

I SYNERGY HOLDINGS BERHAD

(Incorporated In Malaysia)
Company No: 1138715 - H

FINANCIAL REPORT

for the financial year ended 31 December 2018

I SYNERGY HOLDINGS BERHAD

(Incorporated in Malaysia)
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I SYNERGY HOLDINGS BERHAD

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FINANCIAL HIGHLIGHT

	2015	2016	2017	2018
	RM	RM	RM	RM
Revenue	40,259,360	45,276,900	-	-
(Loss)/Profit Before Taxation	(2,253,604)	2,414,809	(112,738)	(203,636)
(Loss)/Profit After Taxation	(2,253,604)	2,344,809	(114,018)	(203,636)
Total Assets	27,200,753	5,209,036	25,528	122,351
Total Liabilities	24,454,357	117,831	48,341	348,800
Total Equity	2,746,396	5,091,205	(22,813)	(226,449)

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CORPORATE GOVERNANCE

This statement summarises the main corporate governance practices of I Synergy Holdings Berhad.

The Board of Directors is primarily responsible for creating, protecting and delivering long term shareholder value. This is achieved through the application of appropriate corporate governance policies and procedures relevant to the size of the Company and the scale of its operations.

The Directors are committed to maintain a Board that is highly skilled, experienced and capable of fulfilling its obligations.

The Company complies with the National Stock Exchange (NSX) of Australia's principles of corporate governance (the Principles).

Principle	Summary of Policies
Lay solid foundations for management and oversight	<p>The Board of Directors is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight of management.</p> <p>Management are responsible for implementing the strategic objectives of the company and operating within the risk appetite set by the Board as well as other aspects of the day-to-day running of the Company. Management is also responsible for providing the Board with accurate, timely clear information to enable the Board to perform its responsibilities.</p>
Structure the board to add value	<p>The Board's policy is that the Board needs to have an appropriate mix of skills, experience, expertise and diversity to be well equipped to help the Company navigate the range of challenges faced by the company</p> <p>The Board seeks to ensure that:</p> <ul style="list-style-type: none">• At any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective;• There is a sufficient number of directors to serve on Board committees without overburdening the directors or making it difficult for them to fully discharge their responsibilities; and• The size of the Board is appropriate to facilitate effective discussion and efficient decision making.
Act ethically and responsibly	<p>The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.</p> <p>A code of conduct has been established requiring directors and employees to:</p> <ul style="list-style-type: none">• Act in the best interest of the entity;• Act honestly and with high standards of personal integrity;• Exercise due care and diligence in fulfilling the functions of office;• Avoid conflicts and make full disclosure of any possible conflicts of interest;• Comply with the laws and regulations that apply to the entity and its operations;• Not knowingly participate in any illegal or unethical activity; and• Comply with the share trading policy outlined in the Code of Conduct.

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CORPORATE GOVERNANCE

Principle	Summary of Policies
Safeguard integrity in financial reporting	<p>The external auditor is appointed to ensure the integrity in financial reporting and financial statements are prepared to give a true and fair view of the entity.</p> <p>The Board have received from its Chief Executive Officer/Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
Make timely and balanced disclosure	<p>The Board has established policies and procedures to ensure timely and balanced disclosures of all material matters concerning the Company, and to ensure that all investors have equal and timely access to information on the Company's financial performance.</p> <p>These policies and procedures include a comprehensive disclosure policy that includes identification of matters that may have a material effect on the price on the Company's securities, quality control procedures over announcements, notifying them to the NSX, posting relevant information on the Company's website and issuing media releases.</p>
Respect the rights of security holders	<p>The Company has defined under its Shareholder Communications Policy how it will communicate with shareholders.</p>
Recognise and manage risk	<p>The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks.</p> <p>The Board has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The recent economic environment has emphasised the importance of managing and reassessing its key business risks.</p>
Remunerate fairly and responsibly	<p>The Company's remuneration policy is designed in such a way that it:</p> <ul style="list-style-type: none">• motivates senior executives to pursue the long-term growth and success of the Company; and• demonstrates a clear relationship between senior executives' performance and remuneration. <p>The remuneration policy, which sets the terms and conditions for the key management personnel (KMP) was developed by the Remuneration Committee after seeking professional advice from independent consultants and was approved by the Board.</p>

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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 2018.

PRINCIPAL ACTIVITY

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

RESULTS

	RM
Loss after taxation for the financial year	203,636

DIVIDENDS

No dividend was recommended by the directors for the 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 issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

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.

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DIRECTORS' REPORT

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the 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. The financial statements of the Company are prepared on the basis of accounting principles applicable to going concerns as a director, who is also a substantial shareholder of the Company, has indicated his willingness to provide financial support to the Company to enable it to operate as a going concern in the foreseeable future.

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.

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DIRECTORS' REPORT

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 in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Teo Chee Hong
Chu Chung Piow
Ong Han Keong

DIRECTORS' INTERESTS

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

The Company	At	Number Of Ordinary Shares		At
	1.1.2018	Bought	Sold	31.12.2018
<i>Direct Interests</i>				
Dato' Teo Chee Hong	3,422,446	-	-	3,422,446
Chu Chung Piow	204,400	-	-	204,400
Ong Han Keong	204,400	-	-	204,400

I SYNERGY HOLDINGS BERHAD

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DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, 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 the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests.

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.

DIRECTORS' REMUNERATION

There were no directors' remuneration paid or payable during the financial year.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 12 to the financial statements.

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DIRECTORS' REPORT

AUDITORS

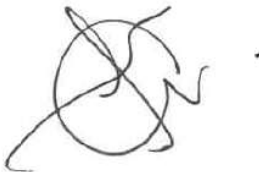
The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 9 to the financial statements.

Signed in accordance with a resolution of the directors dated 26 March 2019



Dato' Teo Chee Hong



Chu Chung Piow

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

We, Dato' Teo Chee Hong and Chu Chung Piow, 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 14 to 35 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 26 March 2019



Dato' Teo Chee Hong



Chu Chung Piow

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

I, Dato' Teo Chee Hong, being the director primarily responsible for the financial management of I Synergy Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 14 to 35 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 Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Dato' Teo Chee Hong, NRIC Number: 790928-01-5357
at Kuala Lumpur
in the Federal Territory
on this 26 March 2019

Before me



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



Dato' Teo Chee Hong

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

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

Opinion

We have audited the financial statements of I Synergy Holdings Berhad, which comprise the statement of financial position as at 31 December 2018, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its 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 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3.3 of the financial statements, which indicates that the Company incurred a net loss of RM203,636 during the financial year ended 31 December 2018 and, as of that date, the Company has deficit in shareholder's equity of RM226,449. As stated in Note 3.3, 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 opinion is not modified in respect of this matter.

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

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Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

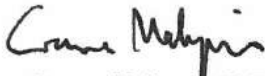
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants



Chan Kuan Chee
Approval No: 02271/10/2019 J
Chartered Accountant

26 March 2019

Kuala Lumpur

I SYNERGY HOLDINGS BERHAD

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STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	Note	2018 RM	2017 RM
ASSET			
CURRENT ASSETS			
Prepayment		28,179	-
Amount owing by a related party	5	-	10,781
Bank balance		94,172	14,747
TOTAL ASSET		122,351	25,528
EQUITY AND LIABILITY			
EQUITY			
Share capital	6	100,000	100,000
Accumulated losses		(326,449)	(122,813)
TOTAL EQUITY		(226,449)	(22,813)
CURRENT LIABILITIES			
Other payables and accrual	7	255,170	48,341
Amount owing to a director	8	93,630	-
TOTAL LIABILITY		348,800	48,341
TOTAL EQUITY AND LIABILITY		122,351	25,528

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	2018 RM	2017 RM
REVENUE		-	-
OTHER INCOME		652	-
ADMINISTRATIVE EXPENSES		(204,288)	(112,738)
LOSS BEFORE TAXATION	9	(203,636)	(112,738)
INCOME TAX EXPENSE	10	-	(1,280)
LOSS AFTER TAXATION		(203,636)	(114,018)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(203,636)	(114,018)
LOSS AFTER TAXATION ATTRIBUTABLE TO:- Owners of the Company		(203,636)	(114,018)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:- Owners of the Company		(203,636)	(114,018)

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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	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	6	(4,900,000)	(100,000)	(5,000,000)
Loss after taxation/Total comprehensive expenses for the financial year		-	(114,018)	(114,018)
Balance at 31.12.2017/1.1.2018		100,000	(122,813)	(22,813)
Loss after taxation/Total comprehensive expenses for the financial year		-	(203,636)	(203,636)
Balance at 31.12.2018		100,000	(326,449)	(226,449)

I SYNERGY HOLDINGS BERHAD

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**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	2018 RM	2017 RM
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation/Operating loss before working capital changes	(203,636)	(112,738)
Increase in prepayment	(28,179)	-
Increase in other payables	206,829	2,405
CASH FLOWS FOR OPERATIONS	(24,986)	(110,333)
Income tax paid	-	(71,280)
NET CASH FOR OPERATING ACTIVITIES	(24,986)	(181,613)
NET CASH FROM INVESTING ACTIVITY		
Repayment from a related party	10,781	167,724
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Repayment to a related party	-	(1,895)
Advances from a director	93,630	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES	93,630	(1,895)
NET INCREASE/(DECREASE) IN BANK BALANCE	79,425	(15,784)
BANK BALANCE AT BEGINNING OF THE FINANCIAL YEAR	14,747	30,531
BANK BALANCE AT END OF THE FINANCIAL YEAR	94,172	14,747

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The Company is a public limited liability 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,
Jalan Sungai Jernih 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 26 March 2019.

2. PRINCIPAL ACTIVITY

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

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 ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. BASIS OF ACCOUNTING (CONT'D)

3.1 BASIS OF PREPARATION (CONT'D)

- (i) During the current financial year, the Company has adopted the following new accounting standards and/or 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/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. BASIS OF ACCOUNTING (CONT'D)

- 3.2 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 year:-

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 3: Definition of a Business	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
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/or interpretations including the consequential amendments, if any is expected to have no material impact on the financial statements of the Company upon their initial application.

3.3 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 RM203,636 during the financial year ended 31 December 2018 and as of that date, the Company has deficit in shareholders' equity of RM226,449 at 31 December 2018.

I SYNERGY HOLDINGS BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 judgements that have significant effects on the amounts recognised in the financial statements.

There are also 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

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

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

4.3 FINANCIAL INSTRUMENTS

Financial 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

A financial instrument is recognised initially at its fair value other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument other than a financial instrument at fair value through profit or loss are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value through profit or loss, or other comprehensive income, depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

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

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the financial liability or a shorter period where appropriate.

(c) Equity Instruments

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

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

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 IMPAIRMENT OF FINANCIAL ASSETS

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience and are adjusted for forward-looking information including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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 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 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 sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 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.

4.7 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 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.

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. AMOUNT OWING BY A RELATED PARTY

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 year.

6. SHARE CAPITAL

	The Company			
	2018	2017	2018	2017
	Number of shares		RM	RM
Issued and Fully Paid-Up				
Ordinary shares				
At 1 January	5,000,000	5,000,000	100,000	5,000,000
Capital reduction	-	-	-	(4,900,000)
At 31 December	<u>5,000,000</u>	<u>5,000,000</u>	<u>100,000</u>	<u>100,000</u>

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

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7. OTHER PAYABLES AND ACCRUAL

	2018 RM	2017 RM
Other payables	252,670	45,841
Accrual	2,500	2,500
	<hr/>	<hr/>
	255,170	48,341
	<hr/>	<hr/>

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 BEFORE TAXATION

	2018 RM	2017 RM
Loss before taxation is arrived at after charging:-		
Auditor's remuneration		
- audit fee	2,500	2,500
- non-audit fee	3,000	5,300
	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

10. INCOME TAX EXPENSE

	2018 RM	2017 RM
Income tax expense:		
- for the current financial year	-	-
- underprovision in the previous financial year	-	1,280
	<u>-</u>	<u>1,280</u>

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

	2018 RM	2017 RM
Loss before taxation	(203,636)	(112,738)
Tax at the statutory tax rate of 24% (2017 - 24%)	(48,873)	(27,057)
Tax effects of:-		
Non-deductible expenses	48,873	27,057
Underprovision of income tax in the previous financial year	-	1,280
Income tax expense for the financial year	<u>-</u>	<u>1,280</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 - 24%) of the estimated assessable profit for the financial year.

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% (2016 - 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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
2018	
<u>Financial Liabilities</u>	
Other payables and accruals	1,332
	<hr/>
2017	
<u>Financial Liabilities</u>	
Other payables and accruals	44,728
	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. FINANCIAL INSTRUMENTS (CONT'D)

11.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market risk (Cont'd)

(i) Foreign Currency Risk

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 After Taxation

		2018 RM	2017 RM
AUD/RM	- strengthened by 10%	(101)	(3,399)
	- weakened by 10%	101	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.

(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.

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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:-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
2018					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Other payables and accrual	-	255,170	255,170	255,170	-
2017					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Other payables and accrual	-	48,341	48,341	48,341	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. FINANCIAL INSTRUMENTS (CONT'D)

11.2 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to safeguard the entity's ability to continue as a going concern, so that it continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk. The management sets the amount of capital in proportion to risk. There were no changes in the approach to capital management during financial period. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

11.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2018 RM	2017 RM
Financial Assets		
<u>Amortised Cost</u>		
Amount owing by a related party	-	10,781
Bank balance	94,172	14,747
	<u>94,172</u>	<u>25,528</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Amount owing to a director	93,630	-
Other payables and accrual	255,170	48,341
	<u>348,800</u>	<u>48,341</u>

11.4 FAIR VALUE INFORMATION

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

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12. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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.

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.

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STOCK EXCHANGE INFORMATION

Top 10 Ordinary Shareholders As At 31 December 2018

No.	Shareholder	No. of Shares Held	% Held
1	DATO TEO CHEE HONG	3,157,446	63.149
2	TIME GUARDIAN VENTURES LIMITED	744,580	14.892
3	YEAN CHIN GEH	265,000	5.300
4	ONG HAN KEONG	204,400	4.088
5	CHU CHUNG PIOW	204,400	4.088
6	FAME OPUS MANAGEMENT LIMITED	159,200	3.184
7	ORCHARD LANE HOLDINGS LIMITED	140,000	2.800
8	MOHAMMAD YAZID BIN DAUD	10,100	0.202
9	ENG GUO MIAO	7,900	0.158
10	ISHARIZAT BIN IBRAHIM	6,400	0.128