIABILITIES</b>			
Trade creditors		2,803,186	1,967,066
Other payables and accruals		4,357,996	7,400,109
Amount due to Directors	10	7,239	34,220
Hire purchase payables	11	54,475	16,953
		7,222,896	9,418,348
<b>NET CURRENT ASSETS</b>		7,040,504	984,114
		<u>36,312,573</u>	<u>5,880,755</u>
<b>FINANCED BY:</b>			
<b>SHARE CAPITAL</b>	12	100,000	100
<b>ACCUMULATED LOSSES</b>		<u>(3,258,639)</u>	<u>(575,275)</u>
<b>SHAREHOLDERS' DEFICIT</b>		(3,158,639)	(575,175)
<b>NON CURRENT LIABILITIES</b>			
Hire purchase payables	11	365,644	161,280
Deferred income		39,105,568	6,294,650
		<u>36,312,573</u>	<u>5,880,755</u>

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

**I SYNERGY INTERNATIONAL (M) SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	2014 RM	2013 RM
REVENUE	13	19,934,487	3,283,242
OTHER INCOME		35,849	840
DIRECT COST		(1,879,376)	(345,336)
SELLING AND DISTRIBUTION EXPENSES		(18,424,635)	(3,426,233)
STAFF COST		(1,655,384)	(190)
ADMINISTRATIVE EXPENSES		(663,826)	(84,854)
FINANCE CHARGES		<u>(30,479)</u>	<u>(2,744)</u>
LOSS BEFORE TAXATION	14	(2,683,364)	(575,275)
TAXATION	15	<u>-</u>	<u>-</u>
NET LOSS FOR THE FINANCIAL YEAR/PERIOD		<u><u>(2,683,364)</u></u>	<u><u>(575,275)</u></u>

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

**I SYNERGY INTERNATIONAL (M) SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Share Capital RM	Accumulated losses RM	Total RM
At the date of incorporation	100	-	100
Net loss for the financial period	-	(575,275)	(575,275)
At 31st December 2013	100	(575,275)	(575,175)
Issue of shares during the year	99,900	-	99,900
Net loss for the financial year	-	(2,683,364)	(2,683,364)
At 31st December 2014	100,000	(3,258,639)	(3,158,639)

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

**I SYNERGY INTERNATIONAL (M) SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	2014 RM	2013 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,683,364)	(575,275)
Adjustment for:		
Depreciation of plant and equipment	154,342	15,412
Hire purchase interest	17,509	2,201
Interest received	(34,529)	-
Operating loss before working capital changes	(2,546,042)	(557,662)
Increase in inventory	(76)	(10,015)
Increase in receivables	(21,745,336)	(8,353,254)
Decrease/Increase in payables	30,604,925	14,221,841
(Decrease)/Increase in amount due to Directors	(26,981)	34,220
Cash generated from operating activities	6,286,490	5,335,130
Interest received	34,529	-
Net cash generated from operating activities	6,321,019	5,335,130
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities:		
Purchase of plant and equipment	(484,925)	(50,439)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net cash generated from financing activities:		
Issue of shares	99,900	100
Repayment of hire purchase payable	(60,633)	(8,966)
NET INCREASE IN CASH AND CASH EQUIVALENT	5,875,361	5,275,825
CASH AND CASH EQUIVALENT AT BEGINNING OF THE FINANCIAL YEAR	5,275,825	-
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR	11,151,186	5,275,825
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	11,151,186	5,275,825

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

**I SYNERGY INTERNATIONAL (M) SDN. BHD.**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2014**

**1. CORPORATE INFORMATION**

The principal activities of the Company is in the business as business development and planning management consultants, advisors to service and resource providers for commercial industry. There has been no significant change in the nature of the activities during the financial year.

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

The registered office of the Company is located at 15, Jalan 12/12, 46200 Petaling Jaya, Selangor.

The principal place of business of the Company is located at 1-1, Jalan Tasik Utama 4, Medan Niaga Tasik Damai, Lake Fields Sg. Besi, 57100 Kuala Lumpur.

The Company has 14 employees during the financial year ended 31st December 2014.

The financial statements of the Company were approved and authorised by the Board of Directors for issue on 6 May 2015.

**2. BASIS OF PREPARATION**

The financial statements of the Company are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ('FRS') in Malaysia.

- a) During the current financial year, the Company has adopted the following new accounting standards and interpretations, including the consequential amendments:

**FRS and IC Interpretations**

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters.

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters.

Amendments to FRS 7: Improving Disclosures about Financial Instruments

IC Interpretation 4 Determining Whether An Arrangement Contain a Lease

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

- a) The Company had not applied in advance the following accounting standards and interpretations, including the consequential amendments, that have been issued by the Malaysia Accounting Standards Board ('MASB') but are not yet effective for the current financial year:

FRSs and IC Interpretation	Effective Date
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosures of Interest in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employees Benefits (Revised)	1 January 2013
FRS 124 Related Party Disclosures (Revised)	1 January 2012
FRS 127 Separate Financial Statements (2011)	1 January 2013
FRS 128 Investments in Associates and Joint Ventures (2011)	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 1 (Revised): Government Loans	1 January 2013
Amendments to FRS 7: Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 January 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014

The above accounting standards and interpretations, including the consequential amendments will no longer be relevant to the Company financial statements. This is because following the issuance of the Malaysia Financial Reporting Standards ('MFRS') by the MASB on 19 November 2011, MASB allows a private entity either to comply with the Private Entity Reporting Standards ('PERSs') or MFRSs in its entirety for annual periods beginning on or after 1 January 2012. The Company falls within the definition of private entity and accordingly, the Company next set of financial statements for the annual period beginning January 2015 will be prepared in accordance with PERSs instead of FRSs.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the management and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### i) Depreciation of plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial factors which could change significantly as a result of technical innovation and competitors' actions in response to the market condition.

The Company anticipates that the residual values of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

##### ii) Impairment of non-financial assets

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

##### iii) Impairment of amount owing by trade and other receivables

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



(b) Functional and Presentation Currency

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

The financial statements are presented in Ringgit Malaysia ('RM'), which is the functional and presentation currency.

(c) Financial Instruments

Financial instruments are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

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

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each items.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to maturity investments, loans and receivables financial assets, or available for sale financial assets, as appropriate.

- Financial Assets at Fair Value Through Profit and Loss

As at the end of the reporting period, there were no financial assets classified under this category.

- Held-to maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

- Loan and Receivables Financial Assets

Amount owing by trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

ii) Financial Liabilities

All financial liabilities are initially stated at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorized as fair value through profit and loss.

Fair value through profit or loss category comprised financial liabilities that are either held for trading or are designed to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(d) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any

Depreciation is calculated under the straight-line method to write off the depreciation amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates use for this purpose are :-

	<u>Rate</u>
Computer, hand phone and printer	20%
Furniture and fittings	10%
Merchant equipment	10%
Motor vehicles	20%
Office equipment	10%
Renovation	10%
Signage	10%
Software	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognized. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit and loss.

(e) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorized at fair value through profit and loss), are assessed at the end of each reporting period where there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent that the carrying amount does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Impairment of Non-Financial Assets

The carrying value of assets, other than those to which FRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the assets that would have been determined (net of amortization and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits, bank overdraft and short-term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined Contribution Plans

The Company's contributions to defined contribution plans are recognised in profit or loss in the period to which they related. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

(h) Revenue and Other Income

(i) Deferred Income

Deferred income represents membership fee from affiliates received in advance.

(ii) Rendering of Services

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

(iii) Interest Income

Interest income is recognised using the effective interest method, and accrued on a time basis.

(i) Deferred Expenditure

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

(j) Hire Purchase Transaction

Assets acquired under hire purchase agreement 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 obligation and the interest elements is charged to the income statements 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.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(l) 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 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 the 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, 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.

The carrying amount of the deferred tax assets are reviewed at each reporting date, and the carrying amount is reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

**4. PLANT AND EQUIPMENT**

	At 1.1.14 RM	Additions RM	Disposals RM	At 31.12.14 RM
At cost:				
Computer, handphone and printer	4,060	8,279	-	12,339
Furniture and fittings	-	25,122	-	25,122
Merchant equipment	-	118,750	-	118,750
Motor vehicles	230,000	466,681	-	696,681
Office equipment	1,379	24,093	-	25,472
Renovation	-	51,700	-	51,700
Signage	-	2,400	-	2,400
Software	-	72,900	-	72,900
	<u>235,439</u>	<u>769,925</u>	<u>-</u>	<u>1,005,364</u>
Accumulated depreciation:				
Computer, handphone and printer	68	1,458	-	1,526
Furniture and fittings	-	1,678	-	1,678
Merchant equipment	-	3,804	-	3,804
Motor vehicles	15,333	130,254	-	145,587
Office equipment	11	1,640	-	1,651
Renovation	-	3,789	-	3,789
Signage	-	160	-	160
Software	-	11,559	-	11,559
	<u>15,412</u>	<u>154,342</u>	<u>-</u>	<u>169,754</u>
		Net book value		Depreciation
		2014	2013	2013
		RM	RM	RM
Computer, handphone and printer		10,813	3,992	68
Furniture and fittings		23,444	-	-
Merchant equipment		-	-	-
Motor vehicles		551,094	214,667	15,333
Office equipment		23,832	1,368	11
Renovation		47,910	-	-
Signage		2,240	-	-
Software		61,341	-	-
		<u>835,620</u>	<u>220,027</u>	<u>15,412</u>

Certain motor vehicles with net book value of RM382,428 (2013: RM214,667) are purchased under a hire purchase arrangement.

## 5. DEFERRED EXPENDITURE

	2014 RM	2013 RM
Deferred expenditure	<u>28,436,448</u>	<u>4,676,614</u>
Deferred expenditure represents prepaid commission attributed to membership fees received in advance.		

## 6. INVENTORIES

	2014 RM	2013 RM
At cost:		
Merchant products	<u>10,091</u>	<u>10,015</u>

## 7. TRADE RECEIVABLES

	2014 RM	2013 RM
Trade receivables	<u>536,280</u>	<u>285,000</u>
The normal trade credit terms granted to the customers ranges from 30 to 90 days. All the trade receivables are denominated in Ringgit Malaysia.		

## 8. AMOUNTS DUE FROM RELATED COMPANIES

Amounts due from related companies are unsecured, interest free and repayable on demand.

## 9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2014 RM	2013 RM
Other receivables	829,504	4,815,296
Deposits	10,481	10,156
Prepayment	<u>6,153</u>	<u>6,170</u>
	<u>846,138</u>	<u>4,831,622</u>

## 10. AMOUNT DUE TO DIRECTORS

Amount due to Directors is unsecured, interest free and repayable on demand.

## 11. HIRE PURCHASE PAYABLES

	2014 RM	2013 RM
Total payables	486,316	215,656
Less: Future interest charges	<u>(66,197)</u>	<u>(37,423)</u>
	<u>420,119</u>	<u>178,233</u>
Repayable as follows:		
Current - not later than one financial year	54,475	16,953
More than one year but not later than five years	315,470	77,874
More than five years	<u>50,174</u>	<u>83,406</u>
	<u>420,119</u>	<u>178,233</u>
Interest rate per annum (%)	2.3 - 2.5	2.3

## 12. SHARE CAPITAL

	2014 RM	2013 RM
Authorised:		
Ordinary shares of RM1.00 each	<u>400,000</u>	<u>400,000</u>
Issued and fully paid:		
At beginning of the financial year/period	100	-
Addition	<u>99,900</u>	<u>100</u>
At end of the financial year/period	<u>100,000</u>	<u>100</u>

## 13. REVENUE

Revenue represents the membership fees earned and invoiced value of merchandise sales.



**14. LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging:-

	2014 RM	2013 RM
Auditors' remuneration	25,000	6,000
Depreciation of plant and equipment	154,331	15,412
Directors' remuneration	201,600	-
Hire purchase interest	17,509	2,201
Rental of equipment	3,528	180
Rental of premises	192,102	42,496
Staff cost	<u>1,655,384</u>	<u>190</u>
And after crediting:		
Interest income	<u>34,529</u>	<u>-</u>
Staff cost comprises:		
Salaries, bonuses, commissions and allowances	1,533,918	-
Social security cost	5,861	-
Pension cost (defined contribution plan)	67,717	-
Others	<u>47,888</u>	<u>190</u>
	<u>1,655,384</u>	<u>190</u>
Included in staff cost is:		
Director's salaries	180,000	-
Pension cost (defined contribution plan)	<u>21,600</u>	<u>-</u>
	<u>201,600</u>	<u>-</u>

**15. TAXATION**

The Company has utilised business losses and unabsorbed capital allowances amounting to RM3,100,000 (2013: RM556,813) and RM212,000 (2013: RM24,474) respectively as at 31 December 2014, which will be carried forward to offset against future taxable income.

**16. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES**

The Company's financial risk management policy seeks to ensure adequate financial resources are available for the development of the Company's business while managing its financial risk.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

a) Interest rate risk

The Company has no significant interest rate risk as the Company has no substantial long-term interest bearing debts.

b) Price risk

The Company does not have any quoted investments and hence is not exposed to price risk.

c) Market risk

The Company has in place policies to manage the Company's exposure to fluctuation in the price of key materials used in the Company's operation.

d) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit valuations are performed on all customers requiring credit over a certain amount or informal credit valuations are performed on all customers on a case to case basis.

## 17. SIGNIFICANT RELATED PARTIES TRANSACTION

	2014 RM	2013 RM
I Synergy Universal Sdn. Bhd.		
Annual subscription fee	1,963,200	-
Platform fee	<u>142,000</u>	<u>-</u>

The Directors of the Company are of the opinion that the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with non-related parties.

## 18. COMPARATIVE FIGURES

The comparative figures are in respect of financial period from 18th September 2013 to 31st December 2013.

**I SYNERGY INTERNATIONAL (M) SDN. BHD.**  
(Incorporated in Malaysia)

**DETAILED INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	2014 RM	2013 RM
<b>REVENUE</b>	19,934,487	3,283,242
<b>OTHER INCOME</b>		
Interest income	34,529	-
Sundry income	1,320	840
	35,849	840
<b>LESS : DIRECT COST</b>		
Opening inventory	10,015	-
Activation code	381,810	190,950
Seminar and training	1,344,703	134,695
Merchant product	152,939	29,706
	1,889,467	355,351
Closing inventory	(10,091)	(10,015)
	(1,879,376)	(345,336)
<b>LESS : SELLING AND DISTRIBUTION COST</b>		
Advertisement	5,300	6,000
Marketing expenses	18,319,664	3,419,717
Travelling and accomodation	99,203	516
Television subscription fee	468	-
	(18,424,635)	(3,426,233)
<b>LESS : STAFF COST</b>	(1,655,384)	(190)
<b>LESS : ADMINISTRATIVE EXPENSE</b>	(663,826)	(84,854)
<b>LESS : FINANCE COST</b>		
Bank charges	10,474	543
Credit card charges	2,496	-
Hire purchase interest	17,509	2,201
	(30,479)	(2,744)
	<u>(2,683,364)</u>	<u>(575,275)</u>

This statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements

**I SYNERGY INTERNATIONAL (M) SDN. BHD.**  
(Incorporated in Malaysia)

**DETAILED INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	2014 RM	2013 RM
<b>STAFF COST</b>		
Allowance	54,080	-
Commission, bonus and incentive	945,094	-
Company trip and dinner	29,152	-
Directors' remuneration	180,000	-
Directors' EPF	21,600	-
EPF and Socso contributions	51,978	-
Salaries	354,744	-
Staff benefit	4,821	-
Staff refreshment and welfare	13,915	190
	<u>1,655,384</u>	<u>190</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Attestation fees	52	35
Auditors' remuneration	25,000	6,000
Compound & penalty	130	-
Depreciation of plant and equipment	154,331	15,412
Donation and contribution	11,160	-
Electricity and water charges	59,289	3,740
Incorporation fee	-	300
GST compliance and implementation	18,000	-
Insurance	43,801	-
Insurance and road tax	4,829	-
Membership fee	-	2,400
Medical expenses	2,894	-
Megazine and periodical	175	-
Office expenses	1,390	-
Professional fees	2,407	-
Postage and courier	9,682	730
Printing and stationery	23,466	3,385
Recruitment charges	-	2,000
Registration fee	-	1,000
Rental of equipment	3,528	180
Rental of premises	192,102	42,496
Retainer fee	24,000	-

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**I SYNERGY INTERNATIONAL (M) SDN. BHD.**  
**(Incorporated in Malaysia)**

**DETAILED INCOME STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	2014	2013
	RM	RM
Rotary fee	3,195	-
Secretary and filing fees	1,670	920
Seminar and training	2,000	-
Sampling fees	88	200
Telephone and internet charges	24,442	2,790
Transportation	200	-
Service tax	3,165	696
Upkeep of computer and software	13,200	1,800
Upkeep of motor vehicle	6,885	-
Upkeep of office	18,118	300
Upkeep of office equipment	7,204	470
Website fees	7,423	-
	<u>663,826</u>	<u>84,854</u>

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