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

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2017

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 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of payment card issuing and acquiring services.

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

RESULTS

	RM
Net loss for the financial year	4,330,627

DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividends in respect of the financial year ended 31 December 2017.

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 29 December 2017, the Company had increased its issued share capital from RM53,000,000 to RM57,000,000 via the issuance of 4,000,000 new ordinary shares of RM1.00 each by way of capitalisation of the sum of RM4,000,000 advances from Advance Synergy Capital Sdn. Bhd. ("ASC"). The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

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 59 of the Companies Act 2016, 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 59(3) of the Companies Act 2016, 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 Director as Directors/executives of the holding company(ies)/or 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.

DIRECTORS' REMUNERATION

There were no fees or other benefits paid to or receivable by the Directors or past Directors of the Company.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

The Company does not have any interests in shares in the holding company and its other related corporations during the financial year.

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.

SUBSIDIARIES

The Company does not have any subsidiary as at the end of the financial year.

AUDITORS' REMUNERATION

Details of the auditors' remuneration are disclosed in Note 12 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

INDEMNITY TO DIRECTORS AND OFFICERS

There was no indemnity given to or insurance effected for, any director or officer of the Company.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

There has been no significant event during the financial year.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

There has been no significant event subsequent to the financial year.

AUDITORS

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

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

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DATO' ABDUL MURAD BIN KHALID
Director

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WONG JOON HIAN
Director

Selangor Darul Ehsan

Date: 6 April 2018

SYNERGY CARDS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 RM	2016 RM
ASSETS			
Non-current assets			
Property, plant and equipments	4	243,382	406,776
Total non-current assets		243,382	406,776
Current assets			
Inventories	5	29,908	30,830
Trade and other receivables	6	13,240,943	8,881,387
Cash and bank balances and short term deposits	7	6,357,324	4,317,204
Total current assets		19,628,175	13,229,421
TOTAL ASSETS		19,871,557	13,636,197
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	57,000,000	53,000,000
Accumulated losses		(53,047,751)	(48,717,124)
TOTAL EQUITY		3,952,249	4,282,876
Current liabilities			
Trade and other payables	9	15,919,308	9,353,321
Total current liabilities		15,919,308	9,353,321
Total liabilities		15,919,308	9,353,321
TOTAL EQUITY AND LIABILITIES		19,871,557	13,636,197

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 2017

	Note	2017 RM	2016 RM
Revenue	10	6,628,954	6,286,696
Cost of sales	11	(4,614,972)	(4,531,585)
Gross profit		2,013,982	1,755,111
Other operating income		-	33,662
Administrative expenses		(6,344,609)	(6,657,013)
Loss before tax	12	(4,330,627)	(4,868,240)
Income tax expense	13	-	-
Net loss for the financial year		(4,330,627)	(4,868,240)
Other comprehensive income		-	-
Total comprehensive loss for the financial year		(4,330,627)	(4,868,240)

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

SYNERGY CARDS SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Share Capital RM	Accumulated Losses RM	Total RM
At 1 January 2016	47,000,000	(43,848,884)	3,151,116
Total comprehensive loss for the financial year	-	(4,868,240)	(4,868,240)
Transaction with owners:			
Issue of new ordinary shares	6,000,000	-	6,000,000
Total transaction with owner	6,000,000	-	6,000,000
At 31 December 2016	53,000,000	(48,717,124)	4,282,876
Total comprehensive loss for the financial year	-	(4,330,627)	(4,330,627)
Transaction with owner:			
Issue of new ordinary shares	4,000,000	-	4,000,000
Total transaction with owner	4,000,000	-	4,000,000
At 31 December 2017	57,000,000	(53,047,751)	3,952,249

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

SYNERGY CARDS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss before tax		(4,330,627)	(4,868,240)
Adjustment for:			
Impairment loss on loans and receivables		372,909	169,729
Depreciation		246,527	894,164
Unrealised loss/(gain) on foreign currency exchange		225,891	(28,689)
Operating loss before working capital changes		(3,485,300)	(3,833,036)
Changes in working capital:			
Inventories		922	(20,120)
Receivables		(4,730,851)	(3,630,105)
Payables		5,067,101	1,216,228
Net cash used in operating activities		(3,148,128)	(6,267,033)
CASH FLOWS FROM INVESTING ACTIVITY:			
Purchase of property, plant and equipment		(83,133)	(59,410)
Net cash used in investing activity		(83,133)	(59,410)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		4,000,000	6,000,000
Advances from/(repayment) to related companies		186	(2,309)
Advances from holding companies		1,497,086	525,416
Placement of short term deposits		(2,282,270)	(1,114,049)
Net cash generated from financing activities		3,215,002	5,409,058
Effects of exchange rate changes		(225,891)	28,689
NET CHANGE IN CASH AND CASH EQUIVALENTS		(242,150)	(888,696)

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (Continued)

	Note	2017 RM	2016 RM
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		2,773,660	3,662,356
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		2,531,510	2,773,660
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and bank balances	7	1,131,510	2,173,660
Short term deposits	7	5,225,814	2,143,544
		6,357,324	4,317,204
Less: Fixed deposit pledged with licensed banks		(3,825,814)	(1,543,544)
		2,531,510	2,773,660

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 payment card issuing and acquiring services. 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 6 April 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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 2016 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 2.3 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 judgement in the process of applying the Company's accounting policies. Although these estimates and judgement 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 3 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs and Amendments/Improvements to MFRSs

(a) Adoption of Amendments/Improvements to MFRSs

The Company has adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 12	Disclosure of Interest in Other Entities
MFRS 107	Statements of Cash Flows
MFRS 112	Income Taxes

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Company, and did not result in significant changes to the Company's existing accounting policies.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs and Amendments/Improvements to MFRSs (Continued)

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

The Company has not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		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 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 3	Business Combinations	1 January 2019
MFRS 4	Insurance Contracts	1 January 2018
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 112	Income Taxes	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1January 2019/ Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

The Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below.

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

2.2 **New MFRSs and Amendments/Improvements to MFRSs (Continued)**

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

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- 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 statements 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 statements of financial position.

- 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.

- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs and Amendments/Improvements to MFRSs (Continued)

(b) New MFRSs, Amendments/Improvements to MFRSs and new IC Int 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 Int 13	Customer Loyalty Programmes
IC Int 15	Agreements for the Construction of Real Estate
IC Int 18	Transfers of Assets from Customers
IC Int 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts.

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

2.2 **New MFRSs and Amendments/Improvements to MFRSs (Continued)**

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

MFRS 17 Insurance Contracts (Continued)

Profits from the group of insurance contracts are recognized over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 *Financial Instruments: Disclosure*, MFRS 119 *Employee Benefits* and MFRS 10 *Consolidated Financial Statements* because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

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

2.2 **New MFRSs and Amendments/Improvements to MFRSs (Continued)**

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

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss. The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

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

2.2 **New MFRSs and Amendments/Improvements to MFRSs (Continued)**

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

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int clarifies that where there is uncertainty over income tax treatments, an entity shall:

- assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

- reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2.3 **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 cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(c) to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

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

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 2.3(c) to the financial statements.

Fully depreciated assets are retained in the accounts until the assets are no longer in use. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

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.

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.

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

2.3 **Significant Accounting Policies (Continued)**

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

(iii) **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.

(iv) **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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(b) Financial Assets (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(c) Impairment (Continued)

(i) Impairment of Financial Assets (Continued)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(e) Cash and Cash Equivalents

For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand, bank balances and fixed deposits, net of 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(g) Financial Liabilities (Continued)

(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.

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(i) Revenue Recognition (Continued)

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) 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.

(k) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(k) Employee Benefits (Continued)

(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.

(l) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(m) 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 of the Company.

(n) Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer of the liability 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.

When measuring the fair value of an asset of liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.1 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.

3.2 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. The carrying amounts of the Company's property, plant and equipment are disclosed in Note 4 to the financial statements.

(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.

The carrying amounts of the Company's trade and other receivables are disclosed in Note 6 to the financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.2 Key Source of Estimation Uncertainty (Continued)

(c) Income Taxes

Significant judgement is required in determining the Company's estimation for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Company is disclosed in Note 13 to the financial statements.

(d) 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.

The carrying amounts of the Company's inventories is disclosed in Note 5 to the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Office equipment RM	Computer equipment RM	Renovation RM	Total RM
2017				
Cost				
At 1 January 2017	60,584	4,646,338	65,090	4,772,012
Additions	-	83,133	-	83,133
At 31 December 2017	60,584	4,729,471	65,090	4,855,145
Accumulated Depreciation				
At 1 January 2017	56,934	4,253,886	54,416	4,365,236
Depreciation for the financial year	1,863	242,921	1,743	246,527
At 31 December 2017	58,797	4,496,807	56,159	4,611,763
Carrying Amount at 31 December 2017	1,787	232,664	8,931	243,382
2016				
Cost				
At 1 January 2016	60,584	4,586,928	65,090	4,712,602
Additions	-	59,410	-	59,410
At 31 December 2016	60,584	4,646,338	65,090	4,772,012
Accumulated Depreciation				
At 1 January 2016	55,070	3,363,328	52,674	3,471,072
Depreciation for the financial year	1,864	890,558	1,742	894,164
At 31 December 2016	56,934	4,253,886	54,416	4,365,236
Carrying Amount at 31 December 2016	3,650	392,452	10,674	406,776

5. INVENTORIES

	2017 RM	2016 RM
At cost		
Operating supplies	29,908	30,830

The cost of inventories of the Company recognised as an expense in cost of sales during the financial year was RM922 (2016: RM 1,530).

6. TRADE AND OTHER RECEIVABLES

	Note	2017 RM	2016 RM
Trade			
Trade receivables	(a)	13,658,232	8,940,365
Non-Trade			
Other receivables		5,610	5,556
Deposits		24,830	25,179
Prepayment		288,089	274,809
Amounts owing from related companies	(b)	8,016,174	8,014,560
		8,334,703	8,320,104
Less: Allowance for impairment			
Trade receivables		(748,213)	(375,304)
Amount owing from related companies		(8,003,779)	(8,003,779)
		(8,751,992)	(8,379,083)
Total trade and other receivables		13,240,943	8,881,387
Add : Cash and bank balances and short term deposits	7	6,357,324	4,317,204
Total loans and receivables		19,598,267	13,198,591

(a) Trade Receivables

Trade receivables that are individually assessed to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted in payments. These receivables are not secured by any credit enhancements.

The carrying amounts of trade and other receivables approximate their fair values.

6. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

The aging analysis of the Company's trade receivables is as follows:

	2017	**2016**
	RM	RM
Neither past due nor impaired	11,807,053	7,993,089
Past due 0 to 3 months	177,515	220,113
Past due 3 to 9 months	815,851	315,491
Past due over 9 months	857,814	411,673
	1,851,180	947,277
Impaired	(748,213)	(375,304)
	12,910,020	8,565,062

<u>Receivables that are neither past due nor impaired</u>

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

<u>Receivables that are past due but not impaired</u>

Included in the Company's trade receivable balances are receivables with carrying values of RM1,851,180 (2016: RM947,277) which are past due but not impaired at end of the financial year. The Company has not made any allowances for impairment for these receivables since there has not been a significant change in credit quality of these receivables and the amounts owing are still considered as being recoverable.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date. The Company has policies in place to ensure that credit is extended only to customers with acceptable credit history and/or payment track records. Allowances for impairment are made on specific trade receivables when there is objective evidence that the Company will not be able to collect all amounts due. Included in current year provisions are mainly specific allowances for impairment.

(b) Amount owing to/from related companies

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

7. CASH AND BANK BALANCES AND SHORT-TERM DEPOSITS

	2017 RM	2016 RM
Cash and bank balances	1,131,510	2,173,660
Short term deposits	5,225,814	2,143,544
	6,357,324	4,317,204

Included in the short-term deposits of the Company is the amount of RM3,825,814 (2016: RM1,543,544) that have been pledged to licensed banks as collateral agent on behalf of VISA International Service Association & MasterCard International Incorporated.

8. SHARE CAPITAL

	2017		2016	
	Number of Shares	RM	Number of Shares	RM
Authorised:				
Ordinary shares				
At 1 January	100,000,000	100,000,000	50,000,000	50,000,000
Transition at no par value regime	(100,000,000)	(100,000,000)	-	-
Created during the financial year	-	-	50,000,000	50,000,000
At 31 December	-	-	100,000,000	100,000,000
Issued and fully paid:				
Ordinary shares				
At 1 January	53,000,000	53,000,000	47,000,000	47,000,000
Issued during the financial year	4,000,000	4,000,000	6,000,000	6,000,000
At 31 December	57,000,000	57,000,000	53,000,000	53,000,000

The Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of the member.

The holders of ordinary shares are entitled to receive dividends is declared from time to time and are entitled to one (1) rate per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

On 29 December 2017, the Company had increased its issued share capital from RM53,000,000 to RM57,000,000 via the issuance of 4,000,000 new ordinary shares of RM1.00 each by way of capitalisation of the sum of RM4,000,000 advances from ASC. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company

9. TRADE AND OTHER PAYABLES

	Note	2017 RM	2016 RM
Trade			
Merchant payables	(a)	9,308,289	4,711,534
Non-Trade			
Accruals		79,253	97,032
Amount owing to related companies	6(b)	3,578	1,778
Amount owing to holding companies	(b)	5,408,905	3,911,819
Merchant deposit received		276,166	272,496
Other payables		843,117	358,662
		6,611,019	4,641,787
Total trade and other payables		15,919,308	9,353,321

(a) **Merchant Payables**

Trade payables are non-interest bearing and the normal credit terms granted to the Company is 30 days (2016: 30 days).

(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.

10. REVENUE

	2017 RM	2016 RM
Card replacement fees	100	(3)
Cash advance fees received	1,140	1,460
Dividend received	3,461	1,997
EA server sharing fee	31,410	29,116
Exchange (loss)/gain on foreign transactions	294	(401)
Finance (waiver)/charge on interest - credit card	(2,246)	613
Handling fee merchant rental collection	10,857	11,396
Interchange fees received	3,970	5,744
Interest income	69,288	33,683
Late payment charge revenue	3,755	4,816
Merchant discount received	6,372,493	5,937,436
Merchant EDC terminal maintenance and processing fees	35,416	66,862
Mobile Point Of Sale (MPOS) Terminal Certification	36,184	-
Rental	62,832	193,977
	6,628,954	6,286,696

11. COST OF SALES

	2017 RM	2016 RM
Cash rebate	477	1,281
EDC Terminal Cost	-	30,218
Finance charges/cash rebate	2,071	1,693
Interchange fee	4,564,107	4,427,053
Merchant cost	45,128	68,141
Others	3,189	3,199
	4,614,972	4,531,585

12. LOSS BEFORE TAX

	2017 RM	2016 RM
Loss before tax has been arrived at:		
After charging:		
Auditors' remuneration		
- current year	18,000	18,000
Impairment loss on loans and receivables	372,909	169,729
Bank charges	44,579	102,003
Depreciation	246,527	894,164
Rental	89,860	93,661
Realised loss on foreign currency exchange	101,148	-
Unrealised loss on foreign currency exchange	225,891	-
Staff cost:		
- salaries and allowances	1,139,168	1,218,843
- defined contribution plan	141,896	153,133
- social security contributions	15,953	16,771
And crediting:		
Realised gain on foreign currency exchange	-	5,686
Unrealised gain on foreign currency exchange	-	28,689

Included in the bank charges of the Company is an amount of NIL (2016 : RM53,371) 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.

13. **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 24% (2016: 24%) of the estimated assessable profit for the year. 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:

	2017	**2016**
	%	**%**
Applicable tax rate	24	24
Tax effects arising from		
- Non-deductible expenses	-	(11)
- Deferred tax assets not recognised in the year	(24)	(13)
Average effective tax rate	-	-

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

	2017	**2016**
	RM	**RM**
Unutilised capital allowances	4,894,509	5,056,160
Unutilised tax losses	15,362,729	14,347,069
	20,257,238	19,403,229

14. **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.

14. 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:

	2017 RM	2016 RM
Expenses		
(i) Electricity usage/rental/share cost company payable to a related		
- AESBI Power Systems Sdn. Bhd.	35,853	146,799
(ii) Merchant discount received payable to a related company		
- Rewardstreet.com (Malaysia) Sdn. Bhd.	-	(274)
(iii) Secretarial fees payable to a related company		
- XGO Technik Sdn. Bhd.	(600)	2,400
(iv) Management fees payable to holding company		
- ASC	284,736	256,696

15. 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	6
Cash and bank balances and short term deposits	7
Financial Liabilities	
Trade and other payables	9

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.

(b) Fair value hierarchy

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.

16. 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.

Intercompany 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.

16. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(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.

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→			
		Carrying Amount	Contractual Interest Rate	Within 1 Year	1 - 5 Years	More than 5 Years	Total
2017	Note	**RM**	**%**	**RM**	**RM**	**RM**	**RM**
Financial Liabilities							
Trade and other payables	9	15,919,308	-	15,919,308	-	-	15,919,308
2016							
Financial Liabilities							
Trade and other payables	9	9,353,321	-	9,353,321	-	-	9,353,321

(c) **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency exchange risk as a result of the Company's receivables and payables. The Company monitors the movement in foreign currency exchange rates closely to ensure their exposure are minimised.

The Company ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweight the potential risk of exchange rate fluctuations.

The unhedged financial assets and liabilities of the Company that are not denominated in their functional currencies are as follows:

	2017	**2016**
	RM	**RM**
Cash and bank balances		
US Dollar	3,946,642	1,662,250

17. **CAPITAL MANAGEMENT**

The Company actively and regularly reviews and manages its capital structure with the objectives of ensuring that the Company will be able to continue as a going concern while maximising the return to stakeholders. These reviews take into consideration future capital requirements of the Company, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and strategic investment opportunities.

There were no changes in the Company's approach to capital management during the financial year.

Company No. 684518-T

SYNERGY CARDS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

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 drawn up in accordance with Malaysia 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 at 31 December 2017 and of its financial performance and cash flows for the financial year then ended.

....
DATO' ABDUL MURAD BIN KHALID
Director

....
WONG JOON HIAN
Director

Selangor Darul Ehsan

Date: 6 April 2018

Company No. 684518-T

SYNERGY CARDS SDN. BHD.
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

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 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 6 April 2018.

Before me,

PESURUHJAYA SUMPAH
W 661
TAN KIM CHOOI
1.1.2018-31.12.2018
MALAYSIA

....
Commissioner for Oaths

16TH FLOOR, WISMA SIME DARBY
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BAKER TILLY

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Company No. 684518-T

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

Report on the Financial Statements

Opinion

We have audited the financial statements of **SYNERGY CARDS SDN BHD**, which comprise the statements of financial position as at 31 December 2017, and the statements of comprehensive income, statements of changes in equity and statements 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 6 to 41.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its 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 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the 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.

The Directors of the Company are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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.

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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/18 (J)
Chartered Accountant

Kuala Lumpur

Date: 6 April 2018