



**APPENDIX 4E  
PRELIMINARY FINAL REPORT**

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**1. Company details**

Name of entity:	I Synergy Group Limited
ABN:	51 613 927 361
Reporting period:	For the year ended 31 December 2020
Previous period:	For the year ended 31 December 2019

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**2. Results for announcement to the market**

				<b>AUD\$'000</b>
Revenue from ordinary activities	down	4.5%	to	8,369
Loss from ordinary activities after tax attributable to the owners of I Synergy Group Limited	down	32.1%	to	(1,467)
Loss for the year attributable to the owners of I Synergy Group Limited	down	45.6%	to	(1,192)

*Dividend*

No dividend was recommended by the directors for the financial year.

*Comment*

During the financial year, the revenue experienced a decline of 4.5% compared to the previous financial year to AUD\$8.369 million from AUD\$8.768 million. This also resulted in the lower Group's loss after taxation to AUD\$1,065,000 from loss after taxation AUD\$1,834,000.

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.

During the financial year, a high direct cost was borne by the Group for the development of an all new system for the affiliate program, significant enhancements of its mobile application and system portal, database restructuring, research and development and advertising and promotions campaigns.

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.

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PRELIMINARY FINAL REPORT**

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**3. Net tangible liabilities**

	Reporting period Cents	Previous period Cents
Net tangible liabilities per ordinary share	(0.45)	(0.05)

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**4. Control gained over entities**

During the financial year, Ocean Nexus Sdn. Bhd. was acquired on 17 March 2020 for the purchase price comprise circa AUD\$282,000 cash and equity and is wholly owned by I Synergy Consolidation Sdn. Bhd. This subsidiary is principally engaged in the business of providing customized software design and development services and solutions.

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**5. Loss control over entities**

Not applicable.

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**6. Details of associates and joint venture entities**

Not applicable.

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**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.

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**8. Audit status**

The accounts are in the process of being audited.

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**9. If the accounts have not yet been audited and are likely to contain an independent audit report that is to a modified opinion, emphasis of matter or other matter paragraph, a description of the likely modified opinion, emphasis of matter or other matter paragraph**

The independent audit report is unlikely to contain a modified opinion, emphasis of matter or other matter paragraph, a description of the likely modified opinion, emphasis of matter or other matter paragraph.

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**APPENDIX 4E**  
**PRELIMINARY FINAL REPORT**

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**10. Attachments**

*Details of attachments (if any):*

The Financial Statements and Notes forming part of the Preliminary Final Report of I Synergy Group Limited for the year ended 31 December 2020 is attached.

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**11. Signed**

Signed  \_\_\_\_\_

Dato' Teo Chee Hong  
Director

Date: 25 February 2021

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

		The Group	
	Note	2020 AUD\$'000	2019 AUD\$'000
Revenue	2	8,369	8,768
Cost of sales		(5,445)	(6,156)
Gross profit		2,934	2,612
Other income		112	196
Selling and distribution expenses		(65)	(688)
Administrative expenses		(3,993)	(3,882)
Finance cost		(10)	(25)
Loss before taxation	3	(1,032)	(1,787)
Income tax expense	4	(33)	(47)
Loss after taxation for the year		(1,065)	(1,834)
Other comprehensive income			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation differences		154	-
Total comprehensive expenses for the year		(911)	(1,834)
(Loss)/Profit after taxation attributable to:			
Non-controlling interest		402	325
Owners of the Company		(1,467)	(2,159)
		(1,065)	(1,834)
Total comprehensive (expenses)/income for the year attributable to:			
Non-controlling interest		281	356
Owners of the Company		(1,192)	(2,190)
		(911)	(1,834)
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	5	(0.80)	(1.18)
Diluted loss per share	5	(0.80)	(1.18)

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 31 DECEMBER 2020**

		The Group	
	Note	2020 AUD\$'000	2019 AUD\$'000
<b>ASSETS</b>			
<u>Current Assets</u>			
Cash and cash equivalents	6	4,951	6,219
Inventories	7	15	20
Trade receivables	8	87	505
Other receivables, deposits and prepayments	9	437	1,118
Current tax asset		279	215
		5,769	8,077
<u>Non-Current Assets</u>			
Equipment	10	693	1,474
Deferred tax asset	11	922	1,000
Right-of-use assets	12	134	532
Goodwill on consolidation	13	238	-
Development costs	14	121	-
		2,108	3,006
<b>TOTAL ASSETS</b>		7,877	11,083
<b>LIABILITIES</b>			
<u>Current Liabilities</u>			
Trade payables	15	823	660
Other payables and accruals	16	1,560	2,089
Current tax liability		114	123
Deferred revenue	17	1,089	1,263
Lease liabilities	18	54	351
		3,640	4,486
<u>Non-Current Liabilities</u>			
Other payables	16	60	-
Deferred revenue	17	3,989	5,522
Lease liabilities	18	89	165
Deferred tax liabilities	19	16	-
		4,154	5,687
<b>TOTAL LIABILITIES</b>		7,794	10,173
<b>NET ASSETS</b>		83	910
<b>EQUITY</b>			
Share capital	20	2,442	2,442
Merger deficit	21	(1,042)	(1,042)
Foreign exchange translation reserve	22	281	6
Option reserve	23	137	513
Accumulated losses		(3,235)	(2,228)
		(1,417)	(309)
Equity attributable to owners of the Company		(1,417)	(309)
Non-controlling interest		1,500	1,219
<b>TOTAL EQUITY</b>		83	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 FINANCIAL YEAR ENDED 31 DECEMBER 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
(Loss)/Profit after taxation for the financial year	-	-	-	-	(1,467)	(1,467)	402	(1,065)
Other comprehensive income/(expenses) for the financial year, net of tax:	-	-	275	-	-	275	(121)	154
- Foreign currency translation differences	-	-	275	-	-	275	(121)	154
Total comprehensive income/(expenses) for the financial year	-	-	275	-	(1,467)	(1,192)	281	(911)
Contributions by and distributions to owners of the Company:	-	-	-	-	-	-	-	-
- Options to employees	-	-	-	84	-	84	-	84
- Options lapsed	-	-	-	(460)	460	-	-	-
Total transactions with owners	-	-	-	(376)	460	84	-	84
Balance at 31.12.2020	2,442	(1,042)	281	137	(3,235)	(1,417)	1,500	83

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 FINANCIAL YEAR ENDED 31 DECEMBER 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	-	-	-	-	(2,159)	(2,159)	325	(1,834)
Other comprehensive income for the financial year, net of tax:	-	-	(31)	-	-	(31)	31	-
- Foreign currency translation differences	-	-	(31)	-	-	(31)	31	-
Total comprehensive (expenses)/income for the financial year	-	-	(31)	-	(2,159)	(2,190)	356	(1,834)
Contributions by and distributions to owners of the Company:	-	-	-	-	-	-	-	-
- Options to employees	-	-	-	12	-	12	-	12
- Dividend by a subsidiary to non-controlling interest	-	-	-	-	-	-	(1,041)	(1,041)
Total transactions with owners	-	-	-	12	-	12	(1,041)	(1,029)
Balance at 31.12.2019	2,442	(1,042)	6	513	(2,228)	(309)	1,219	910

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 FINANCIAL YEAR ENDED  
31 DECEMBER 2020**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Sale from customers	8,133	7,128
Payments to suppliers and employees	(8,479)	(8,244)
Cash used in from operations	(346)	(1,116)
Interest paid	(16)	(53)
Income tax paid	(88)	(141)
Net cash used in operating activities	(450)	(1,310)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	91	293
Proceeds from disposal of equipment	10	135
Purchase of equipment	(196)	(813)
Development costs paid	(134)	-
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(84)	-
Net cash (used in)/from investing activities	(313)	(501)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	-
Dividend paid by a subsidiary to non-controlling interest	-	(1,041)
Purchase of own shares	-	-
Repayment of lease liabilities	(304)	(738)
Net cash used in financing activities	(304)	(1,779)
Net decrease in cash and cash equivalents	(1,067)	(3,590)
Effects of foreign exchange translation	(201)	(144)
Cash and cash equivalents at the beginning of the financial year	6,219	9,953
Cash and cash equivalents at the end of the financial year	4,951	6,219

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





# I SYNERGY GROUP LIMITED

ACN: 613 927 361

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 1. BASIS OF PREPARATION

The Preliminary Final Report ("the Report") are prepared in compliance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'). The Report also comply with International Financial Reporting Standards.

It is recommended that the Report be read in conjunction with the half yearly financial statements of I Synergy Group Limited and its controlled entities ("the Group") as at 30 June 2020 together with any public announcements made by I Synergy Group Limited during the financial year ended 31 December 2020, in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The principal accounting policies adopted in this 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 Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of the new or amended Accounting Standards and Interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

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

### 2. REVENUE

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
<u>Revenue recognised at a point in time</u>		
Software activation	5,751	5,669
Training	931	1,251
Affiliate program fees	236	293
Seminar and event	72	175
Merchandise sales	16	44
	<hr/>	<hr/>
	7,006	7,432
<u>Revenue recognised over time</u>		
License right to access	1,254	1,336
Subscription fee	109	-
	<hr/>	<hr/>
	8,369	8,768
	<hr/>	<hr/>

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****3. LOSS BEFORE TAXATION**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
Loss before taxation is arrived at after charging/(crediting):-		
Allowance for impairment losses on trade receivables	103	156
Amortisation of development costs	5	-
Audit fee	72	94
Bad debts written off	11	19
Depreciation of equipment	226	243
Depreciation of right of use	435	715
Deposits written off	52	-
Directors' remuneration:		
- salaries, bonuses and allowances	229	322
- defined contribution plan	36	20
Equipment written off	660	158
Interest expense on financial liability not at FVTPL:		
- hire purchase	-	13
- lease liabilities	13	40
- imputed interest on a long-term payable	3	-
Loss/(Gain) on disposal of equipment	21	(56)
Rental of equipment	10	81
Rental of premises	10	10
Staff costs:		
- salaries, bonuses, commissions and allowances	1,160	1,182
- defined contribution plan	101	123
- others	38	63
Gain on lease termination	(8)	-
Interest income on financial assets that are:		
- at FVTPL	(80)	(119)
- not at FVTPL	(11)	(58)

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****4. INCOME TAX EXPENSE**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
Income tax expense:		
- for the financial year	-	4
- under provision in previous financial years	11	22
	<hr/> 11	<hr/> 33
Deferred tax asset:		
- for the financial year	-	110
- overprovision in previous financial years	-	(96)
	<hr/> -	<hr/> 14
Deferred tax liabilities:		
- for the financial year	18	-
	<hr/> 18	<hr/> -
	<hr/> <hr/> 33	<hr/> <hr/> 47

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	
	2020 AUD\$'000	2019 AUD\$'000
Loss before taxation	(1,032)	(1,787)
Tax at the statutory tax rates	(248)	(429)
Tax effects of:-		
Tax incentive for pioneer products	(321)	(261)
Non-deductible expenses	330	278
Non-taxable income	-	(28)
Deferred tax assets not recognised	262	553
Utilisation of deferred tax assets previously not recognised	-	1
Underprovision in previous financial years:		
- current tax	10	29
- deferred tax	-	(96)
	<hr/> 33	<hr/> 47

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****5. LOSS PER SHARE**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
Loss after taxation	(1,065)	(1,834)
Non-controlling interest	(402)	(515)
Loss after taxation attributable to the owners of the parent	<u>(1,467)</u>	<u>(2,159)</u>

	The Group	
	2020 Number	2019 Number
<u>Basic loss per share</u> Weighted average number of ordinary shares used in calculating basic loss per share	183,268,088	183,148,636
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	<u>(0.80)</u>	<u>(1.18)</u>

	The Group	
	2020 Number	2019 Number
<u>Diluted loss per share</u> Weighted average number of ordinary shares used in calculating basic loss per share	183,268,088	183,148,636
	<b>Cents</b>	<b>Cents</b>
Diluted loss per share	<u>(0.80)</u>	<u>(1.18)</u>

**6. CASH AND CASH EQUIVALENTS**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
Short-term investments with financial institutions, at fair value	1,869	2,359
Cash and bank balances	3,082	2,571
	<u>4,951</u>	<u>6,219</u>
Market value of short-term investments	<u>1,869</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 FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****7. INVENTORIES**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
At cost:- Merchandise held for sale	15	20
Recognised in profit or loss: Inventories recognised as cost of sales	9	17

None of the inventories are stated at net realisable value.

**8. TRADE RECEIVABLES**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
Trade receivables	537	889
Allowance for expected credit losses	(450)	(384)
	87	505
Allowances for expected credit losses: At 1.1 2020/2019	(384)	(223)
Addition during the financial year	(103)	(156)
Foreign exchange translation differences	37	(5)
At 31.12.2020/2019	(450)	(384)

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

**9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
Other receivables	107	450
Deposits	115	287
Prepayments	215	381
	437	1,118



**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**10. EQUIPMENT**

	At 1.1.2019 AUD\$'000	Additions AUD\$'000	Written Off AUD\$'000	Disposal AUD\$'000	Acquisition of a subsidiary AUD\$'000	Depreciation Charges AUD\$'000	Foreign Currency Translation Difference AUD\$'000	At 31.12.2019 AUD\$'000
<b>The Group</b>								
<b>2020</b>								
Computers, handphone and printer	319	125	(19)	(1)	-	(100)	(25)	299
Furniture and fittings	58	1	(21)	(10)	-	(9)	(1)	18
Merchant equipment	105	-	(90)	-	-	(14)	(1)	-
Motor vehicles	188	69	-	-	-	(39)	(17)	201
Office equipment	163	-	(66)	(18)	-	(21)	(5)	53
Renovation	620	1	(446)	(2)	4	(42)	(13)	122
Signboard	21	-	(18)	-	-	(1)	(2)	-
	1,474	196	(660)	(31)	4	(226)	(64)	693

	As Previously Reported AUD\$'000	Application of AASB 16 AUD\$'000	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
<b>The Group</b>									
<b>2019</b>									
Computers, handphone and printer	89	-	89	289	-	-	(63)	4	319
Furniture and fittings	59	-	59	9	-	(2)	(11)	3	58
Merchant equipment	121	-	121	-	-	-	(18)	2	105
Motor vehicles	370	(259)	111	195	-	(77)	(44)	3	188
Office equipment	114	-	114	69	-	-	(23)	3	163
Renovation	600	-	600	249	(158)	-	(82)	11	620
Signboard	21	-	21	2	-	-	(2)	-	21
	1,374	(236)	1,138	813	(158)	(79)	(243)	26	1,474

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****10. EQUIPMENT (CONT'D)**

<b>The Group</b>	<b>At Cost AUD\$'000</b>	<b>Accumulated Depreciation AUD\$'000</b>	<b>Net Book Value AUD\$'000</b>
<b>2020</b>			
Computers, handphone and printer	606	(307)	299
Furniture and fittings	45	(27)	18
Merchant equipment	-	-	-
Motor vehicles	430	(229)	201
Office equipment	89	(36)	53
Renovation	153	(31)	122
Signboard	1	(1)	-
	<b>1,324</b>	<b>(631)</b>	<b>693</b>

<b>The Group</b>	<b>At Cost AUD\$'000</b>	<b>Accumulated Depreciation AUD\$'000</b>	<b>Net Book Value AUD\$'000</b>
<b>2019</b>			
Computers, handphone and printer	566	(247)	319
Furniture and fittings	100	(42)	58
Merchant equipment	140	(35)	105
Motor vehicles	374	(186)	188
Office equipment	228	(65)	163
Renovation	846	(226)	620
Signboard	29	(8)	21
	<b>2,283</b>	<b>(809)</b>	<b>1,474</b>

The motor vehicles with a total net book value of AUD\$194,000 (2019 - AUD\$179,000) are held in trust by a director of the Company.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****11. DEFERRED TAX ASSETS**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
At 1.1.2020/2019	1,000	996
Recognised in profit or loss	-	(14)
Foreign currency translation differences	(78)	18
At 31.12.2020/2019	922	1,000

The deferred tax assets represented by:-

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
Deductible temporary differences arising from tax paid in advance on the software platform license fees received in advance from affiliates – Deferred Revenue	712	1,028
Deductible temporary differences arising from tax paid in advance on the prepaid credit fees received in advance from merchants	95	-
Impairment loss on receivables	108	-
Accelerated capital allowance over depreciation	7	(28)
	922	1,000

**12. RIGHT-OF-USE ASSETS**

	At 1.1.2020 AUD\$'000	Additions AUD\$'000	Depreciation Charges AUD\$'000	Derecognition due to lease termination AUD\$'000	Foreign Currency Translation Difference AUD\$'000	At 31.12.2020 AUD\$'000
<b>The Group</b>						
<b>2020</b>						
<i>Carrying Amount</i>						
Office premises	331	233	(372)	(182)	(2)	8
Motor vehicles	201	-	(63)	-	(12)	126
	532	233	(435)	(182)	(14)	134







**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**14. DEVELOPMENT COSTS**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
Cost:-		
At 1.1.2020/2019	-	-
Additions during the financial year	134	-
Foreign currency translation differences	(9)	-
	125	-
At 31.12.2020/2019		
Accumulated amortisation:-		
At 1.1.2020/2019	-	-
Amortisation during the financial year	(5)	-
Foreign currency translation differences	1	-
	(4)	-
At 31.12.2020/2019	121	-
Included in additions during the financial year are:		
Staff costs	134	-

The development costs are in respect of the software development of the affiliate marketing solutions and other related services.

**15. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 60 (2019 - 30 to 60) days.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****16. OTHER PAYABLES AND ACCRUALS**

	The Group	
	2020	2019
	AUD\$'000	AUD\$'000
<u>Current</u>		
Other payables	1,284	1,917
Deposits received	77	85
Accruals	199	87
	<u>1,560</u>	<u>2,089</u>
<u>Non-current</u>		
Other payables	<u>60</u>	<u>-</u>

Included in other payables (current portion) of the Group is commission payable to affiliates amounting to approximately AUD\$651,000 (2019 – AUD\$1,146,000).

The other payables (non-current) represent balance purchase price acquisition of a subsidiary which repayable repayable in 2022 and 2023 and measured at amortised cost at an imputed rate of 4.62% (2019 - nil) per annum. The amount owing is to be settled in cash.

**17. DEFERRED REVENUE**

	The Group	
	2020	2019
	AUD\$'000	AUD\$'000
License right to access:		
Current liabilities	1,089	1,263
Non-current liabilities	3,989	5,522
	<u>5,078</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	
	2020	2019
	AUD\$'000	AUD\$'000
Deferred revenue balance at the beginning of the financial year recognised as revenue	<u>1,250</u>	<u>1,333</u>

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****17. DEFERRED REVENUE (CONT'D)**

The following table shows revenue expected to be recognised in the future related to performance obligation that are unsatisfied (or partially satisfied) at the reporting date:-

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
Financial year ending 31 December 2020	-	1,263
Financial year ending 31 December 2021	1,076	1,184
Financial year ending 31 December 2022	1,060	1,149
Financial year ending 31 December 2023	1,043	1,130
Financial year ending 31 December 2024	862	935
Financial year ending 31 December 2025	583	631
Financial year ending 31 December 2026	330	358
Financial year ending 31 December 2027	107	116
Financial year ending 31 December 2028	17	19
	<u>5,078</u>	<u>6,785</u>

**18. LEASE LIABILITIES**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
At 1.1.2020/2019	516	-
Initial application of AASB 16	-	1,297
Additions	136	-
Repayment of principal	(304)	(738)
Derecognition due to lease termination	(190)	-
Foreign currency translation differences	(15)	(43)
At 31.12.2020/2019	<u>143</u>	<u>516</u>
<i>Analysed by:-</i>		
<i>Current liabilities</i>	54	351
<i>Non-current liabilities</i>	89	165
	<u>143</u>	<u>516</u>

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****19. DEFERRED TAX LIABILITIES**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
At 1.1.2020/2019	-	-
Recognised in profit or loss	18	-
Foreign currency translation differences	(2)	-
At 31.12.2020/2019	<u>16</u>	<u>-</u>

The deferred tax liabilities relates to temporary differences between depreciation and capital allowances on qualifying costs of equipment.

**20. SHARE CAPITAL**

	2020 Number of Shares	The Group/The Company 2019 Number of Shares	2020 AUD\$'000	2019 AUD\$'000
<b>Fully Paid-Up Ordinary Shares</b>				
At 1.1.2020/2019	183,268,088	183,068,088	2,442	2,442
Issuance of new shares	-	200,000	-	-
At 31.12.2020/2019	<u>183,268,088</u>	<u>183,268,088</u>	<u>2,442</u>	<u>2,442</u>

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

**21. 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.

**22. FOREIGN EXCHANGE TRANSLATION RESERVE**

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 23. 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. The total equity-settled share-based payment expense for the financial year AUD\$84,000 (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 31.12.2020
					At 1.1.2020	Granted	Vested	Lapsed	
30.3.2017	1,100,000	AUD\$0.30	3 years	AUD\$0.30	1,100,000	-	-	(300,000)	800,000
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	-	-	(690,000)	4,120,000
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>(6,830,109)</u>	<u>4,920,000</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 31.12.2020
					At 1.1.2020	Vested	Exercised	Lapsed	
30.3.2017	1,100,000	AUD\$0.30	3 years	AUD\$0.30	800,000	300,000	-	(300,000)	800,000
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	-	1,473,433	-	(100,000)	1,373,333
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>1,873,333</u>	-	<u>(6,040,109)</u>	<u>2,173,333</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 31.12.2020
				At 1.1.2020	Granted	Vested	Lapsed	
30.3.2017	C	200,000	1	200,000	-	(200,000)	-	-
				<u>200,000</u>	-	<u>(200,000)</u>	-	-

Note:

<sup>1</sup> - The holder remains engaged by the Company for 3 years from 30 March 2017.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**23. OPTION RESERVE (CONT'D)**

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

Date of Offer	Class	Number of Performance Right Granted	← Number of Options Over Ordinary Shares →				
			At 1.1.2020	Vested	Exercised	Lapsed	At 31.12.2020
30.3.2017	C	200,000	-	200,000	-	(200,000)	-

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 2,173,333 (2019 – 6,340,109) and have an exercise price of AUD\$0.30 and a remaining contractual life of approximately 3 months to 3 years.

There was no equity-settled option granted during the financial year (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	
	2020	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

**24. CAPITAL COMMITMENT**

	The Group	
	2020 AUD\$'000	2019 AUD\$'000
Purchase of equipment	17	28

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****25. OPERATING SEGMENTS****25.1 BUSINESS SEGMENT**

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

**25.2 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	
	2020 AUD\$'000	2019 AUD\$'000	2020 AUD\$'000	2019 AUD\$'000
Indonesia	134	988	63	85
Malaysia	8,235	7,780	2,045	2,921
	<u>8,369</u>	<u>8,768</u>	<u>2,108</u>	<u>3,006</u>

**25.3 MAJOR CUSTOMERS**

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

**25.4 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
<b>2020</b>			
At a point of time	134	6,872	7,006
Over time	-	1,363	1,363
	<u>134</u>	<u>7,780</u>	<u>8,369</u>
<b>2019</b>			
At a point of time	988	6,444	7,432
Over time	-	1,336	1,336
	<u>988</u>	<u>7,780</u>	<u>8,768</u>





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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**26. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (a) On 17 March 2020, the Group has executed an agreement to acquire entire issued capital of Ocean Nexus Sdn. Bhd. (“ONSB”) (“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 number of 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.

- (b) The World Health Organisation declared a global health emergency on 31 January 2020 relating to the spread of the Coronavirus (COVID-19). The 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 31 December 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.