

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No : 1062594 - W

FINANCIAL REPORT for the 6-month financial period ended 30 June 2016

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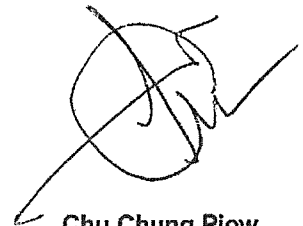
STATEMENT BY DIRECTORS

We, Dato' Teo Chee Hong and Chu Chung Piow, being two of the directors of I Synergy International (M) Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 4 to 37 are drawn up in accordance with Malaysian Financial Reporting Standards, MFRS 134: Interim Financial Reporting and International Accounting Standard, IAS 34: Interim Financial Reporting so as to give a true and fair view of the financial position of the Company at 30 June 2016 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 September 2016.



Dato' Teo Chee Hong



Chu Chung Piow

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

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Introduction

We have reviewed the accompanying statement of financial position of I Synergy International (M) Sdn. Bhd. as of 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash 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 37.

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 2016, 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 MEMBERS OF
I SYNERGY INTERNATIONAL (M) SDN. BHD.**

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Other Matters

This report is made solely to the members of the Company, as a body, in accordance with NSX Listing Rules 6.10 of Section IIA and for no other purposes. 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 2016

Kuala Lumpur

I SYNERGY INTERNATIONAL (M) SDN. BHD.

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	30.6.2016 RM	31.12.2015 RM
ASSETS			
NON-CURRENT ASSET			
Equipment	6	2,965,989	1,559,568
CURRENT ASSETS			
Inventories	7	18,132	26,920
Trade receivables	8	960,204	1,738,527
Other receivables, deposits and prepayments	9	1,173,949	1,346,886
Amount owing by holding company	10	894,969	383,085
Amount owing by a related party	11	47,220	-
Tax refundable		49,928	-
Cash and cash equivalents	12	21,043,722	13,829,429
		<u>24,188,124</u>	<u>17,324,847</u>
TOTAL ASSETS		<u>27,154,113</u>	<u>18,884,415</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	100,000	100,000
Accumulated losses		(7,261,862)	(5,629,785)
TOTAL EQUITY		<u>(7,161,862)</u>	<u>(5,529,785)</u>
NON-CURRENT LIABILITIES			
Hire purchase payables	14	162,516	173,463
Deferred revenue	15	20,150,858	17,691,917
		<u>20,313,374</u>	<u>17,865,380</u>
CURRENT LIABILITIES			
Trade payables	16	84,149	87,469
Other payables and accruals	17	4,987,721	5,196,036
Amount owing to a director	18	-	7,744
Amount owing to a related party	19	8,899,426	1,216,855
Hire purchase payables	14	31,305	40,716
		<u>14,002,601</u>	<u>6,548,820</u>
TOTAL LIABILITIES		<u>34,315,975</u>	<u>24,414,200</u>
TOTAL EQUITY AND LIABILITIES		<u>27,154,113</u>	<u>18,884,415</u>

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016**

	Note	1.1.2016 to 30.06.2016 RM	1.1.2015 to 30.06.2015 RM
REVENUE	20	29,632,337	30,575,691
COST OF SALES		(29,330,497)	(30,497,844)
GROSS PROFIT		301,840	77,847
OTHER INCOME		478,534	202,221
SELLING AND DISTRIBUTION EXPENSES		(125,282)	(118,452)
ADMINISTRATIVE EXPENSES		(2,233,059)	(1,731,628)
FINANCE COST		(4,182)	(5,210)
LOSS BEFORE TAXATION	21	(1,582,149)	(1,575,222)
INCOME TAX EXPENSE	22	(49,928)	-
LOSS AFTER TAXATION		(1,632,077)	
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL PERIOD		(1,632,077)	(1,575,222)
LOSS AFTER TAXATION ATTRIBUTABLE TO: Owner of the Company		(1,632,077)	(1,575,222)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: Owner of the Company		(1,632,077)	(1,575,222)

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**STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016**

	Share Capital RM	Accumulated Losses RM	Total RM
Balance at 1.1.2015	100,000	(2,668,955)	(2,568,955)
Loss after taxation/Total comprehensive expenses for the financial period	-	(1,575,222)	(1,575,222)
Balance at 30.06.2015/1.07.2015	100,000	(4,244,177)	(4,144,177)
Loss after taxation/Total comprehensive expenses for the financial period	-	(1,385,608)	(1,385,608)
Balance at 31.12.2015/1.1.2016	100,000	(5,629,785)	(5,529,785)
Loss after taxation/Total comprehensive expenses for the financial period	-	(1,632,077)	(1,632,077)
Balance at 30.06.2016	100,000	(7,261,862)	(7,161,862)

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**STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016**

	Note	1.1.2016 to 30.06.2016 RM	1.1.2015 to 30.06.2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(1,582,149)	(1,575,222)
Adjustments for:-			
Depreciation of equipment		206,620	96,241
Hire purchase interest		3,306	5,210
Loss on disposal of equipment		3	33,462
Interest income		(269,395)	(77,051)
Operating loss before working capital charges		(1,641,615)	(1,517,360)
Decrease/(Increase) in inventories		8,788	(7,028)
Increase in trade and other receivables		951,260	203,120
(Decrease)/Increase in trade and other payables		(211,635)	1,489,972
Increase in deferred revenue		2,458,941	3,377,616
Increase/(Decrease) in amount owing to a related party		7,682,571	(5,139,373)
CASH FROM OPERATIONS		9,248,310	1,593,053
Interest paid		(3,306)	(5,210)
Income tax paid		(99,856)	-
NET CASH FROM OPERATING ACTIVITIES		9,145,148	1,598,263
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest received		269,395	77,051
Proceeds from disposal of equipment		173	116,038
Advances to a related party		(47,220)	-
Advances to holding company		(511,884)	(24,451)
Purchase of equipment		(1,613,217)	(514,713)
NET CASH FOR INVESTING ACTIVITIES		(1,902,753)	(346,075)
CASH FLOW FOR FINANCING ACTIVITIES			
(Repayment to)/Advances from a director		(7,744)	51,315
Repayment to a related party		-	(1,148,865)
Repayment of hire purchase payables		(20,358)	(187,441)
NET CASH FOR FINANCING ACTIVITIES		(28,102)	(1,284,991)

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**STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016 (CONT'D)**

	Note	1.1.2016 to 30.06.2016 RM	1.1.2015 to 30.06.2015 RM
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,214,293	(3,229,329)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		13,829,429	11,151,186
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	12	21,043,722	7,921,857

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

1. GENERAL INFORMATION

The Company is a private 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, 8th Avenue, Jalan Sungai Jernih 8/1, Section 8, 46050 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Unit 20-05, 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 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of affiliate marketing and related affiliate management services for commercial industry. There have been no significant changes in the nature of these activities during the financial period.

3. HOLDING COMPANY

The holding company is I Synergy Holdings Berhad, a company incorporated in Malaysia.

4. 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 Standard, MFRS 134: Interim Financial Reporting and International Accounting Standard, IAS 34: Interim Financial Reporting.

- 4.1 No new accounting standards and interpretation (including the consequential amendments) have been adopted the consequential amendments) have been adopted by the Company during the financial period.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

4. BASIS OF PREPERATION (CONT'D)

- 4.2 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 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 16 Leases	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	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 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 : Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and 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 Company'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 are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

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

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

(b) Impairment of Non-financial Assets

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) 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 judgment 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.

(d) 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 Company will need to estimate it using adjusted market assessment approach, expected cost plus a margin approach and residual approach.

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.

5.2 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 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 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 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 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

(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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(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.

5.4 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 and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 EQUIPMENT

Equipment are 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 assets) 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%
Signboard	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 plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is 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 Company 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 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.

(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.

5.7 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 5.5 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 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.

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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 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.

5.10 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.

5.11 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 RELATED PARTIES (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 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).
 - (viii) The entity, or any member of a group 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.

5.12 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME

(a) Revenue from contracts with customers

Revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Company 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 the 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 Company and its customer has approved the contract and intend to perform their respective obligations, the Company'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 Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Recognition and measurement

At the inception of each contract with customer, the Company 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 Company'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 Company combines it with other promised goods or services until the Company identifies a distinct performance obligation consisting a distinct bundle of goods or services.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

Revenue is measured at the amount of consideration to which the Company 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 Company 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 price of the goods or services promised in the contract. If a standalone selling prices is not directly observable, the Company 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 Company determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time.

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 Company's performance as the Company performs;
- (ii) the Company's performance creates or enhances a customer-controlled asset; or
- (iii) the Company's performance does not create an asset with alternative use and the Company 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

Specific revenue recognition criteria for each of the Company'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's 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.

(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 Company's performance obligation during the licensed period is the provision of affiliate management services such as monitoring of transaction traffic conducted by the 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 Company met all the following criterion:-

- (a) the Company will undertake either contractually or based on customary business activities practised that significantly affect the software platform to which the affiliate has rights.
 - (b) the Company'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.
-

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

(iii) Revenue from licence right to access

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.

(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 recognised 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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	At 1.1.2016 RM	Addition RM	Disposal RM	Depreciation Charge RM	At 30.6.2016 RM
Net Book Value					
Computers, handphone and printer	20,702	41,467		(5,054)	57,115
Furniture and fittings	49,107	42,806	-	(3,649)	88,264
Merchant equipment	327,456	70,500	-	(19,605)	378,351
Motor vehicles	616,631	268,444	-	(97,232)	787,843
Office equipment	91,379	148,135	(176)	(9,475)	229,863
Renovation	347,732	1,003,842	-	(55,897)	1,295,677
Signboard	7,265	5,580	-	(524)	12,321
Software	99,296	32,443	-	(15,184)	116,555
	1,559,568	1,613,217	(176)	(206,620)	2,965,989

	At 1.1.2015 RM	Addition RM	Disposal RM	Depreciation Charge RM	At 31.12.2015 RM
Net Book Value					
Computers, handphone and printer	10,813	13,343	-	(3,454)	20,702
Furniture and fittings	23,444	29,202	-	(3,539)	49,107
Merchant equipment	114,946	232,400	-	(19,890)	327,456
Motor vehicles	551,094	370,800	(149,500)	(155,763)	616,631
Office equipment	23,831	72,471	-	(4,923)	91,379
Renovation	47,911	315,995	-	(16,174)	347,732
Signboard	2,240	5,400	-	(375)	7,265
Software	61,341	59,537	-	(21,582)	99,296
	835,620	1,099,148	(149,500)	(225,700)	1,559,568

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016****6. EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
30.6.2016			
Computers, handphone and printer	67,149	(10,034)	57,115
Furniture and fittings	97,130	(8,866)	88,264
Merchant equipment	421,650	(43,299)	378,351
Motor vehicles	1,105,925	(318,082)	787,843
Office equipment	245,899	(16,036)	229,863
Renovation	1,371,537	(75,860)	1,295,677
Signboard	13,380	(1,059)	12,321
Software	164,880	(48,325)	116,555
	3,487,550	(521,561)	2,965,989
31.12.2015			
Computers, handphone and printer	25,682	(4,980)	20,702
Furniture and fittings	54,324	(5,217)	49,107
Merchant equipment	351,150	(23,694)	327,456
Motor vehicles	837,481	(220,850)	616,631
Office equipment	97,943	(6,564)	91,379
Renovation	367,695	(19,963)	347,732
Signboard	7,800	(535)	7,265
Software	132,437	(33,141)	99,296
	1,874,512	(314,944)	1,559,568

Included in the net book value of equipment of the Company at the end of the reporting period were motor vehicles with a total net book value of RM165,220 (2015 – RM198,264), which were acquired under hire purchase terms.

The motor vehicles with a total net book value of RM165,220 (2015 – RM525,804) is held in trust by a director of the Company.

7. INVENTORIES

	30.6.2016 RM	31.12.2015 RM
At costs		
Merchant products held for sale	18,132	26,920

None of the inventories are stated at net realisable value.

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8. TRADE RECEIVABLES

The Company's normal trade credit terms range from 30 to 90 days.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2016 RM	31.12.2015 RM
Other receivables	601,312	464,611
Deposits	540,236	843,184
Prepayments	32,401	39,091
	<u>1,173,949</u>	<u>1,346,886</u>

10. AMOUNT OWING BY HOLDING COMPANY

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

11. AMOUNT OWING BY A RELATED PARTY

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

12. CASH AND CASH EQUIVALENTS

	30.6.2016 RM	31.12.2015 RM
Short-term investments with licensed financial institutions	10,139,972	12,063,908
Cash and bank balances	10,903,750	1,765,521
	<u>21,043,722</u>	<u>13,829,429</u>

The short-term investments are highly liquid investments in fixed income securities, islamic money market fund and money market instruments that are readily convertible to known amounts of cash,

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**NOTES TO THE FINANCIAL STATEMENTS
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	30.6.2016 Number Of Shares	31.12.2015	30.6.2016 RM	31.12.2015 RM
Ordinary Shares of RM1 Each:-				
Authorised	400,000	400,000	400,000	400,000
Issued And Fully Paid-Up:	100,000	100,000	100,000	100,000

14. HIRE PURCHASE PAYABLES

	30.6.2016 RM	31.12.2015 RM
Minimum hire purchase payments:		
- not later than one year	39,315	47,328
- later than one year and not later than five years	185,481	185,368
- later than five years	-	11,820
	224,796	244,516
Less: Future finance charges	(30,975)	(30,337)
Present value of hire purchase payables	193,821	214,179
<u>Current</u>		
Not later than one year	31,305	40,716
<u>Non-Current</u>		
Later than one year and not later than five years	162,516	162,864
Later than five years	-	10,599
	162,516	173,463
	193,821	214,179

The hire purchase payable bore an effective interest rate of 4.37% (2014 – 4.37%) as at the end of the reporting period.

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15. DEFERRED REVENUE

Deferred revenue represents the amount of transaction price received upfront and allocated to performance obligation in respect of software platform licences that are unsatisfied as at the end of the reporting period. The software platform licence provide for the rights to access the Company's affiliate marketing system as it exists throughout the licensed period. Licences that provide access are performance obligations satisfied over time and, therefore, deferred revenue is recognised over the licensed period.

16. TRADE PAYABLES

The normal trade credit terms granted to the Company ranged from 30 to 60 days.

17. OTHER PAYABLES AND ACCRUALS

	30.6.2016 RM	31.12.2015 RM
Other payables	4,987,721	5,158,036
Accruals	-	38,000
	<u>4,987,721</u>	<u>5,196,036</u>

Included in other payable of the Company is commission payable to affiliates amounting to approximately RM2.9 millions (2014 – RM3.6 millions).

18. AMOUNT OWING TO A DIRECTOR

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.

19. AMOUNT OWING TO A RELATED PARTY

The amount owing is trade in nature.

The Company's normal trade credit terms range from 30 to 90 days.

20. REVENUE

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

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21. LOSS BEFORE TAXATION

	1.1.2016 to 30.06.2016 RM	1.1.2015 to 30.6.2015 RM
Loss before taxation is arrived at after charging/(crediting):-		
Audit fee	3,000	-
Depreciation of equipment	206,620	96,241
Director's remuneration	274,921	274,989
Hire purchase interest expense	3,306	5,210
Loss on disposal of equipment	3	33,462
Rental equipment	5,041	3,708
Rental of premises	177,600	56,572
Staff costs		
- salaries, bonuses, commissions and allowances	944,647	1,234,442
- defined contribution plan	46,165	57,206
- others	56,032	60,762
Interest income	(269,395)	(77,051)
Rental income	(209,139)	(123,170)

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

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

	1.1.2016 to 30.06.2016 RM	1.1.2015 to 31.12.2015 RM
Loss before taxation	(1,582,149)	(1,575,222)
Tax at the statutory tax rate of 25% (2014 – 25%)	(379,716)	(393,806)
Tax effects of:-		
Non-deductible expenses	88,550	9,998
Deferred tax asset not recognised	341,094	383,808
Income tax expense for the financial period	49,928	-

No deferred tax assets are recognised in respect of the following items:-

	30.6.2016 RM	31.12.2015 RM
Accelerated capital allowances	(370,000)	(290,000)
Unutilised business losses	7,090,000	5,743,000
Unabsorbed capital allowances	532,000	379,000
	7,252,000	5,832,000

The corporate tax rate on the first RM500,000 of chargeable income will be reduced to 19% and the balance of the chargeable income will be reduced to 24% effective year of assessment 2016.

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23. SIGNIFICANT RELATED PARTY DISCLOSURES**(a) Identities of related parties**

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

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

1.1.2016 to 30.06.2016 RM	1.1.2015 to 31.12.2015 RM
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Purchases from related parties:-

I Synergy Universal Sdn. Bhd.

- Annual subscription fee

- Platform fee

- Activation Code

62,560	89,010
9,192,600	9,807,600
678,300	219,450

Triple Gem Sdn. Bhd.

- Office Rental

149,400	-
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**(c) Key management personnel compensation:
- short-term employee benefits**

274,921	274,989
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NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

24. 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.

24.1 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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institution to generate interest income.

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.

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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.

(iii) Ageing analysis

The ageing analysis of the Company's trade receivables at the end of the reporting period is as follows:-

30.6.2016	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
Not past due	343,308	-	-	343,308
Past due:				
- less than 3 months	85,468	-	-	85,468
- 3 to 6 months	242,059	-	-	242,059
- over 6 months	289,369	-	-	289,369
	960,204	-	-	960,204
31.12.2015	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
Not past due	1,252,303	-	-	1,252,303
Past due:				
- less than 3 months	137,604	-	-	137,604
- 3 to 6 months	285,989	-	-	285,989
- over 6 months	62,631	-	-	62,631
	1,738,527	-	-	1,738,527

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24. FINANCIAL INSTRUMENTS (CONT'D)**24.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)***Trade receivables that are past due but not impaired*

The Company believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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 including interest payment computed using contractual rates of, if floating, based on the rate at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	More than 5 Years RM
30.6.2016						
Trade payables	-	84,149	84,149	84,149	-	-
Other payables and accruals	-	4,987,721	4,987,721	4,987,721	-	-
Amount owing to a related party	-	8,899,426	8,899,426	8,899,426	-	-
Hire purchase payables	4.37	193,821	224,796	39,315	185,481	-
		14,165,117	14,196,092	14,010,611	185,481	-

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016

24. FINANCIAL INSTRUMENTS (CONT'D)

24.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	More than 5 Years RM
31.12.2015						
Trade payables	-	87,469	87,469	87,469	-	-
Other payables and accruals	-	5,196,036	5,196,036	5,196,036	-	-
Amount owing to a related party	-	1,216,855	1,216,855	1,216,855	-	-
Amount owing to a director	-	7,744	7,744	7,744	-	-
Hire purchase payables	4.51	214,179	244,516	47,328	185,368	11,280
		6,722,283	6,752,620	6,555,432	185,368	11,280

24.2 CAPITAL RISK MANAGEMENT

The Company manages its capital by maintaining an optimal capital structure so as to support its 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.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2016****24. FINANCIAL INSTRUMENTS (CONT'D)****24.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	30.6.2016 RM	31.12.2015 RM
Financial Assets		
<u>Loans and receivables financial assets</u>		
Trade receivables	960,204	1,738,527
Other receivables and deposits	1,141,548	1,307,795
Amount owing by holding company	894,969	383,085
Amount owing by a related party	47,220	-
Tax refundable	49,928	-
Cash and cash equivalents	21,043,722	13,829,429
	<u>24,137,591</u>	<u>17,258,836</u>
Financial Liabilities		
<u>Other financial liabilities</u>		
Trade payables	84,149	87,469
Other payables and accruals	4,987,721	5,196,036
Amount owing to a related party	8,899,426	1,216,855
Amount owing to a director	-	7,744
Hire purchase payables	193,821	214,179
	<u>14,165,117</u>	<u>6,722,283</u>

24.4 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments 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.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

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FINANCIAL REPORT
for the financial year ended 31 December 2015

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I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of affiliate marketing and related affiliate management services for commercial industry. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Loss for the financial year	(2,960,830)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, 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 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 writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records 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 Company misleading or inappropriate.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent or other liability 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 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 Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations 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 year 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 Company for the financial year.

HOLDING COMPANY

The holding company is I Synergy Holdings Berhad, a company incorporated in Malaysia.

DIRECTORS

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

Dato' Teo Chee Hong

Chu Chung Piow (Appointed on 27 October 2015)

Ong Siw Hut (Resigned on 28 October 2015)

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

DIRECTORS' REPORT

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 and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM0.02 Each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
HOLDING COMPANY, I SYNERGY HOLDINGS BERHAD				

Direct Interests

Dato' Teo Chee Hong	100	249,997,400	(82,597,500)	167,400,000
Chu Chung Piow	-	10,050,000	-	10,050,000

	Number Of Ordinary Shares Of RM1.00 Each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
The Company				

Direct Interests

Dato' Teo Chee Hong	70,000	29,999	(99,999)	-
Ong Siw Hut	30,000	-	(30,000)	-

Indirect Interests

Dato' Teo Chee Hong	-	100,000	-	100,000
Chu Chung Piow	-	100,000	-	100,000

By virtue of his shareholding in the holding company, Dato' Teo Chee Hong is deemed to have interests in shares in the Company and its related corporations to the extent of the holding company's interest, in accordance with Section 6A of the Companies Act 1965.

The other director holding office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the 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 as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which a director has substantial financial interest as disclosed in Note 24 to the financial statements.

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

I SYNERGY INTERNATIONAL (M) SDN. BHD.

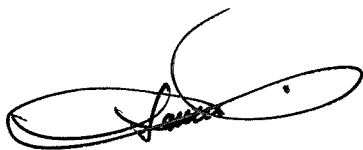
(Incorporated in Malaysia)
Company No: 1062594 - W

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 **14 MAR 2016**



Dato' Teo Chee Hong



Chu Chung Piow

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

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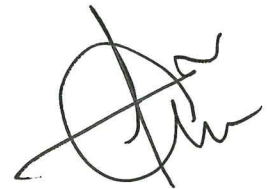
STATEMENT BY DIRECTORS

We, Dato' Teo Chee Hong and Chu Chung Piow, being two of the directors of I Synergy International (M) Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 10 to 45 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company at 31 December 2015 and of its financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated **14 MAR 2016**



Dato' Teo Chee Hong



Chu Chung Piow

STATUTORY DECLARATION

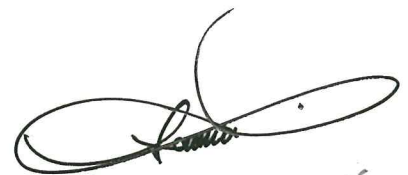
I, Dato' Teo Chee Hong, I/C No. 790928-01-5357, being the director primarily responsible for the financial management of I Synergy International (M) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 45 are, to the best of my knowledge and belief, correct, 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 **14 MAR 2016**

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 INTERNATIONAL (M) SDN. BHD.**

(Incorporated in Malaysia)
Company No : 1062594 - W

Report on the Financial Statements

We have audited the financial statements of I Synergy International (M) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 45.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

(Incorporated in Malaysia)

Company No : 1062594 - W

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2015 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Other Matters

The financial statements of the Company for the preceding financial year were audited by another firm of auditors whose report dated 6 May 2015, expressed an unmodified opinion on those statements.

Report on Other Legal and Regulatory Requirements

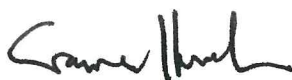
In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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

(Incorporated in Malaysia)
Company No : 1062594 - W

Other Matters


1. As stated in Note 4.1 to the financial statements, I Synergy International (M) Sdn. Bhd. adopted Malaysian Financial Reporting Standards on 1 January 2015 with a transition date of 1 January 2014. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2014 and 1 January 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2014 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 31 December 2015 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2015 do not contain misstatements that materially affect the financial position as of 31 December 2015 and financial performance and cash flows for the financial year then ended.
2. 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.



Crowe Horwath
Firm No : AF 1018
Chartered Accountants

14 MAR 2016

Kuala Lumpur



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

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Note	31.12.2015 RM	Restated 31.12.2014 RM	Restated 1.1.2014 RM
ASSETS				
NON-CURRENT ASSET				
Equipment	6	1,559,568	835,620	220,027
CURRENT ASSETS				
Inventories	7	26,920	10,091	10,015
Trade receivables	8	1,738,527	1,083,544	1,036,590
Other receivables, deposits and prepayments	9	1,346,886	294,957	203,850
Amount owing by holding company	10	383,085	-	-
Amount owing by a related party	11	-	1,647,783	1,380,583
Cash and cash equivalents	12	13,829,429	11,151,186	5,638,825
		<u>17,324,847</u>	<u>14,187,561</u>	<u>8,269,863</u>
TOTAL ASSETS		<u>18,884,415</u>	<u>15,023,181</u>	<u>8,489,890</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	100,000	100,000	100
Accumulated losses		(5,629,785)	(2,668,955)	(763,266)
TOTAL EQUITY		<u>(5,529,785)</u>	<u>(2,568,955)</u>	<u>(763,166)</u>
NON-CURRENT LIABILITIES				
Hire purchase payables	14	173,463	365,644	161,280
Deferred revenue	15	17,691,917	10,079,435	2,279,671
		<u>17,865,380</u>	<u>10,445,079</u>	<u>2,440,951</u>
CURRENT LIABILITIES				
Trade payables	16	87,469	50,221	4,866
Other payables and accruals	17	5,196,036	4,354,079	4,667,315
Amount owing to a director	18	7,744	7,239	34,220
Amount owing to a related party	19	1,216,855	2,681,043	2,088,750
Hire purchase payables	14	40,716	54,475	16,954
		<u>6,548,820</u>	<u>7,147,057</u>	<u>6,812,105</u>
TOTAL LIABILITIES		<u>24,414,200</u>	<u>17,592,136</u>	<u>9,253,056</u>
TOTAL EQUITY AND LIABILITIES		<u>18,884,415</u>	<u>15,023,181</u>	<u>8,489,890</u>

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Note	1.1.2015 to 31.12.2015 RM	1.1.2014 to 31.12.2014 RM
REVENUE	20	65,202,968	43,819,154
COST OF SALES		(64,777,882)	(43,602,967)
GROSS PROFIT		425,086	216,187
OTHER INCOME		537,953	35,848
SELLING AND DISTRIBUTION EXPENSES		(308,613)	(70,269)
ADMINISTRATIVE EXPENSES		(3,577,149)	(2,067,450)
FINANCE COST		(38,107)	(20,005)
LOSS FOR THE FINANCIAL YEAR	21	(2,960,830)	(1,905,689)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(2,960,830)	(1,905,689)
LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO: Owner of the Company		(2,960,830)	(1,905,689)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: Owner of the Company		(2,960,830)	(1,905,689)

I SYNERGY INTERNATIONAL (M) SDN. BHD.

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Company No: 1062594 - W

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Note	Share Capital RM	Accumulated Losses RM	Total RM
Balance at 1.1.2014 (as previously reported)		100	(575,275)	(575,175)
Prior year adjustments	23	-	(187,991)	(187,991)
Balance at 1.1.2014 (as restated)		100	(763,266)	(763,166)
Issuance of shares		99,900	-	99,900
Loss for the financial year/Total comprehensive expenses for the financial year (as previously reported)		-	(2,683,364)	(2,683,364)
Prior year adjustments	23	-	777,675	777,675
Loss for the financial year/Total comprehensive expenses for the financial year (as restated)		-	(1,905,689)	(1,905,689)
Balance at 31.12.2014/1.1.2015		100,000	(2,668,955)	(2,568,955)
Loss for the financial year/Total comprehensive expenses for the financial year		-	(2,960,830)	(2,960,830)
Balance at 31.12.2015		100,000	(5,629,785)	(5,529,785)

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	NOTE	2015 RM	Restated 2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(2,960,830)	(1,905,689)
Adjustments for:-			
Depreciation of equipment		225,700	154,332
Hire purchase Interest		35,860	17,509
Loss on disposal of equipment		33,462	-
Interest income		(238,581)	(34,522)
Operating loss before working capital charges		(2,904,389)	(1,768,370)
Increase in inventories		(16,829)	(76)
Increase in trade and other receivables		(1,706,912)	(138,061)
Increase/(Decrease) in trade and other payables		879,204	(267,881)
Increase in deferred revenue		7,612,482	7,799,764
Decrease in amount owing to a related party		-	(2,088,750)
CASH FROM OPERATIONS		3,863,556	3,536,626
Interest paid		(35,860)	(17,509)
NET CASH FROM OPERATING ACTIVITIES		3,827,696	3,519,117
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES			
Interest received		238,581	34,522
Proceeds from disposal of equipment		116,038	-
Repayment from/(Advances to) a related party		1,647,783	(267,200)
Advances to holding company		(383,085)	-
Purchase of equipment	25	(1,099,148)	(484,925)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		520,169	(717,603)
CASH FLOW (FOR)/FROM FINANCING ACTIVITIES			
Advances from/(Repayment to) a director		505	(26,981)
Issuance of shares		-	99,900
Repayment to a related party		(1,464,188)	2,681,043
Repayment of hire purchase payables		(205,939)	(43,115)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,669,622)	2,710,847
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,678,243	5,512,361
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		11,151,186	5,638,825
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	12	13,829,429	11,151,186

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

The Company is a private 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, 8th Avenue, Jalan Sungai Jernih 8/1, Section 8, 46050 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Unit 20-05, 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 14 March 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of affiliate marketing and related affiliate management services for commercial industry. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is I Synergy Holdings Berhad, a company incorporated in Malaysia.

4. BASIS OF ACCOUNTING

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 ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

During the current financial year, the Company has adopted all the new and revised MFRSs issued by the Malaysian Accounting Standard Board ("MASB") which become effective at the beginning of the current financial year.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. BASIS OF ACCOUNTING (CONT'D)

BASIS OF PREPERATION (CONT'D)

During the financial year, the Company early adopted MFRS 15 and has chosen a full retrospective application of MFRS 15 without using the practical expedients for completed contracts.

The adoption of MFRS 15 on the Company's recognition of revenue affected its affiliates marketing activities, requiring the Company to review the measurement and timing of when revenue is recognised whereby it had identified separate performance obligations arising from its upfront licence fee and has deferred revenue for performance obligation that are only satisfied on delivery to its customers.

The effect of the change in the accounting policy due to the early adoption of MFRS 15 increased the revenue, cost of sales and loss before taxation by RM62,664,367, RM62,795,496 and RM131,129 respectively for the financial year and decreased its deferred revenue and deferred costs by RM62,664,367 and RM62,795,496 respectively as at the end of the reporting period.

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4. BASIS OF ACCOUNTING (CONT'D)

BASIS OF PREPERATION (CONT'D)

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 year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instrument (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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

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5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and 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 Company'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 are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

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

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

(b) Impairment of Non-financial Assets

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) 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 judgment 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.

(d) 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 Company will need to estimate it using adjusted market assessment approach, expected cost plus a margin approach and residual approach.

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.

5.2 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 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 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 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 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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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

(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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(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.

5.4 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 and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 EQUIPMENT

Equipment are 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 assets) 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%
Signboard	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 plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is 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 Company 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 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.

(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.

5.7 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 5.5 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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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 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.

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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 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.

5.10 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.

5.11 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 RELATED PARTIES (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 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.

5.12 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME

(a) Revenue from contracts with customers

Revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Company 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 the 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 Company and its customer has approved the contract and intend to perform their respective obligations, the Company'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 Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Recognition and measurement

At the inception of each contract with customer, the Company 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 Company'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 Company combines it with other promised goods or services until the Company identifies a distinct performance obligation consisting a distinct bundle of goods or services.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

Revenue is measured at the amount of consideration to which the Company 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 Company 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 price of the goods or services promised in the contract. If a standalone selling prices is not directly observable, the Company 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 Company determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time.

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 Company's performance as the Company performs;
- (ii) the Company's performance creates or enhances a customer-controlled asset; or
- (iii) the Company's performance does not create an asset with alternative use and the Company 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

Specific revenue recognition criteria for each of the Company'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's 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.

(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 Company's performance obligation during the licensed period is the provision of affiliate management services such as monitoring of transaction traffic conducted by the 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 Company met all the following criterion:-

- (a) the Company will undertake either contractually or based on customary business activities practised that significantly affect the software platform to which the affiliate has rights.
- (b) the Company'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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

(iii) Revenue from licence right to access

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.

(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 recognised 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****6. EQUIPMENT**

	At 1.1.2015 RM	Addition RM	Disposal RM	Depreciation Charge RM	At 31.12.2015 RM
Net Book Value					
Computers, handphone and printer	10,813	13,343	-	(3,454)	20,702
Furniture and fittings	23,444	29,202	-	(3,539)	49,107
Merchant equipment	114,946	232,400	-	(19,890)	327,456
Motor vehicles	551,094	370,800	(149,500)	(155,763)	616,631
Office equipment	23,831	72,471	-	(4,923)	91,379
Renovation	47,911	315,995	-	(16,174)	347,732
Signboard	2,240	5,400	-	(375)	7,265
Software	61,341	59,537	-	(21,582)	99,296
	835,620	1,099,148	(149,500)	(225,700)	1,559,568

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****6. EQUIPMENT (CONT'D)**

	At 1.1.2014 RM	Addition RM	Depreciation Charge RM	At 31.12.2014 RM
Net Book Value				
Computers, handphone and printer	3,992	8,279	(1,458)	10,813
Furniture and fittings	-	25,122	(1,678)	23,444
Merchant equipment	-	118,750	(3,804)	114,946
Motor vehicles	214,667	466,681	(130,254)	551,094
Office equipment	1,368	24,093	(1,630)	23,831
Renovation	-	51,700	(3,789)	47,911
Signboard	-	2,400	(160)	2,240
Software	-	72,900	(11,559)	61,341
	220,027	769,925	(154,332)	835,620

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2015			
Computers, handphone and printer	25,682	(4,980)	20,702
Furniture and fittings	54,324	(5,217)	49,107
Merchant equipment	351,150	(23,694)	327,456
Motor vehicles	837,481	(220,850)	616,631
Office equipment	97,943	(6,564)	91,379
Renovation	367,695	(19,963)	347,732
Signboard	7,800	(535)	7,265
Software	132,437	(33,141)	99,296
	1,874,512	(314,944)	1,559,568

2014			
Computers, handphone and printer	12,339	(1,526)	10,813
Furniture and fittings	25,122	(1,678)	23,444
Merchant equipment	118,750	(3,804)	114,946
Motor vehicles	696,681	(145,587)	551,094
Office equipment	25,472	(1,641)	23,831
Renovation	51,700	(3,789)	47,911
Signboard	2,400	(160)	2,240
Software	72,900	(11,559)	61,341
	1,005,364	(169,744)	835,620

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**NOTES TO THE FINANCIAL STATEMENTS
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6. EQUIPMENT (CONT'D)

Included in the net book value of equipment of the Company at the end of the reporting period were motor vehicles with a total net book value of RM198,264 (2014 – RM433,019), which were acquired under hire purchase terms.

The motor vehicles with a total net book value of RM525,804 (2014 – RM433,019) is held in trust by a director of the Company.

7. INVENTORIES

	2015 RM	2014 RM
At costs		
Merchant products held for sale	26,920	10,091

None of the inventories are stated at net realisable value.

8. TRADE RECEIVABLE

The Company's normal trade credit terms range from 30 to 90 days.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 RM	2014 RM
Other receivables	464,611	85,097
Deposits	843,184	209,860
Prepayments	39,091	-
	<u>1,346,886</u>	<u>294,957</u>

10. AMOUNT OWING BY HOLDING COMPANY

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

11. AMOUNT OWING BY 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 year.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****12. CASH AND CASH EQUIVALENTS**

	2015 RM	2014 RM
Short-term investments with licensed financial institutions	12,063,908	-
Cash and bank balances	1,765,521	11,151,186
	<u>13,829,429</u>	<u>11,151,186</u>

The short-term investments are highly liquid investments in fixed income securities, islamic money market fund and money market instruments that are readily convertible to known amounts of cash,

13. SHARE CAPITAL

	2015 Number Of Shares	2014	2015 RM	2014 RM
Ordinary Shares of RM1 Each:-				
Authorised	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Issued And Fully Paid-Up:				
At 1 January	100,000	100	100,000	100
Addition	<u>-</u>	<u>99,900</u>	<u>-</u>	<u>99,900</u>
At 31 December	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****14. HIRE PURCHASE PAYABLES**

	2015 RM	2014 RM
Minimum hire purchase payments:		
- not later than one year	47,328	72,456
- later than one year and not later than five years	185,368	289,824
- later than five years	11,820	124,036
	<hr/>	<hr/>
	244,516	486,316
Less: Future finance charges	(30,337)	(66,197)
	<hr/>	<hr/>
Present value of hire purchase payables	214,179	420,119
	<hr/>	<hr/>
<u>Current</u>		
Not later than one year	40,716	54,475
<u>Non-Current</u>		
Later than one year and not later than five years	162,864	246,630
Later than five years	10,599	119,014
	<hr/>	<hr/>
	173,463	365,644
	<hr/>	<hr/>
	214,179	420,119
	<hr/>	<hr/>

The hire purchase payable bore an effective interest rate of 4.37% (2014 – 4.51%) as at the end of the reporting period.

15. DEFERRED REVENUE

Deferred revenue represents the amount of transaction price received upfront and allocated to performance obligation in respect of software platform licences that are unsatisfied as at the end of the reporting period. The software platform licence provide for the rights to access the Company's affiliate marketing system as it exists throughout the licensed period. Licences that provide access are performance obligations satisfied over time and, therefore, deferred revenue is recognised over the licensed period.

16. TRADE PAYABLES

The normal trade credit terms granted to the Company ranged from 30 to 60 days.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****17. OTHER PAYABLES AND ACCRUALS**

	2015 RM	2014 RM
Other payables	5,158,036	4,328,869
Accruals	38,000	25,210
	<u>5,196,036</u>	<u>4,354,079</u>

Included in other payable of the Company is commission payable to affiliates amounting to approximately RM3.6 millions (2014 – RM4.1 millions).

18. AMOUNT OWING TO A DIRECTOR

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

19. AMOUNT OWING TO A RELATED PARTY

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

20. REVENUE

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

21. LOSS FOR THE FINANCIAL YEAR

	2015 RM	2014 RM
Loss for the financial year is arrived at after charging/(crediting):-		
Audit fee	47,800	25,000
Depreciation of equipment	225,700	154,332
Director's remuneration	231,636	229,800
Hire purchase interest expense	35,860	17,509
Loss on disposal of equipment	33,462	-
Rental equipment	7,416	3,528
Rental of premises	101,208	192,102

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**NOTES TO THE FINANCIAL STATEMENTS
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21. LOSS FOR THE FINANCIAL YEAR (CONT'D)

	2015 RM	2014 RM
Loss for the financial year is arrived at after charging/(crediting) (cont'd):-		
Staff costs		
- salaries, bonuses, commissions and allowances	2,271,647	1,353,918
- defined contribution plan	75,252	45,906
- others	155,380	102,654
Interest income	(238,581)	(34,522)

22. INCOME TAX EXPENSE

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

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

	2015 RM	2014 RM
Loss before taxation	(2,960,830)	(1,905,689)
Tax at the statutory tax rate of 25% (2014 – 25%)	(740,208)	(476,422)
Tax effects of:-		
Non-deductible expenses	57,634	31,686
Deferred tax asset not recognised	682,574	444,736
Income tax expense for the financial year	-	-

No deferred tax assets are recognised in respect of the following items:-

	2015 RM	2014 RM
Accelerated capital allowances	(280,000)	(118,000)
Unutilised business losses	4,945,000	194,000
Unabsorbed capital allowances	426,000	2,475,000
	5,091,000	2,551,000

The corporate tax rate on the first RM500,000 of chargeable income will be reduced to 19% and the balance of the chargeable income will be reduced to 24% effective year of assessment 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****23. PRIOR YEAR ADJUSTMENTS**

The prior year adjustments arose from the change in accounting policy due to the early adoption of MFRS 15. The Company's contract with customer include non-refundable upfront fee that relates to activity such as activation of software platform, training and provision of business support toolkit and material, and licence right to access. These activities relate to separate performance obligations satisfied at different points in time. MFRS 15 allows the upfront fee for future goods or services to be included in the transaction price and allocated to the separate performance obligations identified to fulfil the obligations in the contract. The change in accounting policy allows it to recognise the aforesaid activities as revenue as when their performance obligation are satisfied which results in the financial statements providing reliable and more relevant information about the effects of the upfront fee charged to customer at or near inception of the contract on the Company's financial position and financial performance.

In addition, certain comparatives figures of the Company have been reclassified to conform with the current year's presentation.

The change in accounting policy has been accounted for retrospectively and the effects on prior years have been taken up as prior year adjustments in the financial statements. Accordingly, the following comparative figures have been restated to reflect the effects of the change:-

	AS PREVIOUSLY REPORTED RM	EFFECT OF ADOPTING MFRS 15 RM	EFFECT OF RECLASSIFICATION RM	AS RESTATED RM
STATEMENT OF FINANCIAL POSITION (EXTRACT):-				
Deferred expenditure	28,436,449	(28,436,449)	-	-
Accumulated losses	(3,258,639)	589,684	-	(2,668,955)
Deferred revenue	39,105,568	(29,026,133)	-	10,079,435
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT)				
Revenue	19,934,487	23,884,667	-	43,819,154
Cost of sales	(1,879,376)	(23,106,991)	(18,616,600)	(43,602,967)
Staff costs	(1,655,384)	-	1,655,384	-
Administrative expenses	(663,826)	-	(1,403,624)	(2,067,450)
Selling and distribution expenses	(18,424,635)	-	18,354,366	(70,269)
Finance costs	(30,479)	-	10,474	(20,005)
Loss for the financial year	(2,683,364)	777,675	-	(1,905,689)

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PRIOR YEAR ADJUSTMENTS (CONT'D)

	AS PREVIOUSLY REPORTED RM	EFFECT OF ADOPTING MFRS 15 RM	EFFECT OF RECLASSIFICATION RM	AS RESTATED RM
STATEMENT OF CASH FLOWS (EXTRACT):-				
Net cash from operating activities	6,321,019	-	723,475	7,044,494
Net cash for investing activities	(484,925)	-	(946,097)	(1,431,022)
Net cash from financing activities	39,267	-	11,713	27,554
	<hr/>	<hr/>	<hr/>	<hr/>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

24. SIGNIFICANT RELATED PARTY DISCLOSURES**(a) Identities of related parties**

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

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

	2015 RM	2014 RM
<u>Purchases from related parties:-</u>		
I Synergy Universal Sdn. Bhd.		
- Annual subscription fee	147,510	224,560
- Platform fee	21,057,000	12,761,300
- Activation Code	581,000	299,250
Triple Gem Sdn. Bhd.		
- Office Rental	30,900	-
	<hr/>	<hr/>
(c) Key management personnel compensation:		
- short-term employee benefits	231,636	229,800
	<hr/>	<hr/>

25. PURCHASE OF EQUIPMENT

	2015 RM	2014 RM
Cost of equipment purchased	1,099,148	769,925
Amount financed through hire purchase	-	(285,000)
	<hr/>	<hr/>
Cash disbursed for purchase of equipment	1,099,148	484,925
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. 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.

26.1 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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institution to generate interest income.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 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.

(iii) Ageing analysis

The ageing analysis of the Company's trade receivables at the end of the reporting period is as follows:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2015				
Not past due	1,252,303	-	-	1,252,303
Past due:				
- less than 3 months	137,604	-	-	137,604
- 3 to 6 months	285,989	-	-	285,989
- over 6 months	62,631	-	-	62,631
	1,738,527	-	-	1,738,527
2014				
Not past due	1,033,444	-	-	1,033,444
Past due:				
- less than 3 months	19,100	-	-	19,100
- 3 to 6 months	-	-	-	-
- over 6 months	31,000	-	-	31,000
	1,083,544	-	-	1,083,544

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

Trade receivables that are past due but not impaired

The Company believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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 including interest payment computed using contractual rates of, if floating, based on the rate at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	More than 5 Years RM
2015						
Trade payables	-	87,469	87,469	87,469	-	-
Other payables and accruals	-	5,196,036	5,196,036	5,196,036	-	-
Amount owing to a related party	-	1,216,855	1,216,855	1,216,855	-	-
Amount owing to a director	-	7,744	7,744	7,744	-	-
Hire purchase payables	4.37	214,179	244,516	47,328	185,368	11,820
		6,722,283	6,752,620	6,555,432	185,368	11,820

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26. FINANCIAL INSTRUMENTS (CONT'D)**26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)**

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	More than 5 Years RM
2014						
Trade payables	-	50,221	50,221	50,221	-	-
Other payables and accruals	-	4,354,079	4,354,079	4,354,079	-	-
Amount owing to a related party	-	2,681,043	2,681,043	2,681,043	-	-
Amount owing to a director	-	7,239	7,239	7,239	-	-
Hire purchase payables	4.51	420,119	486,316	72,456	289,824	124,036
		7,512,701	7,578,898	7,165,038	289,824	124,036

26.2 CAPITAL RISK MANAGEMENT

The Company manages its capital by maintaining an optimal capital structure so as to support its 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****26. FINANCIAL INSTRUMENTS (CONT'D)****26.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	2015 RM	2014 RM
Financial Assets		
<u>Loans and receivables financial assets</u>		
Trade receivables	1,738,527	1,083,544
Other receivables and deposits	1,307,795	294,957
Amount owing by holding company	383,085	-
Amount owing by a related party	-	1,647,783
Cash and cash equivalents	13,829,429	11,151,186
	<u>17,258,836</u>	<u>14,177,470</u>
Financial Liabilities		
<u>Other financial liabilities</u>		
Trade payables	87,469	50,221
Other payables and accruals	5,196,036	4,354,079
Amount owing to a related party	1,216,855	2,681,043
Amount owing to a director	7,744	7,239
Hire purchase payables	214,179	420,119
	<u>6,722,283</u>	<u>7,512,701</u>

26.4 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments 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.

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FINANCIAL REPORT
for the financial year ended 31 December 2014

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of affiliate marketing and related affiliate management services for commercial industry. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Loss for the financial year	(1,905,689)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised share capital of the Company;
- (b) the Company increased its issued and paid-up share capital from RM100 to RM100,000, by the allotment of 99,900 new shares of RM1 at par for the purpose of working capital. The shares were issued for cash consideration. The new shares issued rank pari passu in all respects with the existing shares 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 year, 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 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 writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records 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 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 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 Company which has arisen since the end of the financial year.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability 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 Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations 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 year 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 Company for the financial year.

DIRECTORS

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

Dato' Teo Chee Hong

Chu Chung Piow (Appointed on 27 October 2015)

Ong Siw Hut (Resigned on 28 October 2015)

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DIRECTORS' REPORT

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 and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM1.00 Each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
The Company				
<i>Direct Interests</i>				
Dato' Teo Chee Hong	70	69,930	-	70,000
Ong Siw Hut	30	29,970	-	30,000

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which a director has substantial financial interest as disclosed in Note 21 to the financial statements.

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

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DIRECTORS' REPORT

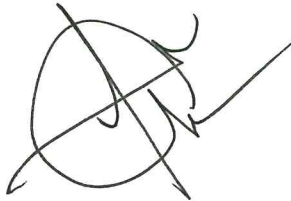
AUDITORS

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

Signed in accordance with a resolution of the directors dated **30 JUN 2016**



Dato' Teo Chee Hong



Chu Chung Piow

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

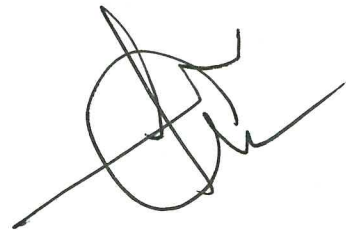
STATEMENT BY DIRECTORS

We, Dato' Teo Chee Hong and Chu Chung Piow, being two of the directors of I Synergy International (M) Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 9 to 40 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company at 31 December 2014 and of its financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated **30 JUN 2016**



Dato' Teo Chee Hong



Chu Chung Piow

STATUTORY DECLARATION

I, Dato' Teo Chee Hong, I/C No. 790928-01-5357, being the director primarily responsible for the financial management of I Synergy International (M) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 40 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 **30 JUN 2016**

Before me



C-12-4
Blok C, Tingkat 12 Unit 4
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 012-3008300



Dato' Teo Chee Hong

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

(Incorporated in Malaysia)
Company No : 1062594 - W

Report on the Financial Statements

We have audited the financial statements of I Synergy International (M) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 40.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

(Incorporated in Malaysia)
Company No : 1062594 - W

Opinion

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the 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.



Crowe Horwath
Firm No : AF 1018
Chartered Accountants

30 JUN 2016

Kuala Lumpur



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

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

	Note	31.12.2014 RM	31.12.2013 RM
ASSETS			
NON-CURRENT ASSET			
Equipment	6	835,620	220,027
CURRENT ASSETS			
Inventories	7	10,091	10,015
Trade receivables	8	1,083,544	1,036,590
Other receivables, deposits and prepayments	9	294,957	203,850
Amount owing by a related party	10	1,647,783	1,380,583
Cash and bank balances		11,151,186	5,638,825
		<u>14,187,561</u>	<u>8,269,863</u>
TOTAL ASSETS		<u>15,023,181</u>	<u>8,489,890</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	100,000	100
Accumulated losses		(2,668,955)	(763,266)
TOTAL EQUITY		<u>(2,568,955)</u>	<u>(763,166)</u>
NON-CURRENT LIABILITIES			
Hire purchase payables	12	365,644	161,280
Deferred revenue	13	10,079,435	2,279,671
		<u>10,445,079</u>	<u>2,440,951</u>
CURRENT LIABILITIES			
Trade payables	14	50,221	4,866
Other payables and accruals	15	4,354,079	4,667,315
Amount owing to a director	16	7,239	34,220
Amount owing to a related party	17	2,681,043	2,088,750
Hire purchase payables	12	54,475	16,954
		<u>7,147,057</u>	<u>6,812,105</u>
TOTAL LIABILITIES		<u>17,592,136</u>	<u>9,253,056</u>
TOTAL EQUITY AND LIABILITIES		<u>15,023,181</u>	<u>8,489,890</u>

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

		1.1.2014 to 31.12.2014 RM	18.09.2013 (Date of Incorporation) to 31.12.2013 RM
	Note		
REVENUE	18	43,819,154	8,422,164
COST OF SALES		(43,602,967)	(9,089,936)
GROSS PROFIT		216,187	(667,772)
OTHER INCOME		35,848	840
SELLING AND DISTRIBUTION EXPENSES		(70,269)	(12,373)
ADMINISTRATIVE EXPENSES		(2,067,450)	(81,836)
FINANCE COST		(20,005)	(2,125)
LOSS FOR THE FINANCIAL YEAR/PERIOD	19	(1,905,689)	(763,266)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR/PERIOD		(1,905,689)	(763,266)
LOSS FOR THE FINANCIAL YEAR/PERIOD ATTRIBUTABLE TO: Owners of the Company		(1,905,689)	(763,266)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: Owners of the Company		(1,905,689)	(763,266)

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

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

	Share Capital RM	Accumulated Losses RM	Total RM
At 18.09.2013 (Date of incorporation)	100		100
Loss for the financial period/Total comprehensive expenses for the financial period	-	(763,266)	(763,266)
Balance at 31.12.2013/1.1.2014	100	(763,266)	(763,166)
Issuance of shares	99,900	-	99,900
Loss for the financial year/Total comprehensive expenses for the financial year	-	(1,905,689)	(1,905,689)
Balance at 31.12.2014	100,000	(2,668,955)	(2,568,955)

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

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

	1.1.2014 to 31.12.2014 RM	18.09.2013 (Date of Incorporation) to 31.12.2013 RM
NOTE		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,905,689)	(763,266)
Adjustments for:-		
Depreciation of equipment	154,332	15,412
Hire purchase interest	17,509	2,201
Interest income	(34,522)	-
Operating loss before working capital charges	(1,768,370)	(745,653)
Increase in inventories	(76)	(10,015)
Increase in trade and other receivables	(138,061)	(1,240,440)
(Decrease)/Increase in trade and other payables	(267,881)	4,672,181
Increase in deferred revenue	7,799,764	2,279,671
(Decrease)/Increase in amount owing to a related party	(2,088,750)	2,088,750
CASH FROM OPERATIONS	3,536,626	7,044,494
Interest paid	(17,509)	(2,201)
NET CASH FROM OPERATING ACTIVITIES	3,519,117	7,042,293
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	34,522	-
Advances to a related party	(267,200)	(1,380,583)
Purchase of equipment	(484,925)	(50,439)
NET CASH FOR INVESTING ACTIVITIES	(717,603)	(1,431,022)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment to)/Advances from a director	(26,981)	34,220
Issuance of shares	99,900	100
Advances from a related party	2,681,043	-
Repayment of hire purchase payables	(43,115)	(6,766)
NET CASH FROM FINANCING ACTIVITIES	2,710,847	27,554
NET INCREASE IN CASH AND BANK BALANCES	5,512,361	5,638,825
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL YEAR	5,638,825	-
CASH AND BANK BALANCES AT END OF THE FINANCIAL YEAR	11,151,186	5,638,825

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

The Company is a private 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, 8th Avenue, Jalan Sungai Jernih 8/1, Section 8, 46050 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Unit 20-05, 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 30 June 2016

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of affiliate marketing and related affiliate management services for commercial industry. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is I Synergy Holdings Berhad, a company incorporated in Malaysia.

4. BASIS OF ACCOUNTING

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 ("MFRSs") International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

During the current financial year, the Company has adopted all the new and revised MFRSs issued by the Malaysian Accounting Standard Board ("MASB") which become effective at the beginning of the current financial year. The Company had also early adopted MFRS 15.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. BASIS OF ACCOUNTING (CONT'D)

BASIS OF PREPERATION (CONT'D)

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 year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and 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 Company'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 are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

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

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

(b) Impairment of Non-financial Assets

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) 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 judgment 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.

(d) 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 Company will need to estimate it using adjusted market assessment approach, expected cost plus a margin approach and residual approach.

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.

5.2 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 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 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 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 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

(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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(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.

5.4 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 and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 EQUIPMENT

Equipment are 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 assets) 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%
Signboard	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 plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is 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 Company 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 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.

(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.

5.7 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 5.5 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 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.

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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 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.

5.10 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.

5.11 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 entity.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 RELATED PARTIES (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 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).
- (viii) The entity, or any member of a group 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.

5.12 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME

(a) Revenue from contracts with customers

Revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Company 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 the 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 Company and its customer has approved the contract and intend to perform their respective obligations, the Company'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 Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Recognition and measurement

At the inception of each contract with customer, the Company 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 Company'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 Company combines it with other promised goods or services until the Company identifies a distinct performance obligation consisting a distinct bundle of goods or services.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

Revenue is measured at the amount of consideration to which the Company 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 Company 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 price of the goods or services promised in the contract. If a standalone selling prices is not directly observable, the Company 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 Company determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time.

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 Company's performance as the Company performs;
- (ii) the Company's performance creates or enhances a customer-controlled asset; or
- (iii) the Company's performance does not create an asset with alternative use and the Company 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

Specific revenue recognition criteria for each of the Company'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's 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.

(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 Company's performance obligation during the licensed period is the provision of affiliate management services such as monitoring of transaction traffic conducted by the 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 Company met all the following criterion:-

- (a) the Company will undertake either contractually or based on customary business activities practised that significantly affect the software platform to which the affiliate has rights.
- (b) the Company'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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

(iii) Revenue from licence right to access

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.

(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 recognised 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014****6. EQUIPMENT**

	At 1.1.2014 RM	Addition RM	Depreciation Charge RM	At 31.12.2014 RM
Net Book Value				
Computers, handphone and printer	3,992	8,279	(1,458)	10,813
Furniture and fittings	-	25,122	(1,678)	23,444
Merchant equipment	-	118,750	(3,804)	114,946
Motor vehicles	214,667	466,681	(130,254)	551,094
Office equipment	1,368	24,093	(1,630)	23,831
Renovation	-	51,700	(3,789)	47,911
Signboard	-	2,400	(160)	2,240
Software	-	72,900	(11,559)	61,341
	220,027	769,925	(154,332)	835,620

	At 18.9.2013 (Date of Incorporation) RM	Addition RM	Depreciation Charge RM	At 31.12.2013 RM
Net Book Value				
Computers, handphone and printer	-	4,060	(68)	3,992
Motor vehicles	-	230,000	(15,333)	214,667
Office equipment	-	1,379	(11)	1,368
	-	235,439	(15,412)	220,027

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014****6. EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2014			
Computers, handphone and printer	12,339	(1,526)	10,813
Furniture and fittings	25,122	(1,678)	23,444
Merchant equipment	118,750	(3,804)	114,946
Motor vehicles	696,681	(145,587)	551,094
Office equipment	25,472	(1,641)	23,831
Renovation	51,700	(3,789)	47,911
Signboard	2,400	(160)	2,240
Software	72,900	(11,559)	61,341
	1,005,364	(169,744)	835,620
2013			
Computers, handphone and printer	4,060	(68)	3,992
Motor vehicle	230,000	(15,333)	214,667
Office equipment	1,379	(11)	1,368
	235,439	(15,412)	220,027

Included in the net book value of equipment of the Company at the end of the reporting period were motor vehicles with a total net book value of RM433,019 (2013 – RM214,667), which were acquired under hire purchase terms.

The motor vehicles with a total net book value of RM433,019 (2013 – RM214,667) is held in trust by a director of the Company.

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7. INVENTORIES

	31.12.2014 RM	31.12.2013 RM
At costs		
Merchant products held for sale	10,091	10,015

None of the inventories are stated at net realisable value.

8. TRADE RECEIVABLES

The Company's normal trade credit terms range from 30 to 90 days.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31.12.2014 RM	31.12.2013 RM
Other receivables	85,097	94,440
Deposits	209,860	106,360
Prepayments	-	3,050
	294,957	203,850

10. AMOUNT OWING BY A RELATED PARTY

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

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11. SHARE CAPITAL

	31.12.2014 Number Of Shares	31.12.2013	31.12.2014 RM	31.12.2013 RM
Ordinary Shares of RM1 Each:-				
Authorised	400,000	400,000	400,000	400,000
Issued And Fully Paid-Up:				
At 1 January	100	-	100	-
Addition	99,900	100	99,900	100
At 31 December	100,000	100	100,000	100

12. HIRE PURCHASE PAYABLES

	31.12.2014 RM	31.12.2013 RM
Minimum hire purchase payments:		
- not later than one year	72,456	25,128
- later than one year and not later than five years	289,824	100,512
- later than five years	124,036	90,016
	486,316	215,656
Less: Future finance charges	(66,197)	(37,422)
Present value of hire purchase payables	420,119	178,234
<u>Current</u>		
Not later than one year	54,475	16,954
<u>Non-Current</u>		
Later than one year and not later than five years	246,630	77,874
Later than five years	119,014	83,406
	365,644	161,280
	420,119	178,234

The hire purchase payable bore an effective interest rate of 4.51% (2013 – 4.58%) as at the end of the reporting period.

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13. DEFERRED REVENUE

Deferred revenue represents the amount of transaction price received upfront and allocated to performance obligation in respect of software platform licences that are unsatisfied as at the end of the reporting period. The software platform licence provide for the rights to access the Company's affiliate marketing system as it exists throughout the licensed period. Licences that provide access are performance obligations satisfied over time and, therefore, deferred revenue is recognised over the licensed period.

14. TRADE PAYABLES

The normal trade credit terms granted to the Company ranged from 30 to 60 days.

15. OTHER PAYABLES AND ACCRUALS

	31.12.2014 RM	31.12.2013 RM
Other payables	4,328,869	4,661,105
Accruals	25,210	6,210
	<u>4,354,079</u>	<u>4,667,315</u>

Included in other payable of the Company is commission payable to affiliates amounting to approximately RM4.1 millions (2013 – RM4.4 millions).

16. AMOUNT OWING TO A DIRECTOR

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

17. AMOUNT OWING TO A RELATED PARTY

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

18. REVENUE

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014****19. LOSS FOR THE FINANCIAL YEAR**

	1.1.2014 to 31.12.2014 RM	18.09.2013 (Date of Incorporation) to 31.12.2013 RM
Loss for the financial year/period is arrived at after charging/(crediting):-		
Audit fee	25,000	6,000
Depreciation of equipment	154,332	15,412
Director's remuneration	229,800	-
Hire purchase interest expense	17,509	2,201
Rental equipment	3,528	180
Rental of premises	192,102	42,496
Staff costs		
- salaries, bonuses, commissions and allowances	1,353,918	-
- defined contribution plan	45,906	-
- others	102,654	-
Interest income	(34,522)	-
	<u> </u>	<u> </u>

20. INCOME TAX EXPENSE

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

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

	1.1.2014 to 31.12.2014 RM	18.09.2013 (Date of Incorporation) to 31.12.2013 RM
Loss before taxation	(1,905,689)	(763,266)
Tax at the statutory tax rate of 25% (2013 – 25%)	(476,422)	(190,817)
Tax effects of:-		
Non-deductible expenses	31,686	4,130
Deferred tax asset not recognised	444,736	186,687
Income tax expense for the financial year	<u> </u>	<u> </u>

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20. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets are recognised in respect of the following items:-

	31.12.2014 RM	31.12.2013 RM
Accelerated capital allowances	(118,000)	(21,000)
Unutilised business losses	194,000	743,000
Unabsorbed capital allowances	2,475,000	25,000
	<u>2,551,000</u>	<u>747,000</u>

The corporate tax rate on the first RM500,000 of chargeable income will be reduced to 19% and the balance of the chargeable income will be reduced to 24% effective year of assessment 2016.

21. SIGNIFICANT RELATED PARTY DISCLOSURES**(a) Identities of related parties**

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

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

	1.1.2014 to 31.12.2014 RM	18.09.2013 (Date of Incorporation) to 31.12.2013 RM
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Purchases from related parties:-

I Synergy Universal Sdn. Bhd.

- Annual subscription fee	224,560	-
- Platform fee	12,761,300	2,680,000
- Activation Code	299,250	190,950

(c) Key management personnel compensation:

- short-term employee benefits	<u>229,800</u>	<u>-</u>
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22. PURCHASE OF EQUIPMENT

	1.1.2014 to 31.12.2014 RM	18.09.2013 (Date of Incorporation) to 31.12.2013 RM
Cost of equipment purchased	769,925	235,439
Amount financed through hire purchase	(285,000)	(185,000)
Cash disbursed for purchase of equipment	<u>484,925</u>	<u>50,439</u>

23. 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.

23.1 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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institution to generate interest income.

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.

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23. FINANCIAL INSTRUMENTS (CONT'D)**23.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(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.

(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.

(iii) Ageing analysis

The ageing analysis of the Company's trade receivables at the end of the reporting period is as follows:-

2014	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
Not past due	1,033,444	-	-	1,033,444
Past due:				
- less than 3 months	19,100	-	-	19,100
- 3 to 6 months	-	-	-	-
- over 6 months	31,000	-	-	31,000
	1,083,544	-	-	1,083,544

2013	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
Not past due	1,036,590	-	-	1,036,590

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23. FINANCIAL INSTRUMENTS (CONT'D)**23.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)**

Trade receivables that are past due but not impaired

The Company believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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 including interest payment computed using contractual rates of, if floating, based on the rate at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	More than 5 Years RM
31.12.2014						
Trade payables	-	50,221	50,221	50,221	-	-
Other payables and accruals	-	4,354,079	4,354,079	4,354,079	-	-
Amount owing to a related party	-	2,681,043	2,681,043	2,681,043	-	-
Amount owing to a director	-	7,239	7,239	7,239	-	-
Hire purchase payables	4.51	420,119	486,316	72,456	289,824	124,036
		7,512,701	7,578,898	7,165,038	289,824	124,036

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23. FINANCIAL INSTRUMENTS (CONT'D)**23.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)**

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	More than 5 Years RM
31.12.2013						
Trade payables	-	4,866	4,866	4,866	-	-
Other payables and accruals	-	4,667,315	4,667,315	4,667,315	-	-
Amount owing to a related party	-	2,088,750	2,088,750	2,088,750	-	-
Amount owing to a director	-	34,220	34,220	34,220	-	-
Hire purchase payables	4.58	178,234	215,656	25,128	100,512	90,016
		6,973,385	7,010,807	6,820,279	100,512	90,016

23.2 CAPITAL RISK MANAGEMENT

The Company manages its capital by maintaining an optimal capital structure so as to support its 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.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014****23. FINANCIAL INSTRUMENTS (CONT'D)****23.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	31.12.2014 RM	31.12.2013 RM
Financial Assets		
<u>Loans and receivables financial assets</u>		
Trade receivables	1,083,544	1,036,590
Other receivables and deposits	294,957	200,800
Amount owing by a related party	1,647,783	1,380,583
Cash and bank balances	11,151,186	5,638,825
	<u>14,177,470</u>	<u>8,256,798</u>
Financial Liabilities		
<u>Other financial liabilities</u>		
Trade payables	50,221	4,866
Other payables and accruals	4,354,079	4,667,315
Amount owing to a related party	2,681,043	2,088,750
Amount owing to a director	7,239	34,220
Hire purchase payables	420,119	178,234
	<u>7,512,701</u>	<u>6,973,385</u>

23.4 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments 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.

24. COMPARATIVE FIGURES

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

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No : 1062594 - W

FINANCIAL REPORT

for the financial period from 18 September 2013
(date of incorporation) to 31 December 2013

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I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial period ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of affiliate marketing and related affiliate management services for commercial industry. There have been no significant changes in the nature of these activities during the financial period.

RESULTS

	RM
Loss for the financial period	(763,266)

DIVIDENDS

No dividend was paid since the date of incorporation 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

The Company was incorporated on 18 September 2013 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 100 ordinary shares of RM1.00 each were subscribed for on the date of incorporation.

During the financial period,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

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 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 writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records 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 Company misleading or inappropriate.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet 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 Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial period 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 Company for the financial period.

DIRECTORS

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

Dato' Teo Chee Hong (First Director)
Chu Chung Piow (Appointed on 27 October 2015)
Ong Siw Hut (First Director; Resigned on 28 October 2015)

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
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DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM1.00 Each			
	At date of incorporation	Bought	Sold	At 31.12.2013
The Company				
<i>Direct Interests</i>				
Dato' Teo Chee Hong	70	-	-	70
Ong Siw Hut	30	-	-	30

DIRECTORS' BENEFITS

Since the date of incorporation, no director has received or become entitled to receive any benefit 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 a director has substantial financial interest as disclosed in Note 21 to the financial statements.

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

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

DIRECTORS' REPORT

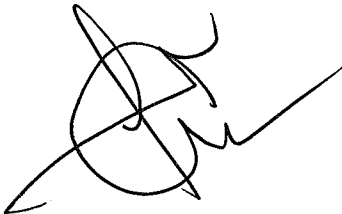
AUDITORS

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

Signed in accordance with a resolution of the directors dated **30 JUN 2016**



Dato' Teo Chee Hong



Chu Chung Piow

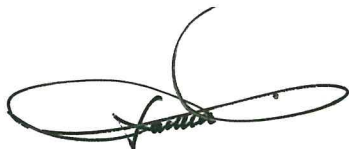
I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
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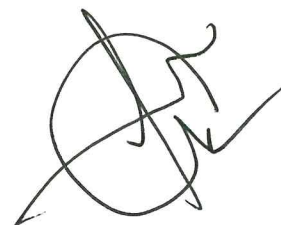
STATEMENT BY DIRECTORS

We, Dato' Teo Chee Hong and Chu Chung Piow, being two of the directors of I Synergy International (M) Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 9 to 39 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company at 31 December 2013 and of its financial performance and cash flows for the financial period from 18 September 2013 (date of incorporation) to 31 December 2013.

Signed in accordance with a resolution of the directors dated **30 JUN 2016**



Dato' Teo Chee Hong



Chu Chung Piow

STATUTORY DECLARATION

I, Dato' Teo Chee Hong, I/C No. 790928-01-5357, being the director primarily responsible for the financial management of I Synergy International (M) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 39 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 **30 JUN 2016**

Before me



C-12-4
Blok C, Tingkat 12 Unit 4
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 012-3008300



Dato' Teo Chee Hong

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

(Incorporated in Malaysia)

Company No : 1062594 - W

Report on the Financial Statements

We have audited the financial statements of I Synergy International (M) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 18 September 2013 (date of incorporation) to 31 December 2013, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 39.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

(Incorporated in Malaysia)
Company No : 1062594 - W

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2013 and of its financial performance and cash flows for the financial period from 18 September 2013 (date of incorporation) to 31 December 2013 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the 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.



Crowe Horwath
Firm No : AF 1018
Chartered Accountants

30 JUN 2016

Kuala Lumpur



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

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

	Note	RM
ASSETS		
NON-CURRENT ASSET		
Equipment	6	220,027
CURRENT ASSETS		
Inventories	7	10,015
Trade receivables	8	1,036,590
Other receivables, deposits and prepayments	9	203,850
Amount owing by a related party	10	1,380,583
Cash and bank balances		5,638,825
		<hr/>
		8,269,863
		<hr/>
TOTAL ASSETS		8,489,890
		<hr/>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	11	100
Accumulated losses		(763,266)
		<hr/>
TOTAL EQUITY		(763,166)
		<hr/>
NON-CURRENT LIABILITIES		
Hire purchase payables	12	161,280
Deferred revenue	13	2,279,671
		<hr/>
		2,440,951
		<hr/>
CURRENT LIABILITIES		
Trade payables	14	4,866
Other payables and accruals	15	4,667,315
Amount owing to a director	16	34,220
Amount owing to a related party	17	2,088,750
Hire purchase payables	12	16,954
		<hr/>
		6,812,105
		<hr/>
TOTAL LIABILITIES		9,253,056
		<hr/>
TOTAL EQUITY AND LIABILITIES		8,489,890
		<hr/>

I SYNERGY INTERNATIONAL (M) SDN. BHD.

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 18 SEPTEMBER 2013
(DATE OF INCORPORATION) TO 31 DECEMBER 2013**

	Note	RM
REVENUE	18	8,422,164
COST OF SALES		(9,089,936)
GROSS LOSS		(667,772)
OTHER INCOME		840
SELLING AND DISTRIBUTION EXPENSES		(12,373)
ADMINISTRATIVE EXPENSES		(81,836)
FINANCE COST		(2,125)
LOSS FOR THE FINANCIAL PERIOD	19	(763,266)
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL PERIOD		(763,266)
LOSS FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO: Owners of the Company		(763,266)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO: Owners of the Company		(763,266)

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 18 SEPTEMBER 2013
(DATE OF INCORPORATION) TO 31 DECEMBER 2013**

	Share Capital RM	Accumulated Losses RM	Total RM
At 18.09.2013 (date of incorporation)	100	-	100
Loss for the financial period/Total comprehensive expenses for the financial period	-	(763,266)	(763,266)
Balance at 31.12.2013	100	(763,266)	(763,166)

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR PERIOD FROM 18 SEPTEMBER 2013
(DATE OF INCORPORATION) TO 31 DECEMBER 2013**

	NOTE	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial period		(763,266)
Adjustments for:-		
Depreciation of equipment		15,412
Hire purchase interest		2,201
Operating loss before working capital charges		(745,653)
Increase in inventories		(10,015)
Increase in trade and other receivables		(1,240,440)
Increase in trade and other payables		4,672,181
Increase in deferred revenue		2,279,671
Increase in amount owing to a related party		2,088,750
CASH FROM OPERATIONS		7,044,494
Interest paid		(2,201)
NET CASH FROM OPERATING ACTIVITIES		7,042,293
CASH FLOWS FOR INVESTING ACTIVITIES		
Advances to a related party		(1,380,583)
Purchase of equipment	22	(50,439)
NET CASH FOR INVESTING ACTIVITIES		(1,431,022)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from a director		34,220
Issuance of shares		100
Repayment of hire purchase payables		(6,766)
NET CASH FROM FINANCING ACTIVITIES		27,554
NET INCREASE IN CASH AND BANK BALANCES/ CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD		5,638,825

I SYNERGY INTERNATIONAL (M) SDN. BHD.

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

1. GENERAL INFORMATION

The Company is a private 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, 8th Avenue, Jalan Sungai Jernih 8/1, Section 8, 46050 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Unit 20-05, 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 30 June 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of affiliate marketing and related affiliate management services for commercial industry. There have been no significant changes in the nature of these activities during the financial period.

4. BASIS OF ACCOUNTING

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 ("MFRSs") International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

During the current financial period, the Company has adopted all the new and revised MFRSs issued by the Malaysian Accounting Standard Board ("MASB") which become effective at the beginning of the current financial period. The Company had also early adopted MFRS 15.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

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

4. BASIS OF ACCOUNTING (CONT'D)

BASIS OF PREPERATION (CONT'D)

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 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 1062594 - W

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

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and 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 Company'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 are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

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

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

(b) Impairment of Non-financial Assets

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) 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 judgment 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.

(d) 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 Company will need to estimate it using adjusted market assessment approach, expected cost plus a margin approach and residual approach.

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.

5.2 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

I SYNERGY INTERNATIONAL (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 1062594 - W

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 18 SEPTEMBER 2013

(DATE OF INCORPORATION) TO 31 DECEMBER 2013

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 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 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 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 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.

I SYNERGY INTERNATIONAL (M) SDN. BHD.

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Company No: 1062594 - W

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(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.

5.4 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 and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 EQUIPMENT

Equipment are 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 assets) 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%
Motor vehicles	20%
Office equipment	10%

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 plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is 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 Company 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 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.

(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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 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 5.5 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.

5.8 INCOME TAXES

Income tax for the period 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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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 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.

5.9 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.

5.10 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.

5.11 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 entity.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 RELATED PARTIES (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 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).
- (viii) The entity, or any member of a group 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.

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5.12 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME

(a) Revenue from contracts with customers

Revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Company 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 the 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 Company and its customer has approved the contract and intend to perform their respective obligations, the Company'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 Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Recognition and measurement

At the inception of each contract with customer, the Company 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 Company'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 Company combines it with other promised goods or services until the Company identifies a distinct performance obligation consisting a distinct bundle of goods or services.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

Revenue is measured at the amount of consideration to which the Company 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 Company 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 price of the goods or services promised in the contract. If a standalone selling prices is not directly observable, the Company 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 Company determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time.

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 Company's performance as the Company performs;
- (ii) the Company's performance creates or enhances a customer-controlled asset; or
- (iii) the Company's performance does not create an asset with alternative use and the Company 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.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

Specific revenue recognition criteria for each of the Company'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's 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.

(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 Company's performance obligation during the licensed period is the provision of affiliate management services such as monitoring of transaction traffic conducted by the 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 Company met all the following criterion:-

- (a) the Company will undertake either contractually or based on customary business activities practised that significantly affect the software platform to which the affiliate has rights.
- (b) the Company's activities do not otherwise transfer a good or services to the affiliates as they occur.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 REVENUE AND OTHER INCOME (CONT'D)

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

(iii) Revenue from licence right to access (Cont'd)

- (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.

(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 recognised 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.

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	At 18.09.2013 (Date of Incorporation) RM	Addition RM	Depreciation Charge RM	At 31.12.2013 RM
Net Book Value				
Computers, handphone and printer	-	4,060	(68)	3,992
Motor vehicle	-	230,000	(15,333)	214,667
Office equipment	-	1,379	(11)	1,368
	-	235,439	(15,412)	220,027

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
Computers, handphone and printer	4,060	(68)	3,992
Motor vehicle	230,000	(15,333)	214,667
Office equipment	1,379	(11)	1,368
	235,439	(15,412)	220,027

Included in the net book value of equipment of the Company at the end of the reporting period were motor vehicles with a total net book value of RM214,667, which were acquired under hire purchase terms.

The motor vehicles with a total net book value of RM214,667 is held in trust by a director of the Company.

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7. INVENTORIES

RM

At costs

Merchant products held for sale

10,015

None of the inventories are stated at net realisable value.

8. TRADE RECEIVABLES

The Company's normal trade credit terms range from 30 to 90 days.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

RM

Other receivables

94,440

Deposits

106,360

Prepayments

3,050

203,850

10. AMOUNT OWING BY A RELATED PARTY

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

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11. SHARE CAPITAL

	Number Of Shares	RM
Ordinary Shares of RM1 Each:-		
Authorised	400,000	400,000
	<hr/>	<hr/>
Issued And Fully Paid-Up:		
At 18 September 2013 (Date of incorporation)	-	-
Addition	100	100
	<hr/>	<hr/>
At 31 December 2013	100	100
	<hr/>	<hr/>

12. HIRE PURCHASE PAYABLES

	RM
Minimum hire purchase payments:	
- not later than one year	25,128
- later than one year and not later than five years	100,512
- later than five years	90,016
	<hr/>
Less: Future finance charges	215,656 (37,422)
	<hr/>
Present value of hire purchase payables	178,234
	<hr/>
<u>Current</u>	
Not later than one year	16,954
<u>Non-Current</u>	
Later than one year and not later than five years	77,874
Later than five years	83,406
	<hr/>
	161,280
	<hr/>
	178,234
	<hr/>

The hire purchase payable bore an effective interest rate of 4.58% as at the end of the reporting period.

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13. DEFERRED REVENUE

Deferred revenue represents the amount of transaction price received upfront and allocated to performance obligation in respect of software platform licences that are unsatisfied as at the end of the reporting period. The software platform licence provide for the rights to access the Company's affiliate marketing system as it exists throughout the licensed period. Licences that provide access are performance obligations satisfied over time and, therefore, deferred revenue is recognised over the licensed period.

14. TRADE PAYABLES

The normal trade credit terms granted to the Company ranged from 30 to 60 days.

15. OTHER PAYABLES AND ACCRUALS

	RM
Other payables	4,661,105
Accruals	6,210
	<hr/>
	4,667,315
	<hr/>

Included in other payable of the Company is commission payable to affiliates amounting to approximately RM4.4 millions.

16. AMOUNT OWING TO A DIRECTOR

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

17. AMOUNT OWING TO A RELATED PARTY

The amount owing is trade in nature. The normal trade credit terms granted to the Company ranged from 30 to 60 days.

18. REVENUE

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

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19. LOSS FOR THE FINANCIAL PERIOD

RM

Loss for the financial period is arrived at after
charging/(crediting):-

Audit fee	6,000
Depreciation of equipment	15,412
Hire purchase interest expense	2,201
Rental equipment	180
Rental of premises	42,496

20. INCOME TAX EXPENSE

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

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

RM

Loss before taxation	(763,266)
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Tax at the statutory tax rate of 25%	(190,817)
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Tax effects of:-	
Non-deductible expenses	4,130
Deferred tax asset not recognised	186,687

Income tax expense for the financial period	-
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No deferred tax assets are recognised in respect of the following items:-

RM

Accelerated capital allowances	(21,000)
Unutilised business losses	743,000
Unabsorbed capital allowances	25,000

	747,000
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The corporate tax rate on the first RM500,000 of chargeable income will be reduced to 19% and the balance of the chargeable income will be reduced to 24% effective year of assessment 2016.

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21. SIGNIFICANT RELATED PARTY DISCLOSURES**(a) Identities of related parties**

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

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

RM

Purchases from related parties:-

I Synergy Universal Sdn. Bhd.

- Platform fee

2,680,000

- Activation code

190,950

22. PURCHASE OF EQUIPMENT

RM

Cost of equipment purchased

235,439

Amount financed through hire purchase

(185,000)

Cash disbursed for purchase of equipment

50,439

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23. 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.

23.1 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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institution to generate interest income.

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.

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23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 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.

(iii) Ageing analysis

The ageing analysis of the Company's trade receivables at the end of the reporting period is as follows:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
Not past due	1,036,590	-	-	1,036,590

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

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23. FINANCIAL INSTRUMENTS (CONT'D)**23.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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 (including interest payment computed using contractual rates of, if floating, based on the rate at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	More than 5 Years RM
Trade payables	-	4,866	4,866	4,866	-	-
Other payables and accruals	-	4,667,315	4,667,315	4,667,315	-	-
Amount owing to a related party	-	2,088,750	2,088,750	2,088,750	-	-
Amount owing to a director	-	34,220	34,220	34,220	-	-
Hire purchase payables	4.58	178,234	215,656	25,128	100,512	90,016
		6,973,385	7,010,807	6,820,279	100,512	90,016

23.2 CAPITAL RISK MANAGEMENT

The Company manages its capital by maintaining an optimal capital structure so as to support its 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.

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23. FINANCIAL INSTRUMENTS (CONT'D)**23.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

RM

Financial AssetsLoans and receivables financial assets

Trade receivables	1,036,590
Other receivables and deposits	200,800
Amount owing by a related party	1,380,583
Cash and bank balances	5,638,825
	<hr/>
	8,256,798

Financial LiabilitiesOther financial liabilities

Trade payables	4,866
Other payables and accruals	4,667,315
Amount owing to a related party	2,088,750
Amount owing to a director	34,220
Hire purchase payables	178,234
	<hr/>
	6,973,385

23.4 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments 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.

24. COMPARATIVE FIGURES

No comparative figures are available as this is the first set of financial statements prepared by the Company since incorporation.