

**INNO MIND WORKS SDN. BHD.**

**834868 - T**

**(Incorporated in Malaysia)**

**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016**

**TOGETHER WITH**

**DIRECTORS' AND AUDITORS' REPORTS**

**K.W. ONG & PARTNERS.**

**CHARTERED ACCOUNTANTS (M)**

**INNO MIND WORKS SDN. BHD.**  
*(Incorporated in Malaysia)*

**FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER, 2016**

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**INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2016**

The directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31st December, 2016.

**PRINCIPAL ACTIVITY**

The Company is principally engaged in event organizer, advertisement and media industries. There has been no significant change in the nature of this activity during the financial year.

**RESULT**

Net profit for the year	RM <u>40,456</u>
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**DIVIDEND**

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

**RESERVES AND PROVISIONS**

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

**ISSUE OF SHARES**

During the financial year, The Company has increased its authorised share capital from RM500,000 to RM1,000,000 by way of issuance of 500,000 ordinary shares of RM1.00 each.

During the financial year, the following shares were issued by the Company:

<u>Class</u>	<u>No. of shares</u>	<u>Consideration</u>	<u>Purpose</u>
Ordinary	135,000	Otherwise than cash	Working capital

**SHARE OPTION**

During the financial year, the Company did not grant any option to any person to take up the unissued shares of the Company.

**DIRECTORS**

The directors who served since the date of last report are:

Dato Yip Chin Hwee

Teh Kean Thea

Teh Khian Woei (Resigned on 20th September, 2016)

Teh Xun Hao

**INNO MIND WORKS SDN. BHD.**  
*(Incorporated in Malaysia)*

**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2016**

**DIRECTORS' INTEREST IN SHARES**

According to the Register of Directors' shareholdings, particulars of directors' interests in the shares in the Company of directors who held office at the end of the financial year are as follows:

<u>Direct:</u>	Number of Ordinary shares of RM1 each			
	Balance at 1.1.2016	Bought	Sold	Balance at 31.12.2016
Dato Yip Chin Hwee	19,000	11,000	-	30,000
 <u>Indirect:</u>				
<u>Holding company</u>				
Dato Yip Chin Hwee	581,000	-	-	581,000

**DIRECTORS' BENEFITS**

Since the end of previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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 Company a party to any arrangements whose object was 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.

**OTHER STATUTORY INFORMATION**

Before the Statement of Comprehensive Income and the Statement of Financial Position of the Company were made out, the directors took reasonable steps:

- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts, and that all known bad debts had been written off and adequate allowance been made for doubtful debts; and
- ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of which were written down to an amount which they might be expected so to realise.

**INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2016**

**OTHER STATUTORY INFORMATION (cont'd)**

At the date of this report, the directors are not aware of any circumstances:

- i) that would require any other amount to be written off as bad debts or allowed for as doubtful debts;
- ii) that would render the values attributed to the current assets in the financial statements of the Company misleading;
- iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Company misleading or inappropriate; and
- iv) not otherwise dealt with in this report or in the financial statements of the Company, that would render any amount stated in the respective financial statements misleading.

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

- i) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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

In the opinion of the directors:

- i) the results of the operations of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

**HOLDING COMPANY**

The directors regard IMK Resources Sdn. Bhd., a company incorporated in Malaysia, as the holding company.

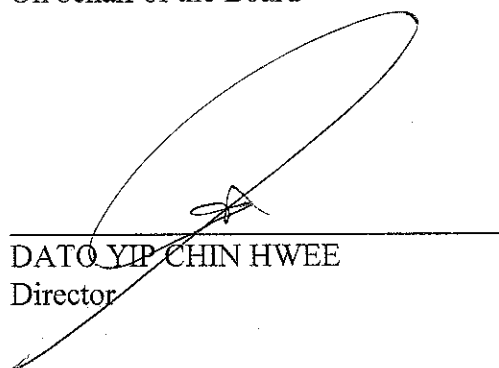
**INNO MIND WORKS SDN. BHD.**  
*(Incorporated in Malaysia)*

**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2016**

**AUDITORS**

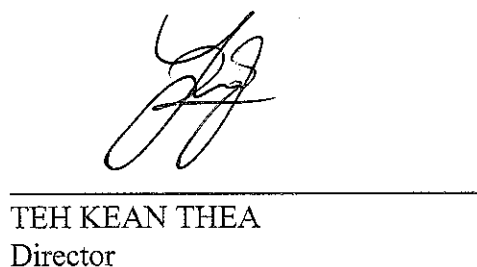
The Auditors, K.W. ONG & PARTNERS, Chartered Accountants, have indicated their willingness to continue in office.

On behalf of the Board



A large, stylized signature in black ink, consisting of a large loop and a smaller mark, positioned above a horizontal line.

DATO YIP CHIN HWEE  
Director



A stylized signature in black ink, consisting of several loops and a horizontal stroke, positioned above a horizontal line.

TEH KEAN THEA  
Director

Dated: 22 JUN 2017  
Kuala Lumpur

## STATEMENT BY DIRECTORS


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

We, DATO YIP CHIN HWEE and TEH KEAN THEA, the two of the directors of INNO MIND WORKS SDN. BHD., state that, in our opinion, the accompanying balance sheet, income statement, changes in equity and cash flow statement, together with the notes thereon, have been made out in accordance with the applicable approved Accounting Standards and are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2016 and of the results and cash flow of the Company for the financial year ended on that date.

On behalf of the Board,

  
\_\_\_\_\_  
Dato YIP CHIN HWEE

Director

  
\_\_\_\_\_  
TEH KEAN THEA

Director

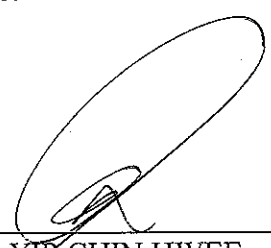
Dated : 22 JUN 2017  
Kuala Lumpur

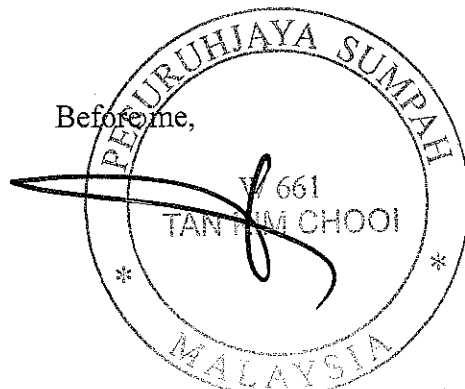
## STATUTORY DECLARATION

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

I, DATO YIP CHIN HWEE, the director primarily responsible for the financial management of INNO MIND WORKS SDN. BHD., do solemnly and sincerely declare that the accompanying balance sheet, income statement, changes in equity and cash flow statement, together with the notes thereto 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 Declaration Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
Wilayah Persekutuan on 22 JUN 2017 )

  
\_\_\_\_\_  
DATO YIP CHIN HWEE





Company No.  
834868-T

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of INNO MIND WORKS SDN. BHD., which comprise the statement of financial position as at 31st December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard 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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.



Company No.  
834868-T**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
INNO MIND WORKS SDN. BHD.***(Incorporated in Malaysia)***Report on the Audit of the Financial Statements (cont'd)***Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)*

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Statements*

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

In preparing the financial statements 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 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.



Company No.  
834868-T

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**Report on the Audit of the Financial Statements (cont'd)**

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

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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 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 Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**KW ONG & PARTNERS**

AF: 1210

▪ Chartered Accountants  
19-2 Jalan Damai Perdana 1/8B  
Bandar Damai Perdana  
56000 Kuala Lumpur

▪ Tel : 603 91011996  
▪ Fax : 603 91011993

Company No.  
834868-T

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**Report on the Audit of the Financial Statements (cont'd)**

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

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 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

K.W.ONG & PARTNERS  
AF 1210  
Chartered Accountants

ONG KUAN WAH  
1954/08/17(J)  
Partner of Firm

Kuala Lumpur

Dated: **22 JUN 2017**

**INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016**

	<u>NOTE</u>	<u>2016</u> <u>RM</u>	<u>2015</u> <u>RM</u>
<b>ASSETS</b>			
Property, plant & equipment	4	1,202,329	1,644,230
Investment	5	16,000	16,000
<b>TOTAL NON CURRENT ASSETS</b>		<b>1,218,329</b>	<b>1,660,230</b>
Trade receivables		1,136,378	870,791
Cash and bank balances		4,374	88,137
Amount due from holding company	6	27,333	-
Other receivables & deposit		251,703	252,829
<b>TOTAL CURRENT ASSETS</b>		<b>1,419,788</b>	<b>1,211,757</b>
<b>TOTAL ASSETS</b>		<b>2,638,117</b>	<b>2,871,987</b>
<b>EQUITY</b>			
SHARE CAPITAL	7	635,000	500,000
ACCUMULATED LOSS		(318,979)	(359,435)
<b>TOTAL EQUITY</b>		<b>316,021</b>	<b>140,565</b>
<b>LIABILITIES</b>			
Term loan	8	821,580	804,568
<b>TOTAL LONG TERM LIABILITY</b>		<b>821,580</b>	<b>804,568</b>
Trade payables		410,714	497,621
Other payables & accruals		233,041	585,739
Due to a director	9	404,923	299,923
Term loan	8	18,703	1,862
Bank borrowing	10	213,545	-
Bank overdraft	10	169,624	-
Amount due to holding company	6	-	504,367
Taxation		49,966	37,342
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,500,516</b>	<b>1,926,854</b>
<b>TOTAL LIABILITIES</b>		<b>2,332,096</b>	<b>2,731,422</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,638,117</b>	<b>2,871,987</b>

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

**INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2016**

	<u>NOTE</u>	<u>2016</u> RM	<u>2015</u> RM
Revenue		2,484,767	3,746,293
Cost of sales		(1,872,393)	(2,593,353)
Gross profit		612,374	1,152,940
Other income		126,900	188,789
Administration expenses		(94,590)	(72,320)
Staff costs		(165,693)	(906,046)
Other operating expenses		(338,717)	(240,651)
Net loss before from operation		140,274	122,712
Finance costs		(52,053)	(89,535)
Net profit before taxation	11	88,221	33,177
Taxation	12	(47,765)	(46,894)
Profit/(loss) and total comprehensive income for the year		40,456	(13,717)

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

**INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2016**

	<u>Share Capital</u> RM	<u>Accumulated loss</u> RM	<u>Total</u> RM
At 31st December, 2014	100,000	(345,718)	(245,718)
Issuance of share capital	400,000	-	400,000
Net profit for the year	-	(13,717)	(13,717)
At 31st December, 2015	500,000	(359,435)	140,565
Issuance of share capital	135,000	-	135,000
Net profit for the year	-	40,456	40,456
At 31st December, 2016	635,000	(318,979)	316,021

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

**INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2016**

	<u>2016</u> RM	<u>2015</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating profit before working capital changes	88,221	33,177
Adjustment for:		
Depreciation of property, plant and equipment	53,891	95,671
Interest expenses	44,573	23,374
Loss in disposal of property, plant and equipment	-	38,377
Property, plant and equipment written off	153,325	-
Operating profit before working capital changes	<u>340,010</u>	<u>190,599</u>
Increase/(decrease) in working capital:		
Receivables	(264,461)	(396,230)
Payables	(439,605)	(551,549)
Cash used in operations	(364,056)	(757,180)
Interest paid	(44,573)	(23,374)
Tax paid	(35,141)	(31,530)
Net cash used in operating activities	<u>(443,770)</u>	<u>(812,084)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(28,515)	(714,556)
Net cash used in operating activities	<u>(28,515)</u>	<u>(714,556)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	263,200	190,000
Proceeds from term loan	50,000	807,206
Proceeds from issuance of share capital	135,000	400,000
Proceeds from bank over draft	169,624	-
Proceeds from bank borrowing	213,545	-
Repayment of term loan	(16,147)	(776)
Repayment of hire purchase payables	-	(229,855)
Amount due to holding company	(531,700)	504,367
Loan from a director	105,000	(174,842)
Net cash generated from financing activities	<u>388,522</u>	<u>1,496,100</u>
Net decrease in cash and cash equivalents	(83,763)	(30,540)
Cash at the beginning of the year	88,137	118,677
Cash and cash equivalents at end of the year	<u>4,374</u>	<u>88,137</u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u>4,374</u>	<u>88,137</u>

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

**INNO MIND WORKS SDN. BHD.**  
*(Incorporated in Malaysia)*

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

**1. GENERAL**

The Company is principally engaged in event organizer, advertisement and media industries. There has been no significant change in the nature of this activity during the financial year.

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

The registered office is located at M1-05-3a Menara 8trium, Level 5, Jln Cempaka SD12/5, Bdr Sri Damansara 52200 Kuala Lumpur.

The principal place at which business is carried on is located at Unit 23-06, Level 23, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

**2. BASIS OF PREPARATION**

**a. Statement of compliance**

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of Companies Act, 1965 in Malaysia. These are the Company's first financial statements prepared in accordance with MPERS.

In the previous years, the financial statements of the Company were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"). The transition to MPERS does not have financial impact to the separate financial statements of the Company.

**b. Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in note 3.

**c. Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM unless otherwise stated.



**INNO MIND WORKS SDN. BHD.**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

**2. BASIS OF PREPARATION (cont'd)**

**d. Use of estimates and judgements**

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Company.

**a. Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

**INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

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

**b. Financial instruments**

**(i) Initial recognition and measurement**

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**(ii) Subsequent measurement**

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

- (a) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;
- (b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior periods; and
- (c) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

**INNO MIND WORKS SDN. BHD.**  
*(Incorporated in Malaysia)*

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

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

**b. Financial instruments (cont'd)**

**(ii) Subsequent measurement (cont'd)**

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

**(iii) 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 are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, 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.

**INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

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

**c. Property, plant and equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment of assets (if any). It is depreciated on a straight line basis at rates calculated to write off the cost of the assets over their estimated useful lives. The annual rates are:

Furniture & fittings	10%
Office equipment	10%
Computers	33%
Renovation	10%
Motor vehicles	20%
Office signboard	10%
Billboard	10%
Freehold land & buildings	2%

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

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**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

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

**d. Cash and cash equivalent**

Cash and cash equivalents comprise bank balances, cash in hand and short term highly liquid assets that are readily convertible to cash without significant risk of changes in value less bank overdrafts and pledged deposits.

**e. Impairment of non-financial assets**

The carrying amounts of non-financial assets (i.e. property, plant and equipment, investment property, and intangible assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units. For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

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**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

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

**e. Impairment of non-financial assets (cont'd)**

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**f. Share capital**

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

Ordinary shares are classified as equity.

**g. Employee benefits**

**(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) Defined contribution plans**

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

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

**g. Employee benefits (cont'd)**

**(iii) Termination benefits**

Termination benefits are recognised as liabilities and expenses only when the Company is demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

**h. Revenue**

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

**i. Borrowing costs**

Borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred by using the effective interest method.

**j. Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

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**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

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

j. Income tax (cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



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**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

**4. PROPERTY, PLANT AND EQUIPMENT**

	As at 1.1.2016 RM	Addition RM	Written off /disposal RM	As at 31.12.2016 RM
<b>2016</b>				
<b>COST</b>				
Furniture & fittings	42,436	38	(909)	41,565
Renovation	543,374	28,084	(543,374)	28,084
Office equipment	49,323	393	(2,550)	47,166
Computers	33,956	-	-	33,956
Signboard	850	-	-	850
Billboard	21,800	-	-	21,800
Buildings in progress	263,200	-	(263,200)	-
Freehold land & buildings	1,153,152	-	-	1,153,152
	<b>2,108,091</b>	<b>28,515</b>	<b>(810,033)</b>	<b>1,326,573</b>

	As at 1.1.2016 RM	Charge for the year RM	Disposal RM	As at 31.12.2016 RM
<b>ACCUMULATED DEPRECIATION</b>				
Furniture & fittings	20,494	4,171	(257)	24,408
Renovation	383,386	11,396	(392,442)	2,340
Office equipment	24,840	4,740	(808)	28,772
Computers	22,657	8,255	-	30,912
Signboard	149	85	-	234
Billboard	2,725	2,180	-	4,905
Freehold land & buildings	9,610	23,063	-	32,673
	<b>463,861</b>	<b>53,890</b>	<b>(393,507)</b>	<b>124,244</b>

	As at 31.12.2016 RM
<b>CARRYING AMOUNT</b>	
Furniture & fittings	17,157
Renovation	25,744
Office equipment	18,394
Computers	3,044
Signboard	616
Billboard	16,895
Freehold land & buildings	1,120,479
	<b>1,202,329</b>

**INNO MIND WORKS SDN. BHD.**

*(Incorporated in Malaysia)*

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

**4. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

	As at 1.1.2015	Addition	Written off /disposal	As at 31.12.2015
	RM	RM	RM	RM
<b>2015</b>				
<b>COST</b>				
Furniture & fittings	41,978	458	-	42,436
Renovation	543,374	-	-	543,374
Office equipment	49,323	-	-	49,323
Computers	31,176	2,780	-	33,956
Motor vehicles	279,645	-	(279,645)	-
Signboard	850	-	-	850
Billboard	21,800	-	-	21,800
Buildings in progress	705,034	711,318	(1,153,152)	263,200
Freehold land & buildings	-	1,153,152	-	1,153,152
	<b>1,673,180</b>	<b>1,867,708</b>	<b>(1,432,797)</b>	<b>2,108,091</b>

	As at 1.1.2015	Charge for the year	Disposal	As at 31.12.2015
	RM	RM	RM	RM
<b>ACCUMULATED DEPRECIATION</b>				
Furniture & fittings	16,265	4,229	-	20,494
Renovation	329,049	54,337	-	383,386
Office equipment	19,907	4,933	-	24,840
Computers	11,681	10,976	-	22,657
Motor vehicles	41,947	9,321	(51,268)	-
Signboard	64	85	-	149
Billboard	545	2,180	-	2,725
Buildings in progress	-	-	-	-
Freehold land & buildings	-	9,610	-	9,610
	<b>419,458</b>	<b>95,671</b>	<b>(51,268)</b>	<b>463,861</b>

	As at 31.12.2015
	RM
<b>CARRYING AMOUNT</b>	
Furniture & fittings	21,942
Renovation	159,988
Office equipment	24,483
Computers	11,299
Motor vehicles	-
Signboard	701
Billboard	19,075
Buildings in progress	263,200
Freehold land & buildings	1,143,542
	<b>1,644,230</b>

**INNO MIND WORKS SDN. BHD.**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

**5. INVESTMENT**

	<u>2016</u> RM	<u>2015</u> RM
Investment in Agro Growers Scheme, at cost	<u>16,000</u>	<u>16,000</u>

**6. AMOUNT DUE TO/(FROM) HOLDING COMPANY**

	<u>2016</u> RM	<u>2015</u> RM
Amount to due to holding company	<u>(27,333)</u>	<u>504,367</u>

**7. SHARE CAPITAL**

	<u>2016</u> RM	<u>2015</u> RM
Ordinary shares of RM1 each:		
Authorised:		
As at beginning of the year	500,000	100,000
Increased during the year	500,000	400,000
As at end of the year	<u>1,000,000</u>	<u>500,000</u>
Issued and fully paid:		
As at beginning of the year	500,000	100,000
Increased during the year	135,000	400,000
As at end of the year	<u>635,000</u>	<u>500,000</u>

**8. DUE TO A DIRECTOR**

This amount is unsecured, interest free and with no fixed term of repayment.

**9. TERM LOAN**

	<u>2016</u> RM	<u>2015</u> RM
Current	18,703	1,862
Non-current	821,580	804,568
	<u>840,283</u>	<u>806,430</u>
<u>Repayment terms</u>		
- not later than 1 year	58,968	50,532
- between 1 to 5 years	1,633,564	1,444,373
	<u>1,692,532</u>	<u>1,494,905</u>
Future finance charges	<u>(852,249)</u>	<u>(688,475)</u>
	<u>840,283</u>	<u>806,430</u>

**INNO MIND WORKS SDN. BHD.**

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**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

**10. BANKING BORROWING/OVERDRAFT**

The Company has bank overdraft and other credit facilities of RM200,000 with a bank. The facilities are guaranteed by directors and bear interest of 2.50% per annum above Bank Negara Malaysia Funding Rate.

**11. PROFIT BEFORE TAXATION**

	<u>2016</u> RM	<u>2015</u> RM
Profit for the year is arrived at after charging:		
Auditors' remuneration	3,500	3,000
Depreciation of property, plant and equipment	53,890	95,671
Directors' remuneration	120,000	-
Hire purchase interest	-	2,713
Foreign exchange loss/(gain):		
- Realised	(8,865)	(19,496)
- Unrealized	6	5,417
Loss in disposal of property, plant and equipment	-	38,377
Property, plant and equipment written off	153,325	-
Rental of premise	8,100	27,400
Staff costs	191,094	611,531
Term loan interest	44,573	20,661

**12. TAXATION**

	<u>2016</u> RM	<u>2015</u> RM
Tax payable at Malaysian statutory rate	47,765	46,894

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

	<u>2016</u> RM	<u>2015</u> RM
Tax payable at Malaysian statutory tax rate	16,762	6,635
Tax effect of items that are not deductible for tax purposes:		
- Non deductible expenses	34,275	42,960
- Utilisation of capital allowances	(3,272)	(2,701)
Average tax payable at effective tax rate	47,765	46,894

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*(Incorporated in Malaysia)*

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2016**

**13. FINANCIAL INSTRUMENTS**

a) (i) Interest Rate Risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates, and the interest rates on classes of financial assets and financial liabilities, are as follows:

	<u>2016</u>		<u>2015</u>	
		<b>Interest</b>		<b>Interest</b>
		<u>rate</u>		<u>rate</u>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
<u>Financial Assets</u>				
- Cash and bank balances	<b>4,374</b>	-	<b>88,137</b>	-

(ii) Credit Risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

The Company has no significant concentration of credit risk with any single counterparty.

b) Fair values of financial instruments

The carrying amounts of the financial assets and financial liabilities of the Company as at financial year end approximated their fair values because of their short maturity year.

**14. SIGNIFICANT EVENT**

The Company has achieved the MSC Malaysia status on 22nd March, 2016.

**15. AUTHORISATION FOR ISSUE**

The financial statements of the Company for the financial year ended 31st December, 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 22nd June, 2017.