



I SYNERGY GROUP LIMITED

ACN: 613 927 361

CONSOLIDATED INTERIM REPORT
for the half-year ended 30 June 2020

For personal use only

**APPENDIX 4D
HALF-YEAR REPORT****1. Company details**

Name of entity:	I Synergy Group Limited
ABN:	51 613 927 361
Reporting period:	For the half-year ended 30 June 2020
Previous period:	For the half-year ended 30 June 2019

2. Results for announcement to the market

		AUD\$'000		AUD\$'000
Revenue from ordinary activities	down	13.64%	to	3,597
Loss from ordinary activities after tax attributable to the owners of I Synergy Group Limited	up	100.40%	to	(998)
Loss for the year attributable to the owners of I Synergy Group Limited	up	67.82%	to	(876)

Dividend

No dividend was recommended by the directors for the half-year ended 30 June 2020.

Brief explanation of any figures reported above

Please refer to review of operations and activities in the director's report and half year results announcement in this half year report

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible (liabilities)/assets per ordinary shares	(0.39)	1.33

4. Control gained over entities

During the financial period, on 17 March 2020, the subsidiary of the Company, I Synergy Consolidated Sdn. Bhd. has executed and an agreement to acquire entire issued capital of Ocean Nexus Sdn. Bhd. ("Ocean Nexus") ("Agreement") which is principally engaged in the business of providing customised software design and development services and solutions to customers for the purchase price comprise circa AUD\$282,000 cash and equity over the following components (together, the "Balance Purchase Price"):

- An upfront cash payment of RM200,000 (~AUD\$75,000) which will be paid immediately;
- The balance purchase price of RM550,000 (AUD\$207,000) is to be paid as follows 437,500 fully paid ordinary shares which equates to AUD\$87,500 and deferred milestone consideration of AUD\$113,000;

I SYNERGY GROUP LIMITED

ACN: 613 927 361

APPENDIX 4D HALF-YEAR REPORT

- iii. One year after the Agreement execution date, the Company is to issue a fixed numbers 437,500 full paid ordinary shares to the vendors at a deemed value of AUD\$0.20 per share for a total deemed value of AUD\$94,000 (being a deemed equivalent value of RM250,000). These shares will be issued under the Company's 15% capacity under ASX Listing Rule 7.1; and
- iv. As deferred milestone consideration, the Company to immediately deposit RM300,000 (~AUD\$113,000) to an interest-bearing solicitor's trust account, with RM100,000 in cash to be released (together with interest earned) to the vendors each year on each anniversary of the execution date for three anniversary years of 2021, 2022 and 2023.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint ventures entities

Not applicable.

7. Foreign entities to disclose which accounting standards are used in compiling the report

The financial statements of the Group have been prepared in accordance with Australian Accounting Standards issued by Australian Accounting Standards Board, which is also comply with International Financial Reporting Standards.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been reviewed by the auditors and are not subject to any audit dispute or qualification.

9. Attachments

Details of attachments (if any):

The Interim Report of I Synergy Group Limited for the half-year ended 30 June 2020 is attached.

10. Signed



Signed _____

Date: 31 August 2020

Dato' Teo Chee Hong
Director

I SYNERGY GROUP LIMITED

ACN: 613 927 361

CONSOLIDATED INTERIM REPORT for the half-year ended 30 June 2020

CONTENTS

	Page
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	29
Independent Auditor's Report	30



I SYNERGY GROUP LIMITED

ACN: 613 927 361

CORPORATE DIRECTORY

Directors	Dato' Teo Chee Hong Derrick De Souza Jeffrey Lee
Company Secretary	Harry Miller
Registered office	Ground Floor 16 Ord Street West Perth WA 6005 Phone: +618 9482 0500
Principal place of business	Malaysia Unit 20-10, Tower A The Vertical Business Suite Avenue 3, Bangsar South No. 8 Jalan Kerinchi 59200 Kuala Lumpur Malaysia Phone: +603 2242 1333 Indonesia Kantor Taman E3.3 Unit A2, Jl. Dr. Ide Anak Agung Gde Agung Lot 8.6-8.7 / E3.3, Kawasan Mega Kuningan, Kel Kuningan Timur, Kec. Setiabudi Jakarta Selatan 12950 Indonesia Phone: +62 21 5794 2020
Share register	Automatic Registry Services Level 12, 267 St Georges Terrace Perth WA 6000
Auditor	Crowe Perth Level 5, 45 St Georges Terrace Perth WA 6000
Stock exchange listing	I Synergy Group Limited shares are listed on the Australian Securities Exchange (ASX code: IS3)
Website	www.i-synergygroup.com
Corporate Governance Statement	www.i-synergygroup.com



**DIRECTORS' REPORT
HALF-YEAR ENDED 30 JUNE 2020**

The directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Consolidated entity') for the half-year ended 30 June 2020.

Directors

The following persons were directors of I Synergy Group Limited ('the Company') during the financial period and up to the date of this report, unless otherwise stated:

Dato Teo Chee Hong (Managing Director)
Derrick De Souza (Non-executive Director) (Appointed on 20 May 2020)
Jeffrey Lee (Non-executive Director) (Appointed on 20 May 2020)
Ilmars Draudins (Non-executive Chairman) (Retired on 3 July 2020)
Morgan Barron (Non-executive Director) (Retired on 3 July 2020)

Company Secretary

Harry Miller

Principal activities

The Group's principal activities are providing affiliate marketing solutions to advertisers and affiliates. There was no significant change in the nature of activities of the Company during the financial year.

Share buy-back

There is no share buy-back taken place during the financial period.

Dividends

No dividend was recommended by the directors of the Company for the financial period.

Review of operations

For the half-year ended 30 June 2020, the revenue experienced a decline of 13.64% compared to the previous half-year to AUD\$3.597 million from AUD\$4.165 million. This also resulted in the Group's loss after taxation to AUD\$808,000 from loss after taxation AUD\$345,000.

The decline in revenue is primarily due to the global pandemic COVID-19 which has impact the core business income stream of software activation, license rights and program fee from the sign up of new affiliates. The imposed Movement Control Order (MCO) in countries which the Group is operating in has further affected business activities of training and affiliate events which decreased new affiliates sign up.

Despite the performance observed above, the Group has taken the offensive and introduced an economic stimulus package for key stakeholders of affiliates, advertisers and users. Majority of the business activities have been moved online with automation of processes. This strategy is significant in managing expenses during this uncertain time while continuing to stimulate the market. The Management has been optimistic that the Group's products and services are well-placed for acceptance more than ever and would contribute positively for the time coming.

In addition, data collected shows that affiliate base has increased from 31,439 to 34,947 comparing Q2 2020 to Q2 2019; advertiser base from 2,781 to 3,622 user base from 3.1 million to 3.5 million. These figures signify an encouraging push forward on the business.



**DIRECTORS' REPORT
HALF-YEAR ENDED 30 JUNE 2020**

Significant changes in the state of affairs

On 17 March 2020, the subsidiary of the Company, I Synergy Consolidated Sdn. Bhd. has executed and an agreement to acquire entire issued capital of Ocean Nexus Sdn. Bhd. ("Ocean Nexus") ("Agreement") which is principally engaged in the business of providing customised software design and development services and solutions to customers for the purchase price comprise circa AUD\$282,000 cash and equity over the following components (together, the "Balance Purchase Price"):

- v. An upfront cash payment of RM200,000 (~AUD\$75,000) which will be paid immediately;
- vi. The balance purchase price of RM550,000 (AUD\$207,000) is to be paid as follows 437,500 fully paid ordinary shares which equates to AUD\$87,500 and deferred milestone consideration of AUD\$113,000;
- vii. One year after the Agreement execution date, the Company is to issue a fixed numbers 437,500 full paid ordinary shares to the vendors at a deemed value of AUD\$0.20 per share for a total deemed value of AUD\$94,000 (being a deemed equivalent value of RM250,000). These shares will be issued under the Company's 15% capacity under ASX Listing Rule 7.1; and
- viii. As deferred milestone consideration, the Company to immediately deposit RM300,000 (~AUD\$113,000) to an interest-bearing solicitor's trust account, with RM100,000 in cash to be released (together with interest earned) to the vendors each year on each anniversary of the execution date for three anniversary years of 2021, 2022 and 2023.

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest AUD\$1,000 (unless otherwise stated) and where noted (AUD\$'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 30 June 2020 has been received and can be found on page 4 of the Interim Report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Dato' Teo Chee Hong
Director
31 August 2020

DECLARATION OF INDEPENDENCE BY SEAN MCGURK TO THE DIRECTORS OF I SYNERGY GROUP LIMITED

As lead auditor for the review of I Synergy Group Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of I Synergy Group Limited and the entities it controlled during the period.



Crowe Perth



Sean McGurk
Partner

Signed at Perth, Western Australia

31 August 2020



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

		The Group	
	Note	30 Jun 2019 AUD\$'000	30 Jun 2018 AUD\$'000
Revenue	5	3,597	4,165
Cost of sales		(2,429)	(2,631)
Gross profit		1,168	1,534
Other income		52	109
Selling and distribution expenses		(35)	(321)
Administrative expenses		(1,988)	(1,623)
Finance cost		(5)	(42)
Loss before taxation	6	(808)	(343)
Income tax expense	7	-	(2)
Loss after taxation for the year		(808)	(345)
Other comprehensive income/(expenses)			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation differences		79	(14)
Total comprehensive expenses for the year		(729)	(359)
(Loss)/Profit after taxation attributable to:			
Non-controlling interest		190	153
Owners of the Company		(998)	(498)
		(808)	(345)
Total comprehensive (expenses)/income for the year attributable to:			
Non-controlling interest		147	163
Owners of the Company		(876)	(522)
		(729)	(359)
		Cents	Cents
Basic loss per share	8	(0.54)	(0.27)
Diluted loss per share	8	(0.54)	(0.27)

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

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

		The Group	
	Note	30 Jun 2020 AUD\$'000	31 Dec 2019 AUD\$'000
ASSETS			
<u>Current Assets</u>			
Cash and cash equivalents	9	5,298	6,219
Inventories	10	16	20
Trade receivables	11	265	505
Other receivables, deposits and prepayments	12	1,026	1,118
Current tax asset		271	215
		6,876	8,077
<u>Non-Current Assets</u>			
Equipment	14	1,240	1,675
Deferred tax asset	15	972	1,000
Right-of-use assets	16	180	331
Goodwill on consolidation	17	298	-
		2,690	3,006
TOTAL ASSETS		9,566	11,083
LIABILITIES			
<u>Current Liabilities</u>			
Trade payables	18	952	660
Other payables and accruals	19	1,929	2,089
Current tax liability		120	123
Deferred revenue	20	1,190	1,263
Lease liabilities	21	234	351
		4,425	4,486
<u>Non-Current Liabilities</u>			
Deferred revenue	20	4,787	5,522
Lease liabilities	21	90	165
		4,877	5,687
TOTAL LIABILITIES		9,302	10,173
NET ASSETS		264	910
EQUITY			
Share capital	22	2,442	2,442
Merger deficit	23	(1,042)	(1,042)
Foreign exchange translation reserve	24	128	6
Option reserve	25	172	513
Accumulated losses		(2,802)	(2,228)
Equity attributable to owners of the Company		(1,102)	(309)
Non-controlling interest		1,366	1,219
TOTAL EQUITY		264	910

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

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2020

The Group	Share Capital AUD\$'000	Merger Deficit * AUD\$'000	Foreign Exchange Translation Reserve AUD\$'000	Option Reserve AUD\$'000	Retained Earnings AUD\$'000	Attributable To Owners Of The Company AUD\$'000	Non- Controlling Interest AUD\$'000	Total Equity AUD\$'000
Balance at 1.1.2020	2,442	(1,042)	6	513	(2,228)	(309)	1,219	910
Profit/(Loss) after taxation for the financial period	-	-	-	-	(998)	(998)	190	(808)
Other comprehensive income for the financial period, net of tax:								
- Foreign currency translation differences	-	-	122	-	-	122	(43)	79
Total comprehensive income/(expenses) for the financial period	-	-	122	-	(998)	(876)	147	(729)
Contributions by and distributions to owners of the Company:								
- Options to employees	-	-	-	83	-	83	-	83
- Options lapsed	-	-	-	(424)	424	-	-	-
Total transactions with owners	-	-	-	(341)	424	83	-	83
Balance at 30.6.2020	2,442	(1,042)	128	172	(2,802)	(1,102)	1,366	264

*Note:*** - arising from merger accounting.*

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



I SYNERGY GROUP LIMITED

ACN: 613 927 361

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2020 (CONT'D)

The Group	Share Capital AUD\$'000	Merger Deficit * AUD\$'000	Foreign Exchange Translation Reserve AUD\$'000	Option Reserve AUD\$'000	Retained Earnings AUD\$'000	Attributable To Owners Of The Company AUD\$'000	Non-Controlling Interest AUD\$'000	Total Equity AUD\$'000
Balance at 1.1.2019	2,442	(1,042)	37	501	(69)	1,869	1,904	3,773
(Loss)/Profit after taxation for the financial year	-	-	-	-	(498)	(498)	153	(345)
Other comprehensive (expenses)/income for the financial year, net of tax:								
- Foreign currency translation differences	-	-	(24)	-	-	(24)	10	(14)
Total comprehensive (expenses)/income for the financial year	-	-	(24)	-	(498)	(522)	163	(359)
Contributions by and distributions to owners of the Company:								
- Options to employees	-	-	-	12	-	12	-	12
Total transactions with owners	-	-	-	12	-	12	-	12
Balance at 30.6.2019	2,442	(1,042)	13	513	(567)	1,359	2,067	3,426

Note:

* - arising from merger accounting.

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

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
30 JUNE 2020**

	The Group	
	30 Jun 2020	30 Jun 2019
	AUD\$'000	AUD\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Sale from customers	3,215	3,322
Payments to suppliers and employees	(3,772)	(4,266)
Cash used in from operations	(557)	(944)
Interest paid	(5)	(42)
Income tax paid	(59)	(77)
Net cash used in operating activities	(621)	(1,063)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	52	110
Proceeds from disposal of equipment	4	43
Purchase of equipment	(9)	(292)
Consideration paid for acquisition of a subsidiary	(81)	-
Net cash (used in)/from investing activities	(34)	(139)
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of lease liabilities	(222)	(323)
Net cash used in financing activity	(222)	(323)
Net decrease in cash and cash equivalents	(877)	(1,525)
Effects of exchange rate changes on cash and cash equivalents	(44)	(1)
Cash and cash equivalents at the beginning of the financial period	6,219	9,953
Cash and cash equivalents at the end of the financial period	5,298	8,427

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



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Corporations Act 2001. The domicile of the Company is Australia. The registered office and principal place of business are as follows:-

Registered office : Ground Floor, 16 Ord Street,
West Perth, WA 6005.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 31 August 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries were involved in providing affiliate marketing solutions to advertisers and affiliates. There was no significant change in the nature of activities of the Company during the period.

3. BASIS OF PREPARATION

The financial statements cover I Synergy Group Limited as a consolidated entity ("the Group") consisting of I Synergy Group Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2020.

These general purpose financial statements for the interim half-year reporting period ended 30 June 2020 ("Consolidated Interim Financial Report") have been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001. International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board ('AASB'). The Consolidated Interim Financial Report also comply with International Accounting Standards IAS 34: Interim Financial Reporting.

The Consolidated Interim Financial Report does not include all of the information required for an annual financial report and should be read in conjunction with the Consolidated Annual Financial Report of the I Synergy Group Limited for the financial year ended 31 December 2019. This report should also be read in conjunction with any public announcements made by the Company in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency. For the purposes of the Consolidated Interim Financial Report, the presentation currency used is Australian Dollars ("AUD\$") and has been rounded to the nearest thousand, unless otherwise stated.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in this Consolidated Interim Financial Report are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

5. REVENUE

	The Group	
	30 Jun 2020	30 Jun 2019
	AUD\$'000	AUD\$'000
<u>Revenue recognised at a point in time</u>		
Software activation	2,247	2,248
Training	394	586
Affiliate program fees	93	152
Seminar and event	74	145
Merchandise sales	5	4
	<hr/>	<hr/>
	2,813	3,135
 <u>Revenue recognised over time</u>		
License right to access	719	1,030
Subscription fee	65	-
	<hr/>	<hr/>
	784	1,030
	<hr/>	<hr/>
	3,597	4,165
	<hr/>	<hr/>

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****6. LOSS BEFORE TAXATION**

	The Group	
	30 Jun 2020	30 Jun 2019
	AUD\$'000	AUD\$'000
Loss before taxation is arrived at after charging/(crediting):-		
Audit fee	-	15
Bad debts written off	6	-
Depreciation of equipment	155	140
Depreciation of right of use	262	252
Directors' remuneration	149	201
Equipment written off	263	-
Interest expense on financial liability not at FVTPL:		
- hire purchase	-	11
- lease liabilities	5	-
Loss on disposal of equipment	4	-
Rental of equipment	3	4
Rental of premises	7	-
Staff costs:		
- salaries, bonuses, commissions and allowances	706	585
- defined contribution plan	63	52
- others	19	21
Interest income on financial assets that are:		
- at FVTPL	(46)	-
- not at FVTPL	(6)	(99)
Gain on disposal of equipment	-	(43)

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****7. INCOME TAX EXPENSE**

	The Group	
	30 Jun 2020	30 Jun 2019
	AUD\$'000	AUD\$'000
Income tax expense:		
- for the financial period	-	2
- under provision in previous financial years	-	-
	<u>-</u>	<u>2</u>

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

	The Group	
	30 Jun 2020	30 Jun 2019
	AUD\$'000	AUD\$'000
Loss before taxation	(808)	(343)
Tax at the statutory tax rates	(194)	(82)
Tax effects of:-		
Tax incentive for pioneer products	(160)	-
Non-deductible expenses	189	84
Non-taxable income	(10)	-
Deferred tax assets not recognised	175	-
Income tax expense for the financial year	<u>-</u>	<u>2</u>

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****8. LOSS PER SHARE**

	The Group	
	30 Jun 2020	30 Jun 2019
	AUD\$'000	AUD\$'000
Loss after taxation	(808)	(345)
Non-controlling interest	(190)	(153)
Loss after taxation attributable to the owners of the parent	<u>(998)</u>	<u>(498)</u>
	The Group	
	30 Jun 2020	30 Jun 2019
	Number	Number
<u>Basic loss per share</u>		
Weighted average number of ordinary shares used in calculating basic loss per share	183,268,088	183,068,088
	Cents	Cents
Basic loss per share	<u>(0.54)</u>	<u>(0.27)</u>
<u>Diluted loss per share</u>		
Weighted average number of ordinary shares used in calculating basic loss per share	183,268,088	183,068,088
	Cents	Cents
Diluted loss per share	<u>(0.54)</u>	<u>(0.27)</u>

9. CASH AND CASH EQUIVALENTS

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
Short-term investments with financial institutions, at fair value	3,704	2,359
Cash and bank balances	1,594	3,860
	<u>5,298</u>	<u>6,219</u>
Market value of short-term investments	<u>3,704</u>	<u>2,359</u>

The short-term investments are highly liquid investments in fixed income securities, Islamic money market fund and money market instruments that are readily convertible to known amounts of cash.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****10. INVENTORIES**

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
At cost:-		
Merchandise held for sale	16	20
	<hr/>	<hr/>
Recognised in profit or loss:		
Inventories recognised as cost of sales	6	17
	<hr/>	<hr/>

None of the inventories are stated at net realisable value.

11. TRADE RECEIVABLES

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
Trade receivables	639	889
Allowance for expected credit losses	(374)	(384)
	<hr/>	<hr/>
	265	505
	<hr/>	<hr/>
Allowances for expected credit losses:		
At 1.1 2020/2019	(384)	(223)
Addition during the financial period/year	-	(156)
Foreign exchange translation differences	10	(5)
	<hr/>	<hr/>
At 30.6.2020/31.12.2019	(374)	(384)
	<hr/>	<hr/>

The Group's normal trade credit terms range from 30 to 60 (2018 - 30 to 60) days.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
Other receivables	389	450
Deposits	238	287
Prepayments	399	381
	<hr/>	<hr/>
	1,026	1,118
	<hr/>	<hr/>



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

13. CONTROLLED ENTITIES

Details of the subsidiaries are as follows:-

	Country of Incorporation	Effective Equity Interest		Principal Activities
		30 Jun 2020 %	31 Dec 2019 %	
I Synergy (Singapore) Pte Ltd ("ISS")	Singapore	100	100	Investment holding.
<i>Held by ISS</i>				
I Synergy Consolidated Sdn Bhd ("ISC")	Malaysia	100	100	Investment holding.
PT Inovatif Sinergi Internasional ("PTISI")	Indonesia	100	100	Business of affiliate marketing and related affiliate management services for commercial industry.
<i>Held by ISC</i>				
I Synergy International (M) Sdn Bhd ("ISI")	Malaysia	100	100	Business of affiliate marketing and related affiliate management services for commercial industry.
I Synergy Universal Sdn Bhd ("ISU")	Malaysia	70	70	Research, development, maintenance and commercialisation of proprietary affiliate marketing platform.
I Synergy Edutech Sdn Bhd ("ISE")	Malaysia	100	100	Research, development, maintenance and commercialisation of proprietary learning management system.
I Synergy Rewards Sdn Bhd ("ISR")	Malaysia	100	100	Business of retail affiliate marketing and related affiliate services for commercial industry.
Ocean Nexus Sdn Bhd ("Ocean Nexus")	Malaysia	100	-	Customised software design and development services and solutions.



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

13. CONTROLLED ENTITIES

During the financial period, ISC has executed and an agreement to acquire entire issued capital of Ocean Nexus Sdn. Bhd. ("Ocean Nexus") ("Agreement") which is principally engaged in the business of providing customised software design and development services and solutions to customers for the purchase price comprise circa AUD\$282,000 cash and equity over the following components (together, the "Balance Purchase Price"):

- i. An upfront cash payment of RM200,000 (~AUD\$75,000) which will be paid immediately;
- ii. The balance purchase price of RM500,000 (AUD\$207,000) is to be paid as follows 437,500 fully paid ordinary shares which equates to AUD\$87,500 and deferred milestone consideration of AUD\$113,000;
- iii. One year after the Agreement execution date, the Company is to issue a fixed numbers 437,500 full paid ordinary shares to the vendors at a deemed value of AUD\$0.20 per share for a total deemed value of AUD\$94,000 (being a deemed equivalent value of RM250,000). These shares will be issued under the Company's 15% capacity under ASX Listing Rule 7.1; and
- iv. As deferred milestone consideration, the Company to immediately deposit RM300,000 (~AUD\$113,000) to an interest-bearing solicitor's trust account, with RM100,000 in cash to be released (together with interest earned) to the vendors each year on each anniversary of the execution date for three anniversary years of 2021, 2022 and 2023.



I SYNERGY GROUP LIMITED

ACN: 613 927 361

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2020

14. EQUIPMENT

	At 1.1.2020 AUD\$'000	Additions AUD\$'000	Acquisition of a subsidiary AUD\$'000	Written Off AUD\$'000	Disposal AUD\$'000	Depreciation Charges AUD\$'000	Foreign Currency Translation Difference AUD\$'000	At 30.6.2020 AUD\$'000
The Group								
Computers, handphone and printer	319	8	-	-	-	(48)	(6)	273
Furniture and fittings	58	1	-	(8)	(3)	(4)	(1)	43
Merchant equipment	105	-	-	-	-	(10)	(2)	93
Motor vehicles	389	-	-	-	-	(52)	(8)	329
Office equipment	163	-	-	(23)	(3)	(11)	(2)	124
Renovation	620	-	5	(226)	(2)	(27)	(4)	366
Signboard	21	-	-	(6)	-	(3)	-	12
	1,675	9	5	(263)	(8)	(155)	(23)	1,240

	At 1.1.2019 AUD\$'000	Additions AUD\$'000	Written Off AUD\$'000	Disposal AUD\$'000	Depreciation Charges AUD\$'000	Foreign Currency Translation Difference AUD\$'000	At 31.12.2019 AUD\$'000
The Group							
Computers, handphone and printer	89	289	-	-	(63)	4	319
Furniture and fittings	59	9	-	(2)	(11)	3	58
Merchant equipment	121	-	-	-	(18)	2	105
Motor vehicles	370	195	-	(77)	(106)	7	389
Office equipment	114	69	-	-	(23)	3	163
Renovation	600	249	(158)	-	(82)	11	620
Signboard	21	2	-	-	(2)	-	21
	1,374	813	(158)	(79)	(305)	30	1,675

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****14. EQUIPMENT (CONT'D)**

The Group	At Cost AUD\$'000	Accumulated Depreciation AUD\$'000	Net Book Value AUD\$'000
30.6.2020			
Computers, handphone and printer	539	(266)	273
Furniture and fittings	81	(38)	43
Merchant equipment	136	(43)	93
Motor vehicles	668	(339)	329
Office equipment	181	(57)	124
Renovation	470	(104)	366
Signboard	19	(7)	12
	2,094	(854)	1,240

The Group	At Cost AUD\$'000	Accumulated Depreciation AUD\$'000	Net Book Value AUD\$'000
31.12.2019			
Computers, handphone and printer	566	(247)	319
Furniture and fittings	100	(42)	58
Merchant equipment	140	(35)	105
Motor vehicles	682	(293)	389
Office equipment	228	(65)	163
Renovation	846	(226)	620
Signboard	29	(8)	21
	2,591	(916)	1,675

Included in the net book value of equipment of the Group were motor vehicles with a total net book value of AUD\$165,000 (31.12.2019 - AUD\$201,000, which was acquired under hire purchases terms. These leased assets had been pledged as security for the lease liabilities of the Group as disclosed in Note 21 to the financial statements.

The motor vehicles with a total net book value of AUD\$165,000 (31.12.2019 - AUD\$380,000) are held in trust by a director of the Company.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****15. DEFERRED TAX ASSETS**

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
At 1.1.2020/2019	1,000	996
Recognised in profit or loss (Note 7)	-	(14)
Foreign currency translation differences	(28)	18
At 30.6.2020/31.12.2019	<u>972</u>	<u>1,000</u>

The deferred tax assets represented by:-

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
Deductible temporary differences arising from tax paid in advance on the software platform license fees received in advance from affiliates – Deferred Revenue	986	1,028
Accelerated capital allowance over depreciation	(14)	(28)
	<u>972</u>	<u>1,000</u>

16. RIGHT-OF-USE ASSETS

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
<i>Property Leases</i>		
At 1.1.2020/2019	331	-
Initial application of AASB 16	-	931
Additions	214	-
Depreciation charges	(262)	(653)
Termination	(102)	-
Foreign currency translation differences	(1)	53
At 30.6.2020/31.12.2019	<u>180</u>	<u>331</u>

The Group has leased a number of properties that run between 1 year and 2 years, with an option to renew the lease after that date.

17. GOODWILL ON CONSOLIDATION

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
At 1.1.2020/2019	-	-
Acquisition of a subsidiary	298	-
At 30.6.2020/31.12.2019	<u>298</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****18. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 60 (31.12.2019 - 30 to 60) days.

19. OTHER PAYABLES AND ACCRUALS

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
Other payables	1,617	1,917
Deposits received	96	85
Accruals	216	87
	<u>1,929</u>	<u>2,089</u>

Included in other payables of the Group is commission payable to affiliates amounting to approximately AUD\$678,000 (31.12.2019 – AUD\$1,146,000).

20. DEFERRED REVENUE

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
License right to access:		
Current liabilities	1,190	1,263
Non-current liabilities	4,787	5,522
	<u>5,977</u>	<u>6,785</u>

Deferred revenue represents the amount of transaction price received upfront and allocated to performance obligation in respect of software platform licences that are unsatisfied as at the end of the reporting period. The software platform license provides for the rights to access the Group's affiliate marketing system as it exists throughout the licensed period. Licences that provide access are performance obligations satisfied over a certain period of time (between 3 years to 10 years) and, therefore, deferred revenue is recognised over that licensed period.

The significant changes in the deferred revenue balance during the financial year are summarised below:-

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
Deferred revenue balance at the beginning of the financial period/year recognised as revenue	<u>717</u>	<u>1,333</u>

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****21. LEASE LIABILITIES**

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
At 1.1.2020/2019	516	-
Initial application of AASB 16	-	1,297
Additions	132	-
Repayment	(222)	(738)
Termination	(98)	-
Foreign currency translation differences	(4)	(43)
At 30.6.2020/31.12.2019	<u>324</u>	<u>516</u>
Analysed by:-		
Current liabilities	234	351
Non-current liabilities	90	165
	<u>324</u>	<u>516</u>

22. SHARE CAPITAL

	The Group/The Company			
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	Number of Shares		AUD\$'000	AUD\$'000
Fully Paid-Up Ordinary Shares				
At 1.1.2020/2019	183,268,088	183,068,088	2,442	2,442
Issuance of new shares	-	200,000	-	-
At 30.6.2020/2019	<u>183,268,088</u>	<u>183,268,088</u>	<u>2,442</u>	<u>2,442</u>

23. MERGER DEFICIT

The merger deficit relates to the subsidiaries which were consolidated under the merger method of accounting.

The merger deficit arose from the difference between the nominal value of shares issued for the acquisition of subsidiaries and the nominal value of the shares acquired.

24. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries.



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

25. OPTION RESERVE

The option reserve represents the equity-settled option granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled option and is reduced by the expiry or exercise of the options and performance rights.

The Group provides benefits to employees of the Group in the form of share-based payments, whereby the employees render services in exchange for share options and performance rights over shares. There is no equity-settled share-based payment expense during the financial period (31.12.2019 - AUD\$12,000).

Option

The option price and the details in the movement of the options granted are as follows:

Date of Offer	Number of Options Granted	Exercise Price	Vesting and Exercise Date	Expiry Date	Number of Options Over Ordinary Shares				
					At 1.1.2020	Granted	Vested	Lapsed	At 30.6.2020
30.3.2017	1,100,000	AUD\$0.30	3 years	AUD\$0.30	1,100,000	-	-	-	1,100,000
30.3.2017	5,540,109	AUD\$0.30	3 years	AUD\$0.30	5,540,109	-	-	(5,540,109)	-
15.1.2019	4,810,000	AUD\$0.30	3 years	AUD\$0.30	4,810,000	-	-	(390,000)	4,420,000
29.5.2019	300,000	AUD\$0.30	3 years	AUD\$0.30	300,000	-	-	-	300,000
	<u>11,750,109</u>				<u>11,750,109</u>	<u>-</u>	<u>-</u>	<u>(5,930,109)</u>	<u>5,820,000</u>

The option price and the details in the movement of the options vested are as follows:

Date of Offer	Number of Options Granted	Exercise Price	Vesting and Exercise Date	Expiry Date	Number of Options Over Ordinary Shares				
					At 1.1.2020	Vested	Exercised	Lapsed	At 30.6.2020
30.3.2017	1,100,000	AUD\$0.30	3 years	AUD\$0.30	800,000	300,000	-	-	1,100,000
30.3.2017	5,540,109	AUD\$0.30	3 years	AUD\$0.30	5,540,109	-	-	(5,540,109)	-
15.1.2019	4,810,000	AUD\$0.30	3 years	AUD\$0.30	-	1,603,333	-	(130,000)	1,473,333
29.5.2019	300,000	AUD\$0.30	3 years	AUD\$0.30	-	100,000	-	-	100,000
	<u>11,750,109</u>				<u>6,340,109</u>	<u>2,003,333</u>	<u>-</u>	<u>(5,670,109)</u>	<u>2,673,333</u>

Performance Right

The details in the movement of the performance rights granted are as follows:

Date of Offer	Class	Number of Performance Right Granted	Terms	Number of Options Over Ordinary Shares				
				At 1.1.2020	Granted	Vested	Lapsed	At 30.6.2020
30.3.2017	C	200,000	1	200,000	-	(200,000)	-	-
				<u>200,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>

Note:

¹ - The holder remains engaged by the Company for 3 year from 30 March 2017.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****25. OPTION RESERVE (CONT'D)**

No person to whom the share option and performance rights has been granted above has any right to participate by virtue of the option in any share issue of the any other company.

The number of options exercisable as at the end of the reporting period was 2,673,333 (31.12.2019 – 6,340,109) and have an exercise price of AUD\$0.30 and a remaining contractual life of approximately 3 months to 33 months.

There is no equity-settled option granted during the financial period (31.12.2019 – 5,110,000).

The fair values of the share options vested were estimated using a Black-Scholes model, taking into account the terms and conditions upon which the options were vested. The fair value of the share options measured at vesting date and the assumptions used are as follows:-

	The Group/ The Company	
	30 Jun 2020	31 Dec 2019
Fair value of share options at the grant date (AUD\$)	0.04	0.04
Weighted average ordinary share price (AUD\$)	0.14	0.14
Exercise price of share option (AUD\$)	0.30	0.30
Expected volatility (%)	57.99	57.99
Expected life (years)	5	5
Risk free rate (%)	1.07	1.07
Expected dividend yield (%)	2.22	2.22

26. SIGNIFICANT RELATED PARTY DISCLOSURES**(a) Identities of Related Parties**

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****26. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)****(b) Related Party Transactions and Balances**

The Group carried out the following transactions with the related parties during the financial year:-

	The Group	
	30 Jun 2020	31 Dec 2019
	AUD\$'000	AUD\$'000
Triple Gem Sdn Bhd (Director-related entity of Dato' Teo Chee Hong)		
- Office rental	95	183
Ventnor Capital Pty Ltd (Director related entity of Morgan Barron)		
- Company secretarial services	18	43
	<u> </u>	<u> </u>

All transactions were made on normal commercial terms and conditions and at market rates.

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

(c) Key Management Personnel Compensation

	The Group	
	30 Jun 2020	30 Jun 2019
	AUD\$'000	AUD\$'000
Key management personnel compensation (including directors' remuneration):		
- short-term employee benefits	216	245
- define contribution plan	18	21
	<u> </u>	<u> </u>
	<u>234</u>	<u>266</u>

27. CAPITAL COMMITMENT

	The Group	
	30 Jun 2020	30 Jun 2019
	AUD\$'000	AUD\$'000
Purchase of equipment	15	-
	<u> </u>	<u> </u>

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****28. OPERATING SEGMENTS****28.1 BUSINESS SEGMENT**

The Group operates predominantly in one business segment (affiliate marketing solutions). Accordingly, the information by business segment is not presented.

28.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments (but including deferred tax assets).

Group	Revenue		Non-current Assets	
	30 Jun 2020 AUD\$'000	30 Jun 2019 AUD\$'000	30 Jun 2020 AUD\$'000	31 Dec 2019 AUD\$'000
Indonesia	81	369	115	85
Malaysia	3,516	3,796	2,615	2,921
	<u>3,597</u>	<u>4,165</u>	<u>2,730</u>	<u>3,006</u>

28.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

28.4 DISAGGREGATION OF REVENUE

Revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition as below:-

	Indonesia AUD\$'000	Malaysia AUD\$'000	Group AUD\$'000
30.6.2020			
At a point of time	81	2,732	2,813
Over time	-	784	784
	<u>81</u>	<u>3,516</u>	<u>3,597</u>
30.6.2019			
At a point of time	369	2,766	3,135
Over time	-	1,030	1,030
	<u>369</u>	<u>3,796</u>	<u>4,165</u>

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020****29. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD**

- (a) On 17 March 2020, ISC has executed and an agreement to acquire entire issued capital of Ocean Nexus Sdn. Bhd. ("Ocean Nexus") ("Agreement") which is principally engaged in the business of providing customised software design and development services and solutions to customers for the purchase price comprise circa AUD\$282,000 cash and equity over the following components (together, the "Balance Purchase Price"):
- i. An upfront cash payment of RM200,000 (~AUD\$75,000) which will be paid immediately;
 - ii. The balance purchase price of RM500,000 (AUD\$207,000) is to be paid as follows 437,500 fully paid ordinary shares which equates to AUD\$87,500 and deferred milestone consideration of AUD\$113,000;
 - iii. One year after the Agreement execution date, the Company is to issue a fixed numbers 437,500 full paid ordinary shares to the vendors at a deemed value of AUD\$0.20 per share for a total deemed value of AUD\$94,000 (being a deemed equivalent value of RM250,000). These shares will be issued under the Company's 15% capacity under ASX Listing Rule 7.1; and
 - iv. As deferred milestone consideration, the Company to immediately deposit RM300,000 (~AUD\$113,000) to an interest-bearing solicitor's trust account, with RM100,000 in cash to be released (together with interest earned) to the vendors each year on each anniversary of the execution date for three anniversary years of 2021, 2022 and 2023.

The acquisition is expected to enable the Group to have technical IT expertise within the Group rather than externally contracted and will strengthen our group IT capabilities in the ecommerce area.

The fair value of the identifiable assets acquired and liabilities assumed are as follows:-

	The Group AUD\$'000
Plant and equipment	4
Trade receivables	3
Other receivables, deposits and prepayments	5
Cash and cash equivalents	6
Other payables and accruals	(32)
Net identifiable assets acquired	(14)
Add: Goodwill on acquisition of a subsidiary	298
Net assets acquired	284

The goodwill is attributable to the new subsidiary's strong position in the software and IT capability software development activities and the synergies expected to arise after the acquisition which will enhance its revenue generating potential. The goodwill is not deductible for tax purposes.



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

29. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

- (b) The Coronavirus (COVID-19) pandemic continues to impact communities and businesses throughout the world including Malaysia, and the communities where the Group operates. The pandemic will likely have a financial impact for the Group in the 2020 financial year and beyond. The scale, timing and duration of the potential impacts on the Group are unknown, however could materially impact the carrying value or amounts realised in respect of: receivables, equipment, deferred tax asset and other assets and liabilities (including recognition of additional liabilities such as onerous contracts) disclosed in the 30 June 2020 financial report. The Group cannot, however, reasonably estimate the impact of these potential items at this time. The Group continues to monitor market developments and will reflect any relevant impacts in the appropriate future reporting periods.



I SYNERGY GROUP LIMITED

ACN: 613 927 361

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of I Synergy Group Limited, the directors of the Company declare that:

1. the Consolidated Interim Financial Report and notes are in accordance with the Corporations Act 2001, including:
 - a. comply with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2020 and of its performance for the half-year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in on behalf of the directors, and accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Dato' Teo Chee Hong', written over a horizontal line.

Dato' Teo Chee Hong
Director
31 August 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF I SYNERGY GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of I Synergy Group Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Crowe Perth



Sean McGurk
Partner

Signed at Perth, Western Australia

31 August 2020