SYNERGY CARDS SDN. BHD.
(684518-T)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2014

Company No. 684518-T

SYNERGY CARDS SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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SYNERGY CARDS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of designated payment instruments and products.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Loss for the financial year	5,360,257

DIVIDENDS

No dividends was paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2014.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statement of comprehensive income and statement of financial position 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 doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Company 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.

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liabilities in respect of the Company that has arisen since the end of the financial year.

In the opinion of the Directors, no contingent liabilities or other liabilities of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Company to meet their obligations as and 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 that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for 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.

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

On 1 August 2014 and 30 September 2014, the Company had increased its issued and fully paid up share capital from RM36,000,000 to RM41,000,000 via the issuance of 5,000,000 new ordinary shares of RM1.00 each by way of capitalisation of the sum of RM5,000,000 advances from Advance Synergy Capital Sdn. Bhd. ("ASC"). These new shares rank pari passu with the existing ordinary shares of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Abdul Murad bin Khalid
Wong Joon Hian

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, none of the Directors who held office at the end of the financial year have any interest in the shares of the Company.

Pursuant to Section 134(3) of the Companies Act, 1965, the interest of Wong Joon Hian in the securities of the related corporations are disclosed in the Directors' report of the immediate holding company, ASC. The other Director, Dato' Abdul Murad bin Khalid does not have any interest in the securities of the related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a 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 other than remuneration received by certain Directors as directors/executives of the holding company and related corporations.

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

HOLDING COMPANIES

The Directors regard ASC and Advance Synergy Berhad ("ASB"), both of which are incorporated in Malaysia as the immediate holding company and ultimate holding company respectively. The ultimate holding company is listed on the Main Market of Bursa Malaysia Securities Berhad.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

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DATO' ABDUL MURAD BIN KHALID
Director

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WONG JOON HIAN
Director

Selangor Darul Ehsan
28 April 2015

SYNERGY CARDS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipments	5	2,150,159	2,842,917
Total non-current assets		2,150,159	2,842,917
Current assets			
Inventories	6	10,990	11,350
Trade and other receivables	7	7,298,318	5,465,778
Cash and bank balances and short term deposits	8	4,124,672	3,767,680
Total current assets		11,433,980	9,244,808
TOTAL ASSETS		13,584,139	12,087,725
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	9	41,000,000	36,000,000
Accumulated losses		(39,102,526)	(33,742,269)
Total equity/(capital deficiency)		1,897,474	2,257,731
Current liabilities			
Trade and other payables	10	11,686,665	9,829,994
Total current liabilities		11,686,665	9,829,994
Total liabilities		11,686,665	9,829,994
TOTAL EQUITY AND LIABILITIES		13,584,139	12,087,725

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

SYNERGY CARDS SDN. BHD.
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM	2013 RM
Revenue	11	5,388,588	4,945,009
Cost of sales	12	(4,525,901)	(4,116,102)
Gross profit		862,687	828,907
Other operating income		49,962	23,514
Administrative expenses		(6,272,906)	(4,570,604)
Operating loss	13	(5,360,257)	(3,718,183)
Finance costs		-	-
Loss before tax		(5,360,257)	(3,718,183)
Income tax expense	14	-	-
Loss for the financial year		(5,360,257)	(3,718,183)
Other comprehensive income		-	-
Total comprehensive loss for the financial year		(5,360,257)	(3,718,183)

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

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

	Share Capital RM	Accumulated Losses RM	Total RM
At 1 January 2013	36,000,000	(30,024,086)	5,975,914
Total comprehensive loss for the financial year	-	(3,718,183)	(3,718,183)
At 31 December 2013	36,000,000	(33,742,269)	2,257,731
Total comprehensive loss for the financial year	-	(5,360,257)	(5,360,257)
Transaction with owner:			
Issue of new ordinary shares	5,000,000	-	5,000,000
Total transaction with owner	5,000,000	-	5,000,000
At 31 December 2014	41,000,000	(39,102,526)	1,897,474

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

SYNERGY CARDS SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	**2014** RM	**2013** RM
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss before tax		(5,360,257)	(3,718,183)
Adjustment for:			
Impairment loss on chargeback		52,369	35,538
Bad debt written off		41,500	-
Chargeback written off		-	1,883
Depreciation		908,412	897,562
Property, plant & equipment written off		802	-
Unrealised gain on foreign currency exchange		(21,364)	(22,330)
Operating loss before working capital changes		(4,378,538)	(2,805,530)
Changes in Working Capital:			
Inventories		360	(11,350)
Receivables		35,780	255,671
Payables		833,855	305,788
Net cash used in operating activities		(3,508,543)	(2,255,421)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(216,456)	(172,774)
Net cash used in investing activities		(216,456)	(172,774)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		5,000,000	-
Advances from related companies		42,828	5,143,813
Repayment to holding companies		(982,200)	(1,458,302)
Placement of fixed deposit pledge		878,604	(522,362)
Net cash generated from financing activities		4,939,232	3,163,149
Effects of exchange rate changes		21,364	22,330
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,235,597	757,284

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

	Note	**2014** RM	**2013** RM
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		2,139,371	1,382,087
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	3,374,968	2,139,371
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and bank balances		3,374,968	2,139,371
Short term deposits		749,704	1,628,309
		4,124,672	3,767,680
Less: Fixed deposit pledged with licensed banks		(749,704)	(1,628,309)
		3,374,968	2,139,371

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

SYNERGY CARDS SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally engaged in the provision of designated payment instruments and products. There have been no significant changes in the nature of these activities during the financial year.

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

The registered office of the Company is located at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

The principal place of business of the Company is located at Level 2, East Wing, Wisma Synergy, No 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia ("RM").

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2015.

2. FUNDAMENTAL ACCOUNTING CONCEPTS

The financial statements of the Company have been prepared on the assumption that the Company will continue as a going concern. The application of the going concern basis is based on the assumption that the Company will be able to realise its assets and liquidate its liabilities in the normal course of business.

During the financial year, the Company incurred a net loss of RM5,360,257. As at 31 December 2014, the Company's current liabilities exceeded its current assets by RM252,685, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern will be dependent on the continuous support from its ultimate holding company to provide adequate funds for the Company to meet its liabilities as and when they fall due. If these are not forthcoming, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.3 to the financial statements.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

3.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int

The Company had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>Amendments/Improvements to MFRSs</u>

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

<u>New IC Int</u>

IC Int 21	Levies

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)**

(a) **Adoption of Amendments/Improvements to MFRSs and New IC Int (Continued)**

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 does not change the current offsetting model in MFRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Company.

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

The adoption of these amendments has no significant impact to the financial statements of the Company.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendments to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

The adoption of these amendments has no significant impact to the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int (Continued)

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached.

The adoption of IC Int 21 has no significant impact to the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Company has not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Company:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRS, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Company.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement
MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment
MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting
MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarify the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduce specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vise versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation.*

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarify the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to MFRS 116 Property, Plant and Equipment (Continued)

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Property, Plant and Equipment and Depreciation

All property, plant and equipment were initially stated at historical cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(c) to the financial statements.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Dismantlement, removal or restoration costs are included as part of property, plant and equipment if obligation for dismantlement, removal and restoration is included as consequence of acquiring or using the property, plant and equipment. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:

Computer equipment	20%
Office equipment	10%
Renovation	10%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at end of each financial year. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

At each financial year end, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable. The policy for the recognition and measurement of impairment loss is in accordance with Note 3.3(c) to the financial statements.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(a) **Property, Plant and Equipment and Depreciation (Continued)**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised

(b) **Financial Assets**

Financial assets are recognised in the statements of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, 'loans and receivables' and 'available-for-sale' financial assets.

(i) **Financial Assets at Fair Value Through Profit or Loss**

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(ii) **Loan and Receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(b) **Financial Assets (Continued)**

(iii) **Loan and Receivables (Continued)**

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loan and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iv) **Held-to-Maturity Investments**

Financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Company has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(v) **Available-for–Sale Financial Assets**

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Significant Accounting Policies (Continued)

(b) Financial Assets (Continued)

(v) Available-for–Sale Financial Assets (Continued)

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the assets has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset

(c) Impairment

(i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Significant Accounting Policies (Continued)

(c) Impairment (Continued)

(i) Impairment of Financial Assets (Continued)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

(ii) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (except for inventories, assets arising from construction contract, deferred tax asset, assets arising from employee benefits, investment property that is measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognised in profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Significant Accounting Policies (Continued)

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of the inventories is determined using first-in, first-out basis. The cost of operating supplies comprises cost of purchase plus the cost of bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) Cash and Cash Equivalents

For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits and short term highly liquid investments, that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, net of bank overdrafts and deposits pledged to financial institutions.

(f) Equity Instruments

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the financial year end. A dividend proposed or declared after the financial year end, but before the financial statements are authorised for issue, is not recognised as a liability at the financial year end.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(g) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(g) **Financial Liabilities (Continued)**

(i) **Financial Liabilities at Fair Value Through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resulted gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Company has not designated any financial liabilities as at fair value through profit or loss.

(ii) **Other Financial Liabilities**

The Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Significant Accounting Policies (Continued)

(h) Provisions for Liabilities

Provision for liabilities are recognised when the Company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(i) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Joining fees is recognised upon issuance of cards to approved members. Cash advance fees is recognised upon billings to card members. Discount revenue and interchange fees are recognised upon the billing to/by merchants and inter-member banks. Interest income from line of credit facilities granted is recognised on an accrual basis.

(j) Borrowing Costs

Borrowing costs are capitalised as part of the costs of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Capitalisation of borrowing costs will be suspended when the assets are completed or during the period in which development and construction are interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowings incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from those borrowing facilities.

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Significant Accounting Policies (Continued)

(k) Income Taxes

The tax expense in profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is 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 tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(l) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

The Company contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligations

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Significant Accounting Policies (Continued)

(m) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in RM, which is the Company's functional currency and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximately those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising in monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is transferred to profit or loss of the Company on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation on non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(n) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future.

4.1 Judgements Made in Applying Accounting Policies

No significant judgements were made by management in the process of applying the company's accounting policies which have significant effect on the amounts recognised in the financial statements.

4.2 Key Source of Estimation Uncertainty

(a) Useful Lives of Property, Plant and Equipment

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(b) Allowances for Impairment – Trade and Other Receivables

The Company makes allowances for impairment based on an assessment of the recoverability of receivables. Allowances for impairment are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowances for impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.2 Key Source of Estimation Uncertainty (Continued)

(c) Income Taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(d) Deferred Tax Assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies. The total carrying values of the unutilised tax losses and capital allowances of the Company was RM12,534,513 (2013: RM10,102,970) and RM4,738,371 (2013: RM4,527,709) as disclosed in Note 14 to the financial statements.

(e) Write down for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

5. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Computer equipment	Renovation	Total
	RM	RM	RM	RM
2014				
Cost				
At 1 January 2014	60,584	4,483,177	52,640	4,596,401
Additions	-	204,006	12,450	216,456
Written off	-	(6,272)	-	(6,272)
At 31 December 2014	60,584	4,680,911	65,090	4,806,585
Accumulated Depreciation				
At 1 January 2014	42,965	1,670,315	40,204	1,753,484
Depreciation for the financial year	6,058	896,390	5,964	908,412
Written off	-	(5,470)	-	(5,470)
At 31 December 2014	49,023	2,561,235	46,168	2,656,426
Carrying Amount at 31 December 2014	11,561	2,119,676	18,922	2,150,159
2013				
Cost				
At 1 January 2013	60,584	4,310,403	52,640	4,423,627
Additions	-	172,774	-	172,774
At 31 December 2013	60,584	4,483,177	52,640	4,596,401
Accumulated Depreciation				
At 1 January 2013	36,907	784,076	34,939	855,922
Depreciation for the financial year	6,058	886,239	5,265	897,562
At 31 December 2013	42,965	1,670,315	40,204	1,753,484
Carrying Amount at 31 December 2013	17,619	2,812,862	12,436	2,842,917

6. INVENTORIES

	2014 RM	2013 RM
At cost		
Operating supplies	10,990	11,350

7. TRADE AND OTHER RECEIVABLES

	Note	2014 RM	2013 RM
Non-Trade			
Other receivables		5,211,142	5,491,879
Deposits		24,539	24,539
Prepayment		278,210	74,751
Amounts owing from related companies	(a)	8,008,179	8,045,991
Amount owing from holding companies	(b)	2,000,000	-
		15,522,070	13,637,160
Less: Allowance for impairment			
Other receivables		(219,973)	(167,603)
Amount owing from related companies		(8,003,779)	(8,003,779)
		(8,223,752)	(8,171,382)
Total trade and other receivables		7,298,318	5,465,778
Add : Cash and bank balances and short term deposits	8	4,124,672	3,767,680
Total loans and receivables		11,422,990	9,233,458

(a) **Amount owing to/from related companies**

The amount owing to/from related companies are unsecured, interest-free and is repayable on demand.

(b) **Amount owing to/from holding companies**

The Directors regard ASC and ASB, all of which are incorporated in Malaysia as the immediate holding company and ultimate holding company respectively. The ultimate holding company is listed on the Main Market of Bursa Malaysia Securities Berhad.

Included in the amount owing from holding companies is the amount of RM2,000,000 (2013 : NIL) that have been paid by the Company which have been pledged with licensed bank to facilitate the issuance of a standby letter of credit ("SBLC") to MasterCard International Incorporated, U.S. for the purpose of protective arrangement in relation to the business of the Company.

The amounts owing to/from holding companies are unsecured, interest-free and are repayable on demand.

8. CASH AND BANK BALANCES AND SHORT TERM DEPOSITS

	2014 RM	2013 RM
Cash and bank balances	3,374,968	2,139,371
Short term deposits	749,704	1,628,309
	4,124,672	3,767,680

Included in the short term deposits of the Company is the amount of RM349,704 (2013 : RM328,309) that have been pledged to licensed banks as collateral agent on behalf of VISA International Service Association.

9. SHARE CAPITAL

	2014		2013	
	Number of Shares	RM	Number of Shares	RM
Authorised:				
At 1 January / 31 December	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid:				
At 1 January	36,000,000	36,000,000	36,000,000	36,000,000
Issued during the financial year	5,000,000	5,000,000	-	-
At 31 December	41,000,000	41,000,000	36,000,000	36,000,000

On 1 August 2014 and 30 September 2014, the Company had increased its issued and fully paid up share capital from RM36,000,000 to RM41,000,000 via the issuance of 5,000,000 new ordinary shares of RM1.00 each by way of capitalisation of the sum of RM5,000,000 advances from Advance Synergy Capital Sdn. Bhd. ("ASC"). These new shares rank pari passu with the existing ordinary shares of the Company.

10. TRADE AND OTHER PAYABLES

	Note	2014 RM	2013 RM
Trade			
Merchant payables	(a)	4,291,093	3,966,296
Non-Trade			
Accruals		37,516	134,846
Amount owing to related companies	7(a)	6,867	1,851
Amount owing to holding companies	7(b)	6,181,035	5,163,235
Merchant deposit received		369,619	303,880
Other payables		800,535	259,886
		7,395,572	5,863,698
Total trade and other payables		11,686,665	9,829,994

(a) **Trade Payables**

Trade payables are non-interest bearing and the normal credit terms granted to the Company is 30 days (2013: 30 days).

11. REVENUE

	2014 RM	2013 RM
Card replacement fees	(2,050)	(1,415)
Cash advance fees received	2,068	3,300
Dividend received	1,394	840
EA server sharing fee	18,315	-
Exchange gain on foreign transactions	607	1,465
Finance charge/interest - credit card	4,865	6,516
Handling fee merchant rental collection	14,179	12,275
Interchange fees received	6,619	11,259
Interest income	52,966	51,124
Late payment charge revenue	3,921	3,502
Merchant discount received	5,249,849	4,775,204
Merchant EDC terminal maintenance and processing fees	20,390	63,630
Writeback of merchant settlement	43	91
Rental	15,422	17,218
	5,388,588	4,945,009

12. COST OF SALES

	2014 RM	2013 RM
Cash rebate	2,004	2,061
Finance charges/cash rebate	2,253	4,658
Interchange fee	4,506,065	3,969,418
Purchases	360	118,982
Merchant cost	12,875	18,597
Statement costs	2,344	2,386
	4,525,901	4,116,102

13. OPERATING LOSS

	2014 RM	2013 RM
Operating loss has been arrived at:		
After charging:		
Auditors' remuneration		
- current year	18,000	16,500
- prior year	1,500	1,500
Impairment loss on chargeback	52,369	35,538
Chargeback written off	-	1,833
Bank charges	73,962	93,096
Bad debt written off	41,500	-
Depreciation	908,412	897,562
Impairment loss on intangible assets	6,770	7,500
Property, plant and equipment written off	801	-
Rental	6,770	7,500
Staff cost:		
- salaries and allowances	1,090,461	1,021,011
- defined contribution plan	130,917	122,388
- social security contributions	13,985	12,411
And crediting:		
Realised gain on foreign currency exchange	28,600	1,184
Unrealised gain on foreign currency exchange	21,363	22,330

Included in the bank charges of the Company is an amount of RM39,753 (2013 : RM41,473) which is the SBLC charges that is to facilitate the issuance of a SBLC to Mastercard International Incorporated, U.S. for the purpose of protective arrangement in relation to the business of the Company secured by the holding company.

14. INCOME TAX EXPENSE

No accrual for taxation has been made as the Company does not have chargeable income during the financial year.

The income tax is calculated at the Malaysian statutory rate of 25% (2013: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's rate of 25% with effect from year of assessment 2016.

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

	2014	**2013**
	%	%
Applicable tax rate	(25)	(25)
Tax effects arising from		
- Non-deductible expenses	25	25
Average effective tax rate	-	-

The amounts of temporary differences for which no deferred tax assets have been recognised are as follows:

	2014	**2013**
	RM	RM
Unutilised capital allowances	4,738,371	4,527,709
Unutilised tax losses	12,534,513	8,145,840
	17,272,884	12,673,549

15. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identification of related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has related party relationship with its holding companies and related corporations.

15. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

(b) Significant related party transactions and balances

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	2014	2013
	RM	RM
Expenses		
(i) Electricity usage payable to a related company		
- AESBI Power Systems Sdn. Bhd.	49,597	40,539
(ii) Merchant discount received payable to a related company		
- Rewardstreet.com (Malaysia) Sdn. Bhd.	6,267	1,851
(iii) Secretarial fees payable to a related company		
- Nagapura Management Corporation Sdn. Bhd.	1,800	-

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonably approximated to fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Financial Assets	
Trade and other receivables	7
Cash and bank balances and short term deposits	8
Financial Liabilities	
Trade and other payables	10

The carrying amount of these financial assets and liabilities is reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair value hierarchy

The following are classes of financial instruments that are carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1:	Unadjusted quoted prices in active market for identical financial instruments
Level 2:	Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly
Level 3:	Input that are not based on observable market data

As the financial assets and liabilities of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Company are subject to a variety of financial risks, including credit risk, liquidity risk and interest rate risk. The Company has formulated a financial risk management framework whose principal objective is to minimise the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Company.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Company's exposure to credit risk arises primarily from trade and other receivables. It is the Company's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Company's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

Exposure to credit risk

As at end of the financial year, the Company has no significant concentration of credit risk. The Company does not anticipate the carrying amounts as at the end of financial year to be significantly different from the values that would eventually be received.

The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statement of financial position.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

Inter company balances

The Company provides unsecured loans and advances to related companies. The Company monitors the results of the related companies regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

During the financial year, the Company incurred a net loss of RM5,360,257. As at 31 December 2014, the Company's current liabilities exceeded its current assets by RM252,685. The financial statements of the Company have prepared on a going concern basis as the Company relies on its holding companies to provide adequate funds for the Company to meet its liabilities as and when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

				← Contractual cash flows			→
2014		**Carrying Amount**	**Contractual Interest Rate**	**Within 1 Year**	**1 - 5 Years**	**More than 5 Years**	**Total**
	Note	RM	%	RM	RM	RM	RM
Financial Liabilities							
Trade and other payables	10	11,686,665	-	11,686,665	-	-	11,686,665
2013							
Financial Liabilities							
Trade and other payables	10	9,829,994	-	9,829,994	-	-	9,829,994

Company No. 684518-T

SYNERGY CARDS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **DATO' ABDUL MURAD BIN KHALID** and **WONG JOON HIAN,** being the Directors of SYNERGY CARDS SDN. BHD., do hereby state that in the opinion of the Directors, the accompanying financial statements are properly drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2014 and of their financial performance and cash flows of the Company for the financial year then ended.

....

DATO' ABDUL MURAD BIN KHALID
Director

....

WONG JOON HIAN
Director

Selangor Darul Ehsan
28 April 2015

SYNERGY CARDS SDN. BHD.
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, **WONG JOON HIAN**, being the Director primarily responsible for the financial management of SYNERGY CARDS SDN. BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....
WONG JOON HIAN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 April 2015

Before me,

PESURUHJAYA SUMPAH
W541
ZULKIFLA MOHD DAHLIM
MALAYSIA

....
Commissioner for Oaths

NO: 17, JALAN PETALING
50000 KUALA LUMPUR

BAKER TILLY

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNERGY CARDS SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of SYNERGY CARDS SDN. BHD., which comprise the statement of financial position as at 31 December 2014 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 43.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

BAKER TILLY

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM5,360,257 during the financial year ended 31 December 2014, and as at that date, the Company's current liabilities exceeded its current assets by RM252,685, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Fu Joe
No. 2966/11/16 (J)
Chartered Accountants

Kuala Lumpur
28 April 2015