

I SYNERGY HOLDINGS BERHAD

(Incorporated In Malaysia)

Company No: 1138715 - H

FINANCIAL REPORT

for the 6-month financial period ended
30 June 2017

Contents

| | Page |
|--|------|
| Statement by Directors | 1 |
| Independent Auditors' Report | 2 |
| Statement of Financial Position | 4 |
| Statement of Profit or Loss and Other Comprehensive Income | 5 |
| Statement of Changes in Equity | 6 |
| Statement of Cash Flows | 7 |
| Notes to the Financial Statements | 8 |

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No : 1138715 - H

STATEMENT BY DIRECTORS

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 4 to 24 are drawn up in accordance Malaysian Financial Reporting Standards, MFRS 134: Interim Financial Reporting and International Accounting Standards, IAS 34: Interim Financial Reporting so as to give a true and fair view of the financial and of the Company at 30 June 2017 and of its financial performance and cash flows for the 6-month financial period ended on that date.

Signed in accordance with a resolution of the directors dated **13 SEP 2017**



Dato' Teo Chee Hong



Ong Han Keong

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

(Incorporated in Malaysia)
Company No : 1138715 - H

We have reviewed the accompanying statement of financial position of I Synergy Holdings Berhad as of 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 6-month financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 24.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Malaysian Financial Reporting Standard, MFRS 134: Interim Financial Reporting and International Accounting Standard, IAS 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

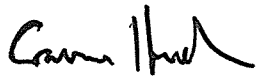
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Company as at 30 June 2017, and of the financial performance and cash flows of the Company for the 6-month financial period then ended in accordance with Malaysian Financial Reporting Standard, MFRS 134: Interim Financial Reporting and International Accounting Standard, IAS 34: Interim Financial Reporting.

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

(Incorporated in Malaysia)
Company No : 1138715 - H

Other Matters

This report is made solely to the directors of the Company, as a body, in accordance with NSX Listing Rules 6.10 of Section IIA 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

13 SEP 2017

Kuala Lumpur

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 1138715 - H

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

| | Note | 30.6.2017 RM | 31.12.2016 RM |
|------------------------------------|------|-----------------|------------------|
| ASSET | | | |
| CURRENT ASSETS | | | |
| Amount owing by related parties | 5 | - | 5,178,505 |
| Bank balance | | 153,704 | 30,531 |
| TOTAL ASSET | | <u>153,704</u> | <u>5,209,036</u> |
| EQUITY AND LIABILITY | | | |
| EQUITY | | | |
| Share capital | 6 | 100,000 | 5,000,000 |
| (Accumulated loss)/Retained profit | | (75,323) | 91,205 |
| TOTAL EQUITY | | <u>24,677</u> | <u>5,091,205</u> |
| CURRENT LIABILITIES | | | |
| Other payables and accruals | 7 | 59,027 | 45,936 |
| Amount owing to a related party | 8 | - | 1,895 |
| Provision for taxation | | 70,000 | 70,000 |
| TOTAL LIABILITY | | <u>129,027</u> | <u>117,831</u> |
| TOTAL EQUITY AND LIABILITY | | <u>153,704</u> | <u>5,209,036</u> |

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 1138715 - H

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2017**

| | Note | 1.1.2017 to 30.6.2017 RM | 1.1.2016 to 30.6.2016 RM |
|--|------|-----------------------------------|-----------------------------------|
| REVENUE | | - | - |
| OTHER INCOME | | - | 1,896 |
| ADMINISTRATIVE EXPENSES | | (66,528) | (85,002) |
| LOSS FOR THE FINANCIAL PERIOD | 9 | (66,528) | (83,106) |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL PERIOD | | <u>(66,528)</u> | <u>(83,106)</u> |
| LOSS FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO:- Owners of the Company | | <u>(66,528)</u> | <u>(83,106)</u> |
| TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:- Owners of the Company | | <u>(66,528)</u> | <u>(83,106)</u> |

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 1138715 - H

**STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2017**

| | NOTE | Share Capital RM | (Accumulated Losses)/ Retained Profit RM | Total RM |
|---|------|------------------------|---|-------------|
| Balance at 1.1.2016 | | 5,000,000 | (423,239) | 4,576,761 |
| Loss/Total comprehensive expenses for the financial period | | - | (83,106) | (83,106) |
| Balance at 30.6.2016/1.7.2016 | | 5,000,000 | (506,345) | 4,493,655 |
| Profit after taxation/Total comprehensive income for the financial period | | - | 597,550 | 597,550 |
| Balance at 31.12.2016/1.1.2017 | | 5,000,000 | 91,205 | 5,091,205 |
| Capital reduction | 6 | (4,900,000) | (100,000) | (5,000,000) |
| Loss/Total comprehensive expenses for the financial period | | - | (66,528) | (66,528) |
| Balance at 30.6.2017 | | 100,000 | (75,323) | 24,677 |

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No : 1138715 - H

**STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2017**

| | 1.1.2017 to 30.6.2017 RM | 1.1.2016 to 30.6.2016 RM |
|--|-----------------------------------|-----------------------------------|
| CASH FLOWS FOR OPERATING ACTIVITY | | |
| Loss for the financial period/Operating loss before working capital changes | (66,528) | (83,106) |
| Increase/(Decrease) in other payables | 13,091 | (40,154) |
| NET CASH FOR OPERATING ACTIVITY | <u>(53,437)</u> | <u>(123,260)</u> |
| NET CASH FROM/(FOR) INVESTING ACTIVITY | | |
| Repayment from/(Advances to) related parties | <u>178,505</u> | <u>(351,833)</u> |
| CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES | | |
| Advances from a former subsidiary | - | 511,884 |
| Repayment to a related party | <u>(1,895)</u> | <u>-</u> |
| NET CASH (FOR)/FROM FINANCING ACTIVITIES | <u>(1,895)</u> | <u>511,884</u> |
| NET INCREASE IN BANK BALANCE | 123,173 | 36,791 |
| BANK BALANCE AT BEGINNING OF THE FINANCIAL PERIOD | <u>30,531</u> | <u>-</u> |
| BANK BALANCE AT END OF THE END OF THE FINANCIAL PERIOD | <u>153,704</u> | <u>36,791</u> |

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

1. GENERAL INFORMATION

The Company is a public limited company incorporated, and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : B-1-15, Block B, 8 Avenue,
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 13 September 2017.

2. PRINCIPAL ACTIVITY

The Company is principally engaged in the business of investment holding.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3. BASIS OF PREPARATION

The financial statements of the Company 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, MFRS 134: Interim Financial Reporting and International Accounting Standard, IAS 34: Interim Financial Reporting.

- 3.1 During the current financial period, the Company has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

Annual Improvements to MFRSs 2014 – 2016 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Company's financial statements.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Company 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 period:-

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|---|-------------------------------|
| MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014) | 1 January 2018 |
| MFRS 16 Leases | 1 January 2019 |
| 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 140 – Transfers of Investment Property | 1 January 2018 |
| 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 |

The adoption of the above accounting standards and interpretations (including the consequential amendments) is expected to have no material impact on the financial impact on the financial statements of the Company upon their initial application.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Company's accounting policies, the management is not aware of any estimates or judgements that have significant effects on the amounts recognised in the financial statements.

There are no assumptions concerning the future and other key sources of estimation of uncertainties at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2 FUNCTIONAL AND FOREIGN CURRENCIES

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

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

4.3 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 financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. 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 Company 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 statement of financial position are disclosed in the individual policy statement associated with each item.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(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.

(iii) Loans and Receivables Financial Assets

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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at 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.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

(c) Equity Instruments

Instruments classified as equity are measured initially 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.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition (Cont'd)

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.

4.4 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.

4.5 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise 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 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 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 the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 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.

4.7 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 Company.

(b) Defined Contribution Plans

The Company'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 Company has no further liability in respect of the defined contribution plans.

4.8 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.

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 reporting entity.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 RELATED PARTIES (CONT'D)

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

- (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 Company (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 Company 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).
 - (viii) The entity, or any member of a Company of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

4.9 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.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 FAIR VALUE MEASUREMENTS (CONT'D)

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.

5. AMOUNT OWING BY RELATED PARTIES

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

6. SHARE CAPITAL

| | 30.6.2017 Number of shares | 31.12.2016 | 30.6.2017 RM | 31.12.2016 RM |
|-----------------------------------|-------------------------------|---------------|-----------------|------------------|
| Authorised | | | | |
| Ordinary shares of RM0.02 each | N/A | 500,000,000 | N/A | 10,000,000 |
| Issued and Fully Paid Up | | | | |
| Ordinary shares | | | | |
| At 1.1.2017/1.1.2016 | 5,000,000 | 250,000,000 | 5,000,000 | 5,000,000 |
| Share consolidation | - | (245,000,000) | - | - |
| Capital reduction | - | - | (4,900,000) | - |
| At 30.6.2017/31.12.2016 | 5,000,000 | 5,000,000 | 100,000 | 5,000,000 |

N/A – Not applicable due to the adoption of the Companies Act 2016 as disclosed in item (iii) below.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

6. SHARE CAPITAL (CONT'D)

- (i) On 28 July 2016, 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.
- (ii) Following the sanction of court obtained on 1 November 2016, on 30 March 2017, the Company completed a capital reduction exercise to reduce the Company's issued and paid-up ordinary share capital from RM5,000,000 to RM100,000.
- (iii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016.

7. OTHER PAYABLES AND ACCRUALS

| | 30.6.2017 RM | 31.12.2016 RM |
|----------------|-----------------|------------------|
| Other payables | 54,027 | 40,936 |
| Accruals | 5,000 | 5,000 |
| | <u>59,027</u> | <u>45,936</u> |

8. AMOUNT OWING TO A RELATED PARTY

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

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

9. LOSS FOR THE FINANCIAL PERIOD

| | 1.1.2017 to 30.6.2017 RM | 1.1.2016 to 30.6.2016 RM |
|---|-----------------------------------|-----------------------------------|
| Loss for the financial period is arrived at after charging: | | |
| Audit fee | 5,000 | 25,854 |

10. INCOME TAX EXPENSE

The Company is not subject to tax as it is in a tax loss position.

Domestic income tax is calculated at the Malaysian Statutory tax rate of 24% of the estimated assessable profit for the financial year.

A reconciliation of the income tax expense applicable to the loss for the financial period at the statutory tax rate to the income tax expense at the effective tax rate of the Company is as follows:-

| | 1.1.2017 to 30.6.2017 RM | 1.1.2016 to 30.6.2016 RM |
|---|-----------------------------------|-----------------------------------|
| Loss before taxation | (66,528) | (83,106) |
| Tax at the statutory tax rate 24% | (15,967) | (19,945) |
| Tax effects of:- | | |
| Non-deductible expenses | 15,967 | 19,945 |
| Income tax expense for the financial period | - | - |

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

11. FINANCIAL INSTRUMENTS

The Company'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 Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

11.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

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

(iii) Equity Price Risk

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

(b) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company 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 Company minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit risk concentration profile

The Company does not have any major concentration of credit risk related to any individual customer or counterparty at the end of the reporting period.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

11. FINANCIAL INSTRUMENTS (CONT'D)

11.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Exposure to credit risk

As the Company 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.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances to meet the Company's obligations as and when they fall due.

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 |
|------------------------------------|---|--------------------------|---|------------------------|----------------------|
| 30.6.2017 | | | | | |
| Other payables and accruals | - | 59,027 | 59,027 | 59,027 | - |
| 31.12.2016 | | | | | |
| Other payables and accruals | - | 45,936 | 45,936 | 45,936 | - |
| Amount owing to a related party | - | 1,895 | 1,895 | 1,895 | - |
| Other payables and accruals | - | 47,831 | 47,381 | 47,381 | - |

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

11. FINANCIAL INSTRUMENTS (CONT'D)

11.2 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities within the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Company 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 Company manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. The Company 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 Company at the end of the reporting period is not presented as the Company has no borrowings from financial institutions.

11.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

| | 30.6.2017 RM | 31.12.2016 RM |
|---|-----------------|------------------|
| Financial Assets | | |
| <u>Loans and Receivables Financial Assets</u> | | |
| Amount owing by related parties | - | 5,178,505 |
| Bank balance | 153,704 | 30,531 |
| | <u>153,704</u> | <u>5,209,036</u> |
| Financial Liabilities | | |
| <u>Other Financial Liabilities</u> | | |
| Other payables and accruals | 59,027 | 45,936 |
| Amount owing by a related party | - | 1,895 |
| | <u>59,027</u> | <u>47,831</u> |

11.4 FAIR VALUE INFORMATION

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

The fair values of the financial assets and financial liabilities of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No : 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

12. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Company upon its initial adoption are:-

- (i) Removal of the authorised share capital; and
- (ii) Ordinary shares will cease to have par value.

The adoption of the Companies Act 2016 has been applied prospectively and the impacts of adoption are disclosed in the respective note to the financial statements.