

DUALRANK FONTECH (M) SDN. BHD.
Company No.905260-H
(Incorporated in Malaysia)

*Reports and financial statements
for the year ended 31 December 2016*

PGC & ASSOCIATES (AF 2033)
Chartered Accountants

Company No.: 905260-H

DUALRANK FONTECH (M) SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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Company No.: 905260-H

DUALRANK FONTECH (M) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company is principally engaged in the business of fabrication and refurbishment of heavy machinery parts, welding and surface engineering. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Loss for the year	<u>(322,250)</u>

In the opinion of the directors, the results of the operations of the Company during the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividends have been paid or declared since the end of the previous year. The directors do not recommend that a dividend to be paid in respect of the current year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements

SHARES AND DEBENTURES

The Company did not issue any new shares and debentures during the year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the year to take up unissued shares of the Company.

No shares have been issued during the year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the year, there were no unissued shares of the Company under options.

HOLDING AND ULTIMATE HOLDING COMPANY

The holding and ultimate holding companies are Dualrank (M) Sdn. Bhd. and Euco Resources Sdn. Bhd., incorporated in Malaysia, respectively.

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DIRECTORS

The directors who held office during the year since the date of the last report are as follows :-

James Edward Buxton
Laurence Yee Lye Eu
Sumant Puntambekar
Anttonette Marie B Joseph A/P MD Joseph (f)
Viswanathan Puthalath

DIRECTORS' BENEFITS

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholding under section 59 of the Companies Act, 2016, the interests of directors in office at the end of the in the ordinary shares of the Company and its related corporations during the are as follows:

	Number of Ordinary shares			As at 31.12.2016
	As at 01.01.2016	Bought	Sold	
<u>Direct interest</u>				
Anttonette Marie B Joseph A/P MD Joseph (f)	10,000	-	-	10,000

None of the other directors in office at the end of the year have interest in shares of the Company or its related corporations during the year ended 31 December 2016.

DIRECTORS' REMUNERATIONS

None of the directors or past directors of the Company have received any remunerations from the Company during the year.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the year.

Company No.: 905260-H

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the , for any person who is or has been the director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors:

- (a) the results of the operations of the Company during the were not substantially affected by any item, transaction or event of a material and unusual nature.
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the and the date of this report which is likely to affect substantially the results of operations of the Company for the in which this report is made.

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AUDITORS' REMUNERATIONS

Total amounts paid to or receivables by the auditors as remunerations for their services as auditors are as follows:

	2016 RM
Statutory audit	<u>4,200</u>


AUDITORS

The retiring auditors, Messrs. PGC & Associates, have indicated their willingness to be re-appointed.

On behalf of the Board of Directors
The Board of Directors

x 

James Edward Buxton
Director

x 

Laurence Yee Lye Eu
Director

Kuala Lumpur
3 May 2017

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DUALRANK FONTECH (M) SDN. BHD.
(Incorporated in Malaysia)

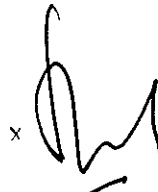
STATEMENT BY DIRECTORS
Pursuant to Section 251 (2) of the Companies Act, 2016

The directors of Dualrank Fontech (M) Sdn. Bhd. state that, in their opinion, the financial statements of the Company set out on pages 9 to 29 are drawn up in accordance with Malaysian Private Entities Reporting Standard 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 2016 and financial performance of the Company for the year ended 31 December 2016 .

On behalf of the Board of Directors

x 

James Edward Buxton
Director

x 

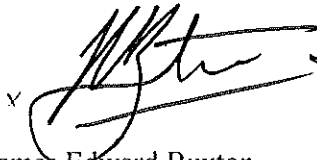
Laurence Yee Lye Eu
Director

Kuala Lumpur
3 May 2017

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

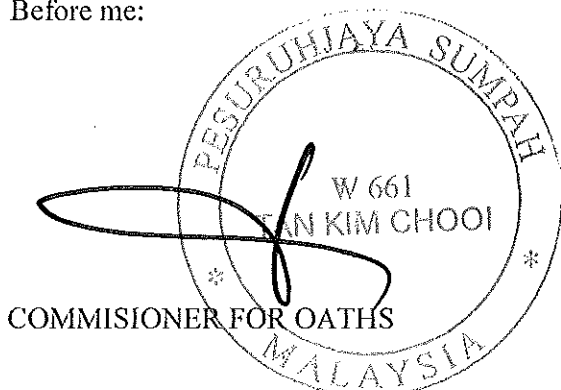
I, James Edward Buxton, the director primarily responsible for the financial management of Dualrank Fontech (M) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 29 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the above-named James Edward)
Buxton at Kuala Lumpur on 3 May)
2017)

x 

James Edward Buxton

Before me:



16TH FLOOR, WISMA SIME DARBY
JALAN RAJA LAUT, 50350 KUALA LUMPUR

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUALRANK FONTECH (M) SDN. BHD. (COMPANY NO.: 905260-H)
(INCORPORATED IN MALAYSIA)**

Opinion

We have audited the financial statements of Dualrank Fontech (M) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the financial statements, which indicates that the Company incurred a net loss of RM 322,250/- during the year ended 31 December 2016 and, as of that date, the Company's current liabilities exceeded its current assets by RM 2,165,626/-. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUALRANK FONTECH (M) SDN. BHD. (COMPANY NO.: 905260-H)
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If, based on the work we have performed, we conclude that there is a material misstatement of the 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 Malaysian Private Entities Reporting Standard 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUALRANK FONTECH (M) SDN. BHD.(COMPANY NO.: 905260-H)
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- 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

1. As stated in Note 3 to the financial statements, Dualrank Fontech (M) Sdn. Bhd. adopted Malaysian Private Entities Reporting Standard on 1 January 2016 with a transition date of 1 January 2015. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statement of financial position of the Company as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year ended 31 December 2015 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2016, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2016 do not contain misstatements that materially affect the financial position as at 31 December 2016 and the financial performance and cash flows for the year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


PGC & ASSOCIATES (AF 2033)
Chartered Accountants

Selangor
Date : 03 May 2017


POK GEOK CHOO
2879/11/17 (J)
Chartered Accountant

Company No.: 905260-H

DUALRANK FONTECH (M) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
NON CURRENT ASSETS			
Plant and equipment	4	<u>691,003</u>	<u>714,574</u>
CURRENT ASSETS			
Inventories	5	968,989	635,902
Trade receivables		839,620	373,318
Other receivables, deposits and prepayments	6	53,563	74,386
Cash and bank balances	7	7,371	75,185
		<u>1,869,543</u>	<u>1,158,791</u>
Current liabilities			
Trade payables		1,574,460	673,149
Other payables and accruals	8	186,919	269,064
Amount due to directors	9	224,020	30,000
Amount due to holding company	10	1,073,275	904,875
Amount due to shareholder	11	970,227	970,227
Amount due to ultimate holding company	12	-	53,486
Finance lease payables	13	6,268	118,526
		<u>4,035,169</u>	<u>3,019,327</u>
NET CURRENT LIABILITIES		(2,165,626)	(1,860,536)
		<u>(1,474,623)</u>	<u>(1,145,962)</u>
FINANCED BY:			
Share capital	14	1,000,000	1,000,000
Accumulated losses		(2,484,740)	(2,162,490)
Capital deficiency		<u>(1,484,740)</u>	<u>(1,162,490)</u>
LONG TERM AND DEFERRED LIABILITIES			
Finance lease payables	15	<u>10,117</u>	<u>16,528</u>
		<u>10,117</u>	<u>16,528</u>
		<u>(1,474,623)</u>	<u>(1,145,962)</u>

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

Company No.: 905260-H

DUALRANK FONTECH (M) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
Revenue	2.12	2,706,553	2,254,373
Cost of sales		(2,161,261)	(1,994,688)
Gross profit		<u>545,292</u>	<u>259,685</u>
Other operating income		6,076	37,547
Administrative and operating expenses		(869,276)	(928,576)
Loss from operations		<u>(317,908)</u>	<u>(631,344)</u>
Finance costs		(4,342)	(17,604)
Loss before tax		<u>(322,250)</u>	<u>(648,948)</u>
Income tax expense	17	-	-
Loss for the year		<u>(322,250)</u>	<u>(648,948)</u>

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

Company No.: 905260-H

DUALRANK FONTECH (M) SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	<i>Issued and fully paid ordinary shares</i>		<i>Accumulated</i>	<i>Total</i>
	<i>Number of shares</i>	<i>Nominal share</i>	<i>losses</i>	<i>RM</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	
As at 1 January 2015	1,000,000	1,000,000	(1,513,542)	(513,542)
Net loss for the year	-	-	(648,948)	(648,948)
As at 31 December 2015	<u>1,000,000</u>	<u>1,000,000</u>	<u>(2,162,490)</u>	<u>(1,162,490)</u>
Net loss for the year	-	-	(322,250)	(322,250)
As at 31 December 2016	<u>1,000,000</u>	<u>1,000,000</u>	<u>(2,484,740)</u>	<u>(1,484,740)</u>

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

Company No.: 905260-H

DUALRANK FONTECH (M) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(322,250)	(648,948)
Adjustments for:		
Depreciation	115,372	108,439
Interest on borrowings	4,342	17,604
Provision for warranty written back	-	(22,420)
Bad debt written off	-	5,000
Operating loss before working capital changes	(202,536)	(540,325)
Increase in inventories	(333,087)	(176,609)
(Increase)/Decrease in receivables	(445,479)	231,764
Increase in amount due to holding company	168,400	81,710
(Decrease)/Increase in amount due to ultimate holding company	(53,486)	5,722
Increase in amount due to shareholder	-	147,062
Increase in payables	819,166	629,910
Increase/(Decrease) in amount due to directors	194,020	(90,000)
Cash generated from operations	146,998	289,234
Interest paid	(4,342)	(17,604)
Net cash generated from operating activities	<u>142,656</u>	<u>271,630</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of plant and equipment	(91,801)	(186,717)
Net cash used in investing activity	<u>(91,801)</u>	<u>(186,717)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of hire purchase payables	(118,669)	(158,761)
Net cash used in financing activity	<u>(118,669)</u>	<u>(158,761)</u>
Net (decrease) in cash and cash equivalents	(67,814)	(73,848)
Cash and cash equivalents at beginning of year	75,185	149,033
Cash and cash equivalents at end of year	<u>7,371</u>	<u>75,185</u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u>7,371</u>	<u>75,185</u>

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

Company No.: 905260-H

DUALRANK FONTECH (M) SDN. BHD.
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 GENERAL INFORMATION

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

The registered office is located at A1-3 Jalan 2/142A, Megan Phoenix Cheras KM 10, 56000 Kuala Lumpur.

The principal place of business is located at 9, Jalan Apollo U5/194 Bandar Pinggiran Subang 40150 Shah Alam, Selangor.

The principal activities of the Company is principally engaged in the business of fabrication and refurbishment of heavy machinery parts, welding and surface engineering. There have been no significant changes in the nature of these activities during the financial year.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities.

The principal accounting policies adopted are set out below:

2.1 BASIS OF PREPARATION

As at 31 December 2016, the Company's net current liabilities were RM2,165,626, the applicability of this basis is dependent upon the Company's ability to operate profitable in the foreseeable future and to continue to receive adequate financial support from its directors and accordingly, the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Should the going concern basis of preparing the financial statements of the Company be inappropriate, adjustments will have to be made to restate the carrying values of the assets to their recoverable amounts, to provide for further liabilities which may arise and reclassify plant and equipment to current assets.

2.2 PLANT AND EQUIPMENT

The cost of an item of plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. After recognition as an asset, an item of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

Renovations	10%
Furniture and fittings	10%
Office equipments	10%
Computers	20%
Tool and equipment	10%
Machinery and moulds	10%
Motor vehicle	20%
Air-conditioner	10%

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively.

The carrying amounts of items of plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

2.3 IMPAIRMENT OF ASSETS, OTHER THAN INVENTORIES AND FINANCIAL ASSETS

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.3 IMPAIRMENT OF ASSETS, OTHER THAN INVENTORIES AND FINANCIAL ASSETS (CONT'D)

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case it is treated as a revaluation decrease.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less to sell, value in use and zero.

An impairment loss recognised in prior periods for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

2.4 FOREIGN CURRENCY

Transactions in foreign currencies are initially recognised in the functional currency by applying to the foreign currency amount the spot exchange rates between the functional currency and the foreign currency at the date of the transactions.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

The principal closing rate used in translate of foreign currency amounts are as follows:-

	2016 RM	2015 RM
United States Dollar (USD)	4.4860	4.2940
Indian Rupee (INR)	<u>0.0660</u>	<u>0.0620</u>

2.5 INVENTORIES

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is measured by using the First-in First-out method.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss. At each subsequent reporting date, the Company makes a new assessment of selling price less costs to complete and sell. If there is any indication that an impairment loss recognised in prior periods may no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell due to changed economic circumstances, an impairment loss is reversed to the extent that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell.

2.6 FINANCIAL ASSETS

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

(i) Financial Assets At Fair Value Through Profit Or Loss

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

2.6 FINANCIAL ASSETS (CONT'D)

(ii) Financial Assets That Are Debt Instruments Measured At Amortised Cost

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

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, when appropriate, a shorter period, to the carrying amount of the financial assets.

(iii) Financial Assets That Are Equity Instruments Measured At Cost Less Impairment

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

(iv) Impairment Of Financial Assets

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

2.6 FINANCIAL ASSETS (CONT'D)

(iv) Impairment Of Financial Assets (Cont'd)

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

(v) Derecognition Of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

2.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

2.8 LIABILITIES AND EQUITY

(i) Classification Of Liabilities and Equity

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

2.8 LIABILITIES AND EQUITY (CONT'D)

(ii) Equity Instruments

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

2.9 FINANCIAL LIABILITIES

Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

(i) Financial Liabilities Measured At Fair Value Through Profit Or Loss

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

2.9 FINANCIAL LIABILITIES (CONT'D)

(ii) Financial Liabilities Measured At Amortised Cost

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

(iii) Loan Commitments Measured At Cost Less Impairment

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

(iv) Derecognition Of Financial Liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

2.10 PROVISIONS

A provision is recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties are taken into account in reaching the best estimate of a provision. When the effect of the time value of money is material, the amount recognised in respect of the provision is the present value of the expenditure expected to be required to settle the obligation.

2.11 LEASES

(i) Finance Leases

Leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Company.

The Company initially recognises its rights of use and obligations under finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, determined at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as an expense in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the leased assets are fully depreciated over the shorter of the lease terms and their useful life. At each reporting date, the Company assesses whether the assets leased under the finance lease are impaired.

(ii) Operating Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

2.12 REVENUE

(i) Sales Of Goods

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

(ii) Rendering of Services

Revenue from rendering of services is measured by reference to the stage of completion of the transaction at the reporting date.

2.13 EMPLOYMENT BENEFITS

(i) Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company has no realistic alternative but to make the payments.

(ii) Defined Contribution Plan

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Company.

2.14 BORROWING COSTS

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

2.15 INCOME TAX

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

2.15 INCOME TAX (CONT'D)

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carryforward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

3 TRANSITION TO THE MPERS

BASIS OF TRANSITION TO THE MPERS

The Company's financial statements for the from 1 January 2015 to 31 December 2015 are the first financial statements prepared in accordance with the MPERS, which is the beginning of the earliest period presented.

The Company's transition date is 1 January 2015. The Company prepared its opening MPERS statement of financial position at that date.

The Company has applied all the mandatory exceptions and certain of the optional exemptions from full retrospective application of the MPERS. Previously, the Company presents the most recent financial statements using Private Entity Reporting Standards ("PERS").

The Company has also chosen to early adopt the limited amendments issued by the MASB, which are effective for annual periods on or after 1 January 2017.

The adoption of MPERS has no significant financial effect on the financial statements of the Company.

4 PLANT AND EQUIPMENT

	As at 01.01.2016 RM	Additions RM	As at 31.12.2016 RM
<u>Cost</u>			
Renovations	79,068	-	79,068
Furniture and fittings	8,514	-	8,514
Office equipments	9,443	-	9,443
Computers	57,725	-	57,725
Tool and equipment	277,232	77,301	354,533
Machinery and moulds	491,825	14,500	506,325
Motor vehicle	48,000	-	48,000
Air-conditioner	6,864	-	6,864
	<u>978,671</u>	<u>91,801</u>	<u>1,070,472</u>
	As at 01.01.2016 RM	Charges for the year RM	As at 31.12.2016 RM
<u>Accumulated depreciation</u>			
Renovations	18,410	7,907	26,317
Furniture and fittings	3,173	852	4,025
Office equipments	3,543	944	4,487
Computers	28,437	9,297	37,734
Tool and equipment	89,509	35,453	124,962
Machinery and moulds	85,068	50,633	135,701
Motor vehicle	33,600	9,600	43,200
Air-conditioner	2,357	686	3,043
	<u>264,097</u>	<u>115,372</u>	<u>379,469</u>
		As at 2016 RM	As at 2015 RM
<u>Carrying amount</u>			
Renovations		52,751	60,658
Furniture and fittings		4,489	5,341
Office equipments		4,956	5,900
Computers		19,991	29,288
Tool and equipment		229,571	187,723
Machinery and moulds		370,624	406,757
Motor vehicle		4,800	14,400
Air-conditioner		3,821	4,507
		<u>691,003</u>	<u>714,574</u>

Motor vehicles with a carrying value of RM4,800 (2015 – RM14,400) are purchased under hire purchase instalment schemes.

Machinery and moulds with a carrying value of RM340,662 (2015 – RM396,227) are purchased under hire purchase instalment schemes.

5 INVENTORIES

	2016 RM	2015 RM
At cost:		
Raw materials	968,989	553,208
Work in progress	-	82,694
	<u>968,989</u>	<u>635,902</u>

6 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 RM	2015 RM
Other receivables	2,216	22,350
Deposits	47,847	9,590
Prepayments	3,500	42,446
	<u>53,563</u>	<u>74,386</u>

7 CASH AND BANK BALANCES

	2016 RM	2015 RM
Cash in hand	1,500	75,185
Cash at bank	5,871	-
	<u>7,371</u>	<u>75,185</u>

8 OTHER PAYABLES AND ACCRUALS

	2016 RM	2015 RM
Other payables	8,414	166,438
Accruals	178,505	102,626
	<u>186,919</u>	<u>269,064</u>

9 AMOUNT DUE TO DIRECTORS

This amount is unsecured, interest-free and repayable on demand.

10 AMOUNT DUE TO HOLDING COMPANY

This amount is unsecured, interest-free and repayable on demand.

11 AMOUNT DUE TO SHAREHOLDER

This amount is unsecured, interest-free and repayable on demand.

12 AMOUNT DUE TO ULTIMATE HOLDING COMPANY

This amount is unsecured, interest-free and repayable on demand.

13 FINANCE LEASE PAYABLES

	2016 RM	2015 RM
Minimum lease payments		
Not later than 1 year	7,164	123,012
Later than 1 years and not later than 2 years	7,164	7,164
Later than 5 years	<u>3,486</u>	<u>10,678</u>
	17,814	140,854
Future finance charges		
Present value of finance lease	<u>(1,429)</u>	<u>(5,800)</u>
	<u>16,385</u>	<u>135,054</u>

Present value of finance lease is analysed as follows:

Not later than 1 year	6,268	118,526
Later than 1 year and not later than 2 years	6,696	6,333
Later than 5 years	<u>3,421</u>	<u>10,195</u>
	<u>16,385</u>	<u>135,054</u>

The Company obtains finance lease facilities to finance the acquisition of certain plant and machinery and motor vehicles. The average remaining lease terms is 3 years as at 31 December 2016. Implicit interest rates of the finance lease of 3.50% to 3.60% are fixed at the date of the agreements, and the amount of lease payments are fixed throughout the lease period. The Company has the option to purchase the assets at the end of the agreements with minimum purchase considerations. There is no significant restriction clauses imposed on the finance lease arrangements.

14 SHARE CAPITAL

	Number of shares		2016 RM	2015 RM
	2016 Units	2015 Units		
Issued and fully paid:				
At beginning of the year	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
At end of the year	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

Pursuant to the Companies Act 2016 effective from 31 January 2017, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account/capital redemption reserve are transferred to share capital as at that date.

Ordinary shares of the Company have no par value. The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

15 RETAINED EARNINGS

During the financial year, the Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of shareholders.

16 LOSS BEFORE TAX

16.1 DISCLOSURE ITEMS

	2016	2015
	RM	RM
This is stated after charging:		
Auditors' remuneration	4,200	4,200
Auditors' remuneration – prior year	4,500	-
Bad debt written off	-	5,000
Depreciation	115,372	108,439
Hire purchase interest	4,342	17,604
Loss on foreign exchange – realised	-	236
Rental of hostel	-	21,049
Rental of premises	99,130	89,000
Staff costs	290,184	298,045
Wages	<u>654,908</u>	<u>578,365</u>
And crediting:		
Gain on foreign exchange – realised	6,076	-
Provision for warranty written back	<u>-</u>	<u>22,420</u>

17 INCOME TAX EXPENSE

	2016	2015
	RM	RM
Current tax expense		
- current year	<u>-</u>	<u>-</u>
Total income tax expense	<u>-</u>	<u>-</u>

The explanation of the relationship between tax expense and loss from ordinary activities before tax is as follows :-

Loss from ordinary activities before taxation	<u>(322,250)</u>	<u>(648,948)</u>
Tax calculated at the Malaysian tax rate of 19% (2015 - 20%)	(61,228)	(129,790)
Expenses not deductible for tax purposes	6,091	3,817
Income not subject to tax	-	(7,509)
Temporary differences under/(over) provided	-	101,800
Deferred tax on tax losses not recognised	33,216	-
Deferred tax assets not recognised	<u>21,921</u>	<u>31,682</u>
Tax expense	<u>-</u>	<u>-</u>

The applicable tax rate has been reduced from 20% in prior year to 19% for the current, as enacted by the government.

17 INCOME TAX EXPENSE (CONT'D)

As at year end, the estimated amount of deferred tax asset calculated at current tax rate, which has not been recognised in the financial statements of the Company, is as follows :-

	2016 RM	2015 RM
<i>Deferred tax assets</i>		
Unutilised tax losses	(332,777)	(299,561)
Unabsorbed capital allowances	(110,311)	(78,730)
Plant and equipment	54,573	44,913
	<u>(388,515)</u>	<u>(333,378)</u>

The unutilised tax losses and unabsorbed capital allowances, which do not expire under current legislation unless the Company is dormant and there is a significant change in the Company's shareholders, are subject to agreement by the tax authorities.

18 SIGNIFICANT RELATED PARTY TRANSACTION

	2016 RM	2015 RM
Holding company		
Purchase of steel plates	707,918	706,160
Consultancy fees charged	39,000	39,000
Sale of goods	<u>456,056</u>	<u>399,309</u>
Ultimate holding company		
Utility cost charged	<u>29,213</u>	<u>18,883</u>

The Directors are of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions agreed on a negotiated basis.

19 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on 3 May 2017.

Company No.: 905260-H

20 HOLDING AND ULTIMATE HOLDING COMPANY

The holding and ultimate holding companies are Dualrank (M) Sdn.Bhd. and Euco Resources Sdn. Bhd., incorporated in Malaysia, respectively.

Lodged by : Progressive Consultancy Services Sdn Bhd (Company no: 309819 A)

Address : A1-3 Jalan 2/142A,
Megan Phoenix Cheras KM 10,
56000 Kuala Lumpur

Email : progressive@ptsservices.com

Telephone : 03-9100 2328

Lodged in the Registrar office of Kuala Lumpur.

Company No.: 905260-H

DUALRANK FONTECH (M) SDN. BHD.
(Incorporated in Malaysia)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
REVENUE	2,706,553	2,254,373
LESS: COST OF SALES		
Inventories – At beginning of year	598,240	458,156
Purchases	1,208,583	832,030
Fabrication	489,123	512,160
Carriage outward	114,653	122,808
Freight charges and custom duties	13,777	6,741
Upkeep of machinery and workshop	50,966	82,668
Wages	654,908	578,365
Less: Inventories – At end of year	(968,989)	(598,240)
	<u>2,161,261</u>	<u>1,994,688</u>
GROSS PROFIT	545,292	259,685
ADD: OTHER OPERATING INCOME		
Gain on foreign exchange – realised	6,076	-
Insurance claim	-	15,127
Provision for warranty written back	-	22,420
	<u>6,076</u>	<u>37,547</u>
LESS: ADMINISTRATIVE AND OPERATING EXPENSES	(869,276)	(928,576)
OPERATING LOSS	<u>(317,908)</u>	<u>(631,344)</u>
LESS: FINANCE COSTS		
Hire purchase interest	(4,342)	(17,604)
LOSS BEFORE TAX	<u>(322,250)</u>	<u>(648,948)</u>

This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.

Company No.: 905260-H

DUALRANK FONTECH (M) SDN. BHD.
(Incorporated in Malaysia)

**ADMINISTRATIVE AND OPERATING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 RM	2015 RM
ADMINISTRATIVE AND OPERATING EXPENSES		
Auditors' remuneration	4,200	4,200
Auditors' remuneration – prior year	4,500	-
Advertisements	-	2,036
Bank charges	835	909
Bad debt written off	-	5,000
Consultancy fees	39,000	39,000
Depreciation	115,372	108,439
Electricity and water	26,059	16,465
Entertainment	3,416	8,119
Filing fees	-	150
General expenses	-	2,881
GST expenses	529	538
Insurance	35,023	43,244
License fees	1,607	5,057
Loss on foreign exchange – realised	-	236
Medical expenses	15,006	126
Motor insurance and road tax	825	-
Penalties and fines	297	100
Petrol, parking and toll charges	15,544	18,385
Postage and stamps	1,837	5,864
Printing and stationery	4,150	3,956
Professional fees	-	4,200
Recruitment, levy and permit	18,709	1,175
Rental of hostel	-	21,049
Rental of premises	99,130	89,000
Salaries, wages, allowances and bonuses	290,184	298,045
Secretarial fees	930	900
Staff welfare and refreshment	8,859	-
Stamp duties	100	1,330
Taxation fees	1,260	3,000
Telephone and internet charges	25,780	23,293
Training fees	13,804	880
Transportation	-	3,880
Travelling and accommodation	129,225	190,450
Upkeep of hostel and office	8,343	6,350
Upkeep of motor vehicles	3,678	6,357
Upkeep of office equipment	1,074	5,618
Upkeep of premise	-	1,574
Warranty expenses	-	6,770
	<u>869,276</u>	<u>928,576</u>

This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.