

I SYNERGY HOLDINGS BERHAD

(Incorporated In Malaysia)
Company No: 1138715 - H

FINANCIAL REPORT for the 6-month financial period ended 30 June 2018

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I SYNERGY HOLDINGS BERHAD

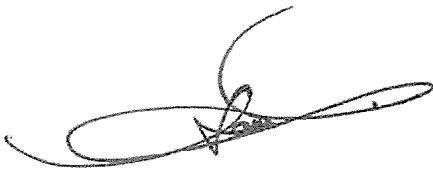
(Incorporated in Malaysia)

Company No : 1138715 - H

STATEMENT BY DIRECTORS

We, Dato' Teo Chee Hong and Ong Han Keong, being two of the directors of I Synergy Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 4 to 22 are drawn up in accordance Malaysian Financial Reporting Standards, MFRS 134: Interim Financial Reporting and International Accounting Standards, IAS 34: Interim Financial Reporting so as to give a true and fair view of the financial position of the Company at 30 June 2018 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 24 AUG 2018



Dato' Teo Chee Hong



Ong Han Keong

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

(Incorporated in Malaysia)

Company No : 1138715 - H

We have reviewed the accompanying statement of financial position of I Synergy Holdings Berhad as of 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 6-month financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 22.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.2 of the financial statements, which indicates that the Company incurred a net loss of RM59,127 during the 6-month financial period ended 30 June 2018 and, as of that date, the Company has deficit in shareholder's equity of RM81,940. As stated in Note 3.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2018, and of the financial performance and cash flows of the Company for the 6-month financial period ended in accordance with Malaysian Financial Reporting Standard, MFRS 134: Interim Financial Reporting and International Accounting Standard, IAS 34: Interim Financial Reporting.

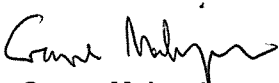
**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
I SYNERGY HOLDINGS BERHAD (CONT'D)**

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Other Matters

This report is made solely to the directors of the Company, as a body, in accordance with NSX Listing Rules 6.10 of Section IIA and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Crowe Malaysia
Firm No: AF 1018
Chartered Accountants

24 AUG 2018

Kuala Lumpur

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 1138715 - H

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	30.6.2018 RM	31.12.2017 RM
ASSET			
CURRENT ASSETS			
Amount owing by related parties	5	-	10,781
Bank balance		9,558	14,747
TOTAL ASSET		<u>9,558</u>	<u>25,528</u>
EQUITY AND LIABILITY			
EQUITY			
Share capital	6	100,000	100,000
Accumulated losses		(181,940)	(122,813)
TOTAL EQUITY		<u>(81,940)</u>	<u>(22,813)</u>
CURRENT LIABILITIES			
Other payables and accruals	7	9,699	48,341
Amount owing to a director	8	81,799	-
TOTAL LIABILITY		<u>91,498</u>	<u>48,341</u>
TOTAL EQUITY AND LIABILITY		<u>9,558</u>	<u>25,528</u>

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 1138715 - H

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

	Note	1.1.2018 to 30.6.2018 RM	1.1.2017 to 30.6.2017 RM
REVENUE		-	-
OTHER INCOME		1,718	-
ADMINISTRATIVE EXPENSES		(60,845)	(66,528)
LOSS FOR THE FINANCIAL PERIOD	9	(59,127)	(66,528)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL PERIOD		<u>(59,127)</u>	<u>(66,528)</u>
LOSS FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO:- Owners of the Company		<u>(59,127)</u>	<u>(66,528)</u>
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:- Owners of the Company		<u>(59,127)</u>	<u>(66,528)</u>

I SYNERGY HOLDINGS BERHAD

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**STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

	Share Capital RM	Retained Profit/ (Accumulated Losses) RM	Total RM
Balance at 1.1.2017	5,000,000	91,205	5,091,205
Capital reduction	(4,900,000)	(100,000)	(5,000,000)
Loss/Total comprehensive expenses for the financial period	-	(66,528)	(66,528)
Balance at 30.6.2017/1.7.2017	100,000	(75,323)	24,677
Loss/Total comprehensive expenses for the financial period	-	(47,490)	(47,490)
Balance at 31.12.2017/1.1.2018	100,000	(122,813)	(22,813)
Loss/Total comprehensive expenses for the financial period	-	(59,127)	(59,127)
Balance at 30.6.2018	100,000	(181,940)	(81,940)

I SYNERGY HOLDINGS BERHAD

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**STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

	1.1.2018 to 30.6.2018 RM	1.1.2017 to 30.6.2017 RM
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss for the financial period/Operating loss before working capital changes	(59,127)	(66,528)
(Decrease)/Increase in other payables	(38,642)	13,091
NET CASH FOR OPERATING ACTIVITIES	(97,769)	(53,437)
NET CASH FROM INVESTING ACTIVITY		
Repayment from related parties	10,781	178,505
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Advances from a director	81,799	-
Repayment to a related party	-	(1,895)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	81,799	(1,895)
NET (DECREASE)/INCREASE IN BANK BALANCE	(5,189)	123,173
BANK BALANCE AT BEGINNING OF THE FINANCIAL PERIOD	14,747	30,531
BANK BALANCE AT END OF THE END OF THE FINANCIAL PERIOD	9,558	153,704

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 1138715 - H

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018

1. GENERAL INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 August 2018.

2. PRINCIPAL ACTIVITY

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

3. BASIS OF ACCOUNTING

3.1 BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards, MFRS 134: Interim Financial Reporting and International Accounting Standard, IAS 34: Interim Financial Reporting.

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

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

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles:

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

3. BASIS OF ACCOUNTING (CONT'D)**3.1 BASIS OF PREPARATION (CONT'D)**

- (ii) The Company has not applied in advance the following accounting standards and/or 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 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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

3.2 GOING CONCERN

The financial statements are prepared on the basis of accounting principles applicable for a going concern as a director, who is also a substantial shareholder, has indicated his willingness to provide financial support to the Company to enable it to operate as a going concern in the foreseeable future, notwithstanding the Company have incurred a net loss of RM59,127 during the 6-month financial period ended 30 June 2018 and as of that date, the Company has deficit in shareholders' equity of RM81,940 at 30 June 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.2 FUNCTIONAL AND PRESENTATION CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transaction and Balances

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

4.3 FINANCIAL INSTRUMENTS

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

The Company classifies its financial assets in the following measurement categories:-

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(i) Debt Instruments

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are:-

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is determined using the effective interest rate method.
- **Fair value through other comprehensive income ("FVOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is determined using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI, including contract assets. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company is required to measure the loss allowance for that financial instrument at an amount equal to 6-month expected credit loss.

The Company applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 INCOME TAXES (CONT'D)

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

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

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

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

4.5 CASH AND CASH EQUIVALENTS

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

4.6 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.

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
Company No: 1138715 - H

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**
5. AMOUNT OWING BY RELATED PARTIES

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

6. SHARE CAPITAL

	30.6.2018 Number of shares	31.12.2017	30.6.2018 RM	31.12.2017 RM
Issued and Fully Paid Up				
Ordinary shares	5,000,000	5,000,000	100,000	100,000

7. OTHER PAYABLES AND ACCRUALS

	30.6.2018 RM	31.12.2017 RM
Other payables	4,199	45,841
Accruals	5,500	2,500
	<u>9,699</u>	<u>48,341</u>

8. 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.

9. LOSS FOR THE FINANCIAL PERIOD

	1.1.2018 to 30.6.2018 RM	1.1.2017 to 30.6.2017 RM
Loss for the financial period is arrived at after charging/(auditing):		
Audit fee	3,000	5,000
Realised gain on foreign exchange	<u>(1,718)</u>	<u>-</u>

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No: 1138715 - H

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

10. INCOME TAX EXPENSE

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

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (1.1.2017 to 30.6.2017 - 24%) of the estimated assessable profit for the financial period.

The corporate tax rate of the Company on the first RM500,000 of chargeable income is 18% (2017 - 18%). The tax rate applicable to the balance of the chargeable income is 24% and will be reduced by 1% to 4% based on the prescribed incremental percentage of chargeable income from business as compared to that of the immediate preceding year of assessment (2017 - 24%).

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

	1.1.2018 to 30.6.2018 RM	1.1.2017 to 30.6.2017 RM
Loss for the financial period	(59,127)	(66,528)
Tax at the statutory tax rate of 24%	(14,190)	(15,967)
Tax effect of:-		
Non-deductible expenses	14,190	15,967
Income tax expenses for the financial period	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

11. FINANCIAL INSTRUMENTS

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

11.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk**(i) Foreign Currency Risk**

The Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currencies of the Company. The currencies giving rise to this risk are primarily Australian dollar ("AUD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Company's exposure to foreign currency risk (a currency which is other than the functional currency of the Company) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

	Australian Dollar RM
30.6.2018	
<u>Financial Liabilities</u>	
Other payables and accruals	320
	<hr/>
31.12.2017	
<u>Financial Liabilities</u>	
Other payables and accruals	44,728
	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018****11. FINANCIAL INSTRUMENTS (CONT'D)****11.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)***Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

Effects on Loss for the Financial Period

	30.6.2018 RM	31.12.2017 RM
AUD/RM - strengthened by 10%	(24)	(3,399)
- weakened by 10%	24	3,399

(ii) Interest Rate Risk

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

(iii) Equity Price Risk

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

(b) Credit Risk

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

(i) Credit risk concentration profile

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

(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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

11. FINANCIAL INSTRUMENTS (CONT'D)

11.1 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 to meet the Company's obligations as and when they fall due.

Maturity Analysis

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:-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
30.6.2018					
<u>Non-derivative Financial Liabilities</u>					
Other payables and accruals	-	9,699	9,699	9,699	-
Amount owing to a director	-	81,799	81,799	81,799	-
		91,498	91,498	91,498	-
31.12.2017					
<u>Non-derivative Financial Liabilities</u>					
Other payables and accruals	-	48,341	48,341	48,341	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

11. FINANCIAL INSTRUMENTS (CONT'D)**11.2 CAPITAL RISK MANAGEMENT**

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

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

The debt-to-equity ratio of the Company at the end of the reporting period is not presented as the Company has no borrowings from financial institutions.

11.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	30.6.2018 RM	31.12.2017 RM
Financial Assets		
<u>Loans and Receivables Financial Assets</u>		
Amount owing by related parties	-	10,781
Bank balance	9,558	14,747
	<u>9,558</u>	<u>25,528</u>
Financial Liabilities		
<u>Other Financial Liabilities</u>		
Other payables and accruals	9,699	48,341
Amount owing to a director	81,799	-
	<u>91,498</u>	<u>48,341</u>

11.4 FAIR VALUE INFORMATION

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018**

12. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

On 23 February 2018, the Company was involved in the discussion with X Spa Beauty Sdn Bhd ("X Spa"). The purpose of the discussion was to reach an agreement for the acquisition of X Spa by the Company. The objective of the acquisition is to allow the Company to reposition its business direction after the disposal of its core business in the previous financial year. The acquisition aims to create and enhance value to shareholders, and to allow the existing shareholders of the Company to participate in the growth in X Spa business and expansion. It was estimated it could take 3 – 4 months after the signing of the Memorandum of Understanding for the due diligence to be performed on X Spa and for the shareholders meeting to be held to resolve the acquisition. The final shareholding distribution will depend on the final valuation of the X Spa business.

On 25 June 2018, the Company and X Spa agreed to cease any further discussions and consequently the acquisition of X Spa will not be proceeding. The Company and X Spa have further agreed to release and discharge the other from any and all obligations, liabilities, losses, damages demands, claims, suits or actions of whatsoever nature arising from or in any way relating to the said negotiations.

13. SIGNIFICANT EVENT OCCURRING AFTER THE FINANCIAL PERIOD

On 11 July 2018, the Company entered into a conditional Share Sale Agreement to purchase the one ordinary share in and representing the entire issued and paid up share capital of Golden Best Innovation Sdn. Bhd., a private company limited by share incorporated in and under the laws of Malaysia. On or before completion of the Definitive Agreement, Golden Best Innovation Sdn. Bhd. will, through a wholly-owned subsidiary registered in China be register and beneficial holder of the entire equity capital of Yunnan Yunshan Yunshui Food Co., Ltd. As at the date of this report, the conditions to the Share Sale Agreement have yet to be fulfilled.