

I SYNERGY HOLDINGS BERHAD

(Incorporated In Malaysia)
Company No: 1138715 - H

FINANCIAL REPORT

for the financial year ended 31 December 2016

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I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of investment holding. There has been no significant change in the nature of this activity during the financial year.

RESULTS

	The Group RM	The Company RM
Profit for the financial year	<u>2,344,809</u>	<u>514,444</u>
Attributable to:- Owners of the Company	<u>2,344,809</u>	<u>514,444</u>

DIVIDENDS

No dividend was paid since the end of the previous financial period and the directors do not recommend the payment of any dividend for the current financial period.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there was no change in the authorised share capital of the Company;
- (b) the Company implemented share consolidation on the basis that every fifty (50) shares of RM0.02 each in the issued and paid-up share capital of the Company be consolidated into one (1) issued consolidated share of RM1.00 each in the issued and paid-up share capital of the Company; and
- (c) there were no issues of debentures by the Company.

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DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and 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 allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements 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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and 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 Group and of the Company to meet their obligations 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 Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial period 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 Group and of the Company for the financial year in which this report is made.

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DIRECTORS' REPORT

DIRECTORS

The directors who served since the date of incorporation are as follows:-

Dato' Teo Chee Hong

Ong Han Keong

Chu Chung Piow

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	Number Of Ordinary Shares			At 31.12.2016
	At 01.01.2016	Bought	Sold	
<i>Direct Interests</i>				
Dato' Teo Chee Hong	3,422,446	-	-	3,422,446
Ong Han Keong	204,400	-	-	204,400
Chu Chung Piow	204,400	-	-	204,400

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than the benefit shown under the Directors' remuneration section of our report) 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 year was the Group or 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.

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DIRECTORS' REPORT

DIRECTORS' REMUNERATION

	The Group		The Company	
	1.1.2016 to 30.9.2016 RM	3.4.2015 to (Date of Incorporation) to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	3.4.2015 to (Date of Incorporation) to 31.12.2015 RM
Directors' emoluments other than fees to the directors	385,075	911,606	-	-

AUDITORS' REMUNERATION

During the financial year, the Group's total amount paid to or receivable by the auditors as remuneration for their services was RM90,436.

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DIRECTORS' REPORT

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 28 MAR 2017



Dato' Teo Chee Hong



Ong Nan Keong

I SYNERGY HOLDINGS BERHAD

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STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Teo Chee Hong and Ong Han Keong, being two of the directors of I Synergy Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 11 to 44 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company at 31 December 2016 and of the financial performance and cash flows of the Group for the financial period from 1 January 2016 to 30 September 2016, and the financial performance and cash flows of the Company for the financial year ended 31 December 2016.

Signed in accordance with a resolution of the directors dated 28 MAR 2017



Dato' Teo Chee Hong



Ong Han Keong

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Dato' Teo Chee Hong, I/C No. 790928-01-5357, being the director primarily responsible for the financial management of I Synergy Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 44 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 Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Dato' Teo Chee Hong, I/C No. 790928-01-5357,
at Kuala Lumpur in the Federal Territory
on this 28 MAR 2017

Before me



B-3A-4, Megan Avenue 2,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.



Dato' Teo Chee Hong

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
I SYNERGY HOLDINGS BERHAD**

(Incorporated in Malaysia)
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Opinion**

We have audited the financial statements of I Synergy Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the financial period from 1 January 2016 to 30 September 2016 and of the Company for the financial year ended 31 December 2016, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 44.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of the financial performance and cash flows of the Group for the financial period from 1 January 2016 to 30 September 2016, and the financial performance and cash flows of the Company for the financial year ended 31 December 2016 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
I SYNERGY HOLDINGS BERHAD. (CONT'D)**

(Incorporated in Malaysia)

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Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
I SYNERGY HOLDINGS BERHAD (CONT'D)**

(Incorporated in Malaysia)

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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Crowe Horwath
Firm No: AF 1018
Chartered Accountants

28 MAR 2017

Kuala Lumpur



Chan Kuan Chee
Approval No: 2271/10/17 (J)
Chartered Accountant

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STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2016

		The Company	
	Note	2016 RM	2015 RM
ASSETS			
NON-CURRENT ASSET			
Investment in a subsidiary	5	-	5,000,000
CURRENT ASSETS			
Amount owing by related parties	6	5,178,505	-
Bank balance		30,531	-
		5,209,036	-
TOTAL ASSETS		5,209,036	5,000,000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	5,000,000	5,000,000
Retained profit/(Accumulated loss)	8	91,205	(423,239)
TOTAL EQUITY		5,091,205	4,576,761
CURRENT LIABILITIES			
Other payables and accruals	9	45,936	40,154
Amount owing to a subsidiary	10	-	383,085
Amount owing to a related party	6	1,895	-
Income tax payable		70,000	-
		117,831	423,239
TOTAL LIABILITIES		117,831	423,239
TOTAL EQUITY AND LIABILITIES		5,209,036	5,000,000

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
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**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

		The Group		The Company	
		1.1.2016 to 30.09.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM
	Note				
REVENUE	11	45,276,900	40,259,360	297,000	-
COST OF SALES		(44,569,210)	(39,868,208)	-	-
GROSS PROFIT		707,690	391,152	297,000	-
OTHER INCOME		5,649,699	376,742	359,715	-
SELLING AND DISTRIBUTION EXPENSES		(125,950)	(286,801)	-	-
ADMINISTRATIVE EXPENSES		(3,816,630)	(2,703,496)	(72,271)	(423,239)
FINANCE COST		-	(31,201)	-	-
PROFIT/(LOSS) BEFORE TAXATION	12	2,414,809	(2,253,604)	584,444	(423,239)
INCOME TAX EXPENSE	13	(70,000)	-	(70,000)	-
PROFIT AFTER TAX		2,344,809	(2,253,604)	514,444	(423,239)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL PERIOD/YEAR		2,344,809	(2,253,604)	514,444	(423,239)
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD/YEAR ATTRIBUTABLE TO:- Owners of the Company		2,344,809	(2,253,604)	514,444	(423,239)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:- Owners of the Company		2,344,809	(2,253,604)	514,444	(423,239)

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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

The Group	Share Capital RM	Accumulated Losses RM	Total RM
Balance at 3.4.2015 (date of incorporation)	5,000,000	-	5,000,000
Loss after tax/Total comprehensive expenses for the financial period	-	(2,253,604)	(2,253,604)
Balance at 31.12.2015/1.1.2016	5,000,000	(2,253,604)	(2,746,396)
Profit after tax/Total comprehensive income for the financial period	-	2,344,809	2,344,809
Balance at 30.09.2016	5,000,000	91,205	5,091,205

The Company	Share Capital RM	Accumulated Losses RM	Total RM
Balance at 3.4.2015 (date of incorporation)	5,000,000	-	5,000,000
Loss after tax/Total comprehensive expenses for the financial period	-	(423,239)	(423,239)
Balance at 31.12.2015/1.1.2016	5,000,000	(423,239)	4,576,761
Profit after tax/Total comprehensive income for the financial year	-	514,444	514,444
Balance at 31.12.2016	5,000,000	91,205	5,091,205

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

		The Group		The Company
		3.4.2015		3.4.2015
		(Date of		(Date of
		Incorporation)		Incorporation)
		to		to
		31.12.2015		31.12.2015
		RM		RM
Note	1.1.2016 to 30.9.2016 RM	31.12.2015 RM	1.1.2016 to 31.12.2016 RM	31.12.2015 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) for the financial period/year	2,414,809	(2,253,604)	584,444	(423,239)
Adjustments for:-				
Depreciation of equipment	329,180	148,398	-	-
Hire purchase interest expense	4,959	31,201	-	-
Loss on disposal of equipment	89,418	33,462	-	-
Gain on disposal of a subsidiary	(4,464,873)	-	-	-
Interest income	(405,674)	(182,059)	-	-
Operating (loss)/profit before working capital changes	(2,032,181)	(2,222,602)	584,444	(423,239)
Increase in inventories	14,743	(2,510)	-	-
Decrease/(Increase) in trade and other receivables	594,949	(2,456,545)	-	40,154
Increase in trade and other payables	5,424,739	4,673,744	5,782	-
CASH FLOWS FROM/(FOR) OPERATIONS	4,002,250	(7,913)	590,226	(383,085)
Interest paid	(4,959)	(31,201)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES	3,997,291	(39,114)	590,226	(383,085)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
Acquisition of a subsidiary, net of cash acquired	-	11,362,385	-	-
Advances to a related party	(1,571,598)	-	(178,505)	-
Disposal of a subsidiary, net of cash disposed	5 (17,144,428)	-	-	-
Interest received	405,674	182,059	-	-
Proceeds from disposal of equipment	188,682	116,038	-	-
Purchase of equipment	(2,050,834)	(973,262)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(20,172,504)	10,687,220	(178,505)	-

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		The Group		The Company
		3.4.2015		3.4.2015
		(Date of		(Date of
		Incorporation)		Incorporation)
		to		to
		31.12.2015		31.12.2015
Note	1.1.2016 to 30.9.2016 RM	RM	1.1.2016 to 31.12.2016 RM	RM
CASH FROM/(FOR)				
FINANCING ACTIVITIES				
(Repayment from a former subsidiary)/Advances from a subsidiary	-	-	(383,085)	383,085
(Repayment to)/Advances from a director	(7,744)	7,744	-	-
Advances from a related party	2,414,596	3,350,044	1,895	-
Repayment of hire purchase payables	(30,537)	(176,465)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES	2,376,315	3,181,323	(381,190)	383,085
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(13,798,898)	13,829,429	30,531	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	13,829,429	-	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	30,531	13,829,429	30,531	-

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : B-1-15, Block B, 8 Avenue,
Jalan Sungai Jemih 8/1,
Section 8,
46050 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business : Unit 20-10, Tower A, The Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 March 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The statement of financial position of the Group is not prepared as the Company has disposed of its subsidiary during the financial year as disclosed in Note 5 to the financial statements.

- 3.1 No new accounting standards and interpretation (including the consequential amendments) have been adopted by the Group during the financial year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

* Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon its initial application.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's 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:-

(a) Depreciation of Equipment

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

The Group 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 the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer 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.

(c) Allocation of the Transaction Price to the Performance Obligations

When the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

If a standalone selling prices is not directly observable, the Group will need to estimate it using adjusted market assessment approach, expected cost plus a margin approach and residual approach.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) Allocation of the Transaction Price to the Performance Obligations (Cont'd)

Determining the appropriate amount to allocate to the separate performance obligations require judgments. Factors that management might consider when estimating the amount to allocate to the contract's performance obligations include historical data, expected renewal rates, budgets, data used to set the pricing terms of the contract arrangement and/or discussions with the customer during or after negotiations about the arrangement.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group 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 expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) 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.

(i) Financial Assets at Fair Value through Profit or Loss

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

(ii) Held-to-maturity Investments

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables 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.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

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

(b) Financial Liabilities

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

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated 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.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 EQUIPMENT

Equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable 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 used for this purpose are:-

Computers, handphone 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 EQUIPMENT (CONT'D)

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 Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. 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 Group is obligated to incur when the asset is acquired, if applicable.

An item of equipment is derecognised 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 or loss.

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether 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 or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that 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.

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 a reversal of the previous impairment loss and 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 profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.9 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.7 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.

4.11 INCOME TAXES

Income tax 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 reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 INCOME TAXES (CONT'D)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.16 REVENUE AND OTHER INCOME

(a) Revenue from contracts with customers

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 REVENUE AND OTHER INCOME (CONT'D)

(a) Revenue from contracts with customers (cont'd)

Recognition and measurement

At the inception of each contract with customer, the Group assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised. A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and/or implied in the Group's customary business practices. A good or service is distinct if:-

- (i) the customer can either benefit from the good or service on its own or together with other readily available resources; and
- (ii) the good or service is separately identifiable from other promises in the contract (e.g. the good or service is not integrated with, or significantly modify, or highly interrelated with, other goods or services promised in the contract).

If a good or service is not distinct, the Group combines it with other promised goods or services until the Group identifies a distinct performance obligation consisting a distinct bundle of goods or services.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. If a standalone selling price is not directly observable, the Group will need to estimate it using adjusted market assessment approach, expected cost plus a margin approach and residual approach.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 REVENUE AND OTHER INCOME (CONT'D)

(a) Revenue from contracts with customers (cont'd)

Recognition and measurement (cont'd)

Control over the goods or services are transferred over time and revenue is recognised over time if:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (ii) the Group's performance creates or enhances a customer-controlled asset; or
- (iii) the Group's performance does not create an asset with alternative use and the Group has a right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Specific revenue recognition criteria for each of the Group's activities are as described below.

(i) Revenue from software platform activation

Revenue from software platform activation is recognised upon the deployment of the platform's software and technology for the customer, namely the affiliates marketer use to conduct offline and online marketing business. The deployment process is all of the activities undertaken to customise the software platform according to specific characteristics of the program performance incentives as stipulated in the contract with affiliates and to activate some form of command relating to software component for affiliates execution when using the software platform. The performance obligation is satisfied at a point in time upon completion of the software deployment process.

(ii) Revenue from training and business support tool kit and related material

Revenue is recognised upon provision of training and training materials to the new affiliates. The performance obligation is satisfied at a point in time upon completion of the training course.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 REVENUE AND OTHER INCOME (CONT'D)

(a) Revenue from contracts with customers (cont'd)

Recognition and measurement (cont'd)

(iii) Revenue from licence right to access

The licence arrangement gives the affiliates the right to access the platform services as it exists over certain period of time granted under the contract. The Group's performance obligation during the licensed period is provision of affiliate management services such as monitoring of transaction traffic conducted by referred customer and, coordination and execution of compensation payment of program fee to affiliate based on affiliates' program performance incentive terms and to customer based on affiliate program incentive.

The revenue from licence right to access is recognised over time when the Group met all the following criterias:-

- (a) the Group will undertake either contractually or based on customary business practices activities that significantly affect the software platform to which the affiliate has rights.
- (b) the Group's activities do not otherwise transfer a good or services to the affiliates as they occur.
- (c) the rights granted by the licence directly expose the affiliates to both positive and negative effects of the activities on the software platform and the affiliates entered into the contract with the intent of being exposed to those effects.

Deferred revenue are licence fee received upfront and allocated to performance obligation in respect of software platform licences that are unsatisfied as at the end of the reporting period. Licences that provide access are performance obligations satisfied over time and, therefore, deferred revenue is recognised over the license period.

(iv) Revenue from affiliate program

Revenue from affiliate program is determined based on total discount rate allocated by the customer, namely the merchant (also known as retailer or brand) computed based on each successful sale transaction referred.

(b) Sale of Goods

Revenue is measured at fair value of the consideration received and receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 REVENUE AND OTHER INCOME (CONT'D)

(c) Seminar and event activity income

Seminar and event activity income are recognised upon rendering of services and when the outcome of the transaction could not be estimated reliably, revenue is recognized to the extent of the expenses incurred that are recoverable.

(d) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

5. INVESTMENT IN A SUBSIDIARY

	The Company	
	RM	RM
Unquoted shares, at cost	-	5,000,000

Details of the subsidiary are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2016 %	Principal Activities
I Synergy International (M) Sdn. Bhd.	Malaysia	100	Business of affiliate marketing and related affiliate management services for commercial industry.

On 30 September 2016, the Company disposed of its subsidiary, I Synergy International (M) Sdn. Bhd. to its related party, I Synergy Group Limited for a total cash consideration of RM5,000,000.

Upon completion of the aforesaid disposal on 30 September 2016, I Synergy International (M) Sdn. Bhd. ceased to be a subsidiary of the Company.

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5. INVESTMENT IN A SUBSIDIARY (CONT'D)

The fair values of the identifiable assets and liabilities of the above mentioned subsidiary as at the date of disposal were as follows:-

	RM
Plant and equipment	3,003,122
Inventories	12,176
Trade and other receivables	2,490,466
Amount owing by related parties	1,393,093
Cash and cash equivalents	17,144,428
Trade and other payables	(6,758,417)
Amount owing to related parties	(3,629,556)
Hire purchase payables	(183,642)
Deferred income	(21,635,965)
Fair value of net assets disposed	(8,164,295)
Goodwill on consolidation	8,699,422
Total disposal proceeds	(5,000,000)
Gain on disposal	(4,464,873)
The cash outflow on disposal is as follows:-	
Cash and cash equivalents of subsidiary disposed of	(17,144,428)

6. AMOUNT OWING BY/(TO) RELATED PARTIES

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

7. SHARE CAPITAL

Ordinary Shares Of RM0.02 Each:-	The Company Number Of Shares	RM
At 3 April 2015 (date of incorporation)/ 31 December 2015 Authorised	500,000,000	10,000,000
Issued And Fully Paid-Up	200	4
At 3 April 2015 (date of incorporation) Creation during the financial period	249,999,800	4,999,996
At 31 December 2015	250,000,000	5,000,000

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7. SHARE CAPITAL (CONT'D)

Ordinary Shares Of RM1 Each:-	The Company Number Of Shares	RM
At 1 January 2016/31 December 2016 Authorised	500,000,000	10,000,000
Issued And Fully Paid-Up At 1 January 2016	250,000,000	5,000,000
Share consolidation	(245,000,800)	-
At 31 December 2016	5,000,000	5,000,000

During the financial year, the Company implemented share consolidation on the basis that every fifty (50) shares of RM0.02 each in the issued and paid-up share capital of the Company be consolidated into one (1) issued consolidated share of RM1.00 each in the issued and paid-up share capital of the Company.

8. RETAINED PROFIT

Under the single tier tax system, tax on the Company's profit is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

9. OTHER PAYABLES AND ACCRUALS

	The Company 2016 RM	2015 RM
Other payables	40,936	17,154
Accruals	5,000	23,000
	45,936	40,154

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10. AMOUNT OWING TO A SUBSIDIARY

In the previous financial period, the amount owing was non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing was settled in cash during the financial year.

11. REVENUE

Revenue of the Group represents software activation, training, licence right to access and affiliate program fees earned and invoiced value of seminar and event, and merchandise sales.

12. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	1.1.2016 to 30.9.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Audit fee	90,436	70,800	12,000	23,000
Depreciation of equipment	329,180	148,398	-	-
Director remuneration	385,075	911,606	-	-
Hire purchase interest expense	4,959	31,201	-	-
Loss on disposal of equipment	89,418	33,462	-	-
Rental equipment	6,816	4,461	-	-
Rental of premises	255,600	22,531	-	-
Staff costs:-				
- salaries, bonuses, commissions and allowances	1,560,582	487,654	-	-
- defined contribution plan	77,307	58,422	-	-
- others	181,367	96,044	-	-
Interest income	(405,674)	(182,059)	-	-

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13. INCOME TAX EXPENSE

	The Group		The Company	
	1.1.2016 to 30.9.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM
Income tax: - for the current financial period/year	70,000	-	70,000	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015 – 25%) of the estimated assessable profit for the financial period/year.

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13. INCOME TAX EXPENSE (CONT'D)

A reconciliation of the income tax expense applicable to the profit/(loss) for the financial period/year at the statutory tax rate to the income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	1.1.2016 to 30.9.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM
Profit/(Loss) for the financial period/year	2,414,809	(2,253,604)	584,444	(423,239)
Tax at the statutory tax rate 24%/25%	579,554	(563,401)	140,267	(105,810)
Tax effects of:-				
Non-taxable income	(1,157,901)	-	(86,331)	-
Non-deductible expenses	1,670,857	139,429	16,064	105,810
Deferred tax assets not recognised	-	423,972	-	-
Utilisation of deferred tax assets previously not recognised	(1,022,510)	-	-	-
	70,000	-	70,000	-

No deferred tax asset is recognised in respect of the following item:-

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Accelerated capital allowances	(395,067)	(290,175)	-	-
Unutilised tax losses	1,933,728	5,679,159	-	-
Unabsorbed capital allowances	-	378,633	-	-
	1,538,661	5,767,617	-	-

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14. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(a) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial period/year:-

	The Group		The Company	
	1.1.2016 to 30.09.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM
I Synergy Universal Sdn. Bhd.				
- Annual subscription fee	72,700	57,050	-	-
- Platform fee	925,140	12,993,570	-	-
- Activation code	1,686,600	392,488	-	-
I Synergy International (M) Sdn. Bhd.				
- Management fee	297,000	-	-	-
Triple Gem Sdn. Bhd.				
- Office rental	224,199	30,900	-	-

(b) Key management personnel compensation:

	The Group		The Company	
	1.1.2016 to 30.09.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	3.4.2015 (Date of Incorporation) to 31.12.2015 RM
Short-term employee benefits	385,075	911,606	-	-

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15. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

15.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(ii) Interest Rate Risk

The Group does not have any interest-bearing borrowings and hence is not exposed to interest rate risk.

(iii) Equity Price Risk

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

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit risk concentration profile

The Company's major concentration of credit risk relate to amount owing by a related party which make up 96% of its receivables.

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

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15. FINANCIAL INSTRUMENTS (CONT'D)**15.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances.

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows:-

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
The Company 2016					
Other payables and accruals	-	45,936	45,936	45,936	-
Amount owing to a related party	-	1,895	1,895	1,895	-
		47,831	47,831	47,831	-

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
The Company 2015					
Other payables and accruals	-	40,154	40,154	40,154	-
Amount owing to a subsidiary	-	383,085	383,085	383,085	-
		423,239	423,239	423,239	-

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15. FINANCIAL INSTRUMENTS (CONT'D)

15.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the Company.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total borrowings from financial institutions.

15.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Company	
	2016 RM	2015 RM
Financial Assets		
<u>Loans and receivables financial assets</u>		
Amount owing by related parties	5,178,505	-
Bank balance	30,531	-
	<u>5,209,036</u>	<u>-</u>
Financial Liabilities		
<u>Other financial liabilities</u>		
Other payables and accruals	45,936	40,154
Amount owing to a subsidiary	-	383,085
Amount owing to a related party	1,895	-
	<u>47,831</u>	<u>423,239</u>

15.4 FAIR VALUE INFORMATION

At the end of the reporting period, there was no financial instrument carried at fair values.

The fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair values are determined by discounting the relevant cash flows at rates equal to the current market interest rate plus appropriate credit rating, where necessary. The fair values are included in level 2 of the fair value hierarchy.