



**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**CONSOLIDATED INTERIM REPORT**  
**for the half-year ended 30 June 2021**

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 2021 |
| Previous period:  | For the half-year ended 30 June 2020 |

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

|   |      | AUD\$   |    | AUD\$     |
|---|------|---------|----|-----------|
| Revenue from ordinary activities  | Down | 70.14%  | to | 1,074,124 |
| Profit from ordinary activities after tax attributable to the owners of I Synergy Group Limited | up   | 106.22% | to | 62,058    |
| Profit for the year attributable to the owners of I Synergy Group Limited                       | up   | 104.21% | to | 36,880    |

**Dividend**

No dividend was recommended by the directors for the half-year ended 30 June 2021.

**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<br>Cents | Previous period<br>Cents |
|--|---------------------------|--------------------------|
| Net tangible liabilities per ordinary shares | (0.65)                    | (0.39)                   |

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

# I SYNERGY GROUP LIMITED

ACN: 613 927 361

## APPENDIX 4D HALF-YEAR REPORT

### 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 2021 is attached.

### 10. Signed



Signed \_\_\_\_\_

Date: 31 August 2021

Dato' Teo Chee Hong  
Director

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**CONSOLIDATED INTERIM REPORT**  
for the half-year ended 30 June 2021

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# I SYNERGY GROUP LIMITED

ACN: 613 927 361

## CORPORATE DIRECTORY

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|                                |   |
|--------------------------------|---|
| Directors                      | Dato' Teo Chee Hong<br>Derrick De Souza<br>Jeffrey Lee  |
| Company Secretary              | Harry Miller  |
| Registered office              | Ground Floor<br>16 Ord Street<br>West Perth<br>WA 6005<br>Phone: +618 9482 0500   |
| Principal place of business    | Malaysia<br>Unit 20-10, Tower A<br>The Vertical Business Suite<br>Avenue 3, Bangsar South<br>No. 8, Jalan Kerinchi<br>59200 Kuala Lumpur<br>Malaysia<br>Phone: +603 2242 1333<br><br>Indonesia<br>DBS Bank Tower 28 Floor Unit 2820-2821,<br>Ciputra World One Jalan Prof. Dr. Satrio Kav 3-5,<br>Jakarta Selatan 12940<br>Indonesia.<br>Phone: +62 2988 8260 |
| Share register                 | Automic Registry Services<br>Level 12, 267 St Georges Terrace<br>Perth WA 6000  |
| Auditor                        | Rothsay Audit & Assurance Pty Ltd<br>Level 1/12 O'Connell Street<br>Sydney NSW 2000   |
| Stock exchange listing         | I Synergy Group Limited shares are listed on the Australian Securities Exchange (ASX code: IS3)   |
| Website                        | <a href="http://www.i-synergygroup.com">www.i-synergygroup.com</a>  |
| Corporate Governance Statement | <a href="http://www.i-synergygroup.com">www.i-synergygroup.com</a>  |



**DIRECTORS' REPORT  
HALF-YEAR ENDED 30 JUNE 2021**

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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 2021.

**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 (Executive Chairman)  
Derrick De Souza (Non-executive Director)  
Jeffrey Lee (Non-executive Director)

**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 2021, the revenue experienced a decline of 70.14% compared to the previous half-year to AUD\$1,074,124 from AUD\$3,597,985.

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. This resulted in the Group's profit after taxation to AUD\$144,184 from loss after taxation AUD\$807,628 in the previous corresponding half-year. 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.



**DIRECTORS' REPORT  
HALF-YEAR ENDED 30 JUNE 2021**

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**Significant changes in the state of affairs**

On 2 June 2021, ISI has formally entered into a Binding Agreement ("Agreement") to dispose of its MSS Retail Loyalty Program Business ("MSS Loyalty Program") to Omni Street Sdn. Bhd. ("Omni").

The sale of the MSS Loyalty Program will better enable the Company to streamline the core business and ensure the focus is primarily on affiliate marketing.

The consideration to be paid by Omni for the acquisition of the Company's MSS Loyalty Program Business is a total of RM90,000 (AUD equivalent: AUD28,163) and is comprised of the following:

- i. RM10,000 (AUD equivalent: \$3,129) to be paid within 10 business days of the signing of the Agreement; and
- ii. RM80,000 (AUD equivalent: \$25,034) to be paid on Settlement.

**Auditor's independence declaration**

The lead auditor's independence declaration for the half-year ended 30 June 2021 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

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Dato' Teo Chee Hong  
Director  
31 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead auditor of the review of I Synergy Group Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- 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 half-year.

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla  
Director  
31 August 2021



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

|   |      | The Group            |                      |
|---|------|----------------------|----------------------|
|   | Note | 30 Jun 2021<br>AUD\$ | 30 Jun 2020<br>AUD\$ |
| Revenue   | 5    | 1,074,124            | 3,597,985            |
| Cost of sales   |      | (509,796)            | (2,428,945)          |
| Gross profit  |      | 564,328              | 1,169,040            |
| Other income  |      | 435,511              | 52,399               |
| Selling and distribution expenses                                       |      | (16,540)             | (34,931)             |
| Administrative expenses   |      | (836,166)            | (1,988,377)          |
| Finance cost  |      | (2,949)              | (5,759)              |
| Profit/(Loss) before taxation   | 6    | 144,184              | (807,628)            |
| Income tax expense  | 7    | -                    | -                    |
| Profit/(Loss) after taxation for the period                             |      | 144,184              | (807,628)            |
| Other comprehensive (expenses)/income                                   |      |                      |                      |
| <u>Items that may be reclassified subsequently to profit or loss</u>    |      |                      |                      |
| Foreign currency translation differences                                |      | (35,814)             | 79,164               |
| Total comprehensive income/(expenses) for the period                    |      | 108,370              | (728,464)            |
| Profit/(Loss) after taxation attributable to:                           |      |                      |                      |
| Non-controlling interest  |      | 82,126               | 190,294              |
| Owners of the Company   |      | 62,058               | (997,922)            |
|   |      | 144,184              | (807,628)            |
| Total comprehensive income/(expense) for the period<br>attributable to: |      |                      |                      |
| Non-controlling interest  |      | 71,490               | 147,154              |
| Owners of the Company   |      | 36,880               | (875,618)            |
|   |      | 108,370              | (728,464)            |
|   |      | <b>Cents</b>         | <b>Cents</b>         |
| Basic profit/(loss) per share   | 8    | 0.03                 | (0.54)               |
| Diluted profit/(loss) per share   | 8    | 0.03                 | (0.54)               |

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021**

|   |      | The Group            |                      |
|---|------|----------------------|----------------------|
|   | Note | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| <b>ASSETS</b>                               |      |                      |                      |
| <u>Current Assets</u>                       |      |                      |                      |
| Cash and cash equivalents                   | 9    | 2,472,786            | 4,950,699            |
| Inventories                                 | 10   | 3,674                | 14,825               |
| Trade receivables                           | 11   | (15,098)             | 86,719               |
| Other receivables, deposits and prepayments | 12   | 307,026              | 437,149              |
| Current tax asset                           |      | 323,773              | 279,199              |
|   |      | <hr/>                | <hr/>                |
|   |      | 3,092,161            | 5,768,591            |
| <u>Non-Current Assets</u>                   |      |                      |                      |
| Equipment                                   | 14   | 659,629              | 692,669              |
| Deferred tax asset                          | 15   | 919,252              | 922,541              |
| Right-of-use assets                         | 16   | 102,453              | 133,979              |
| Goodwill on consolidation                   | 17   | 237,721              | 237,721              |
| Development costs                           | 18   | 224,828              | 120,771              |
|   |      | <hr/>                | <hr/>                |
|   |      | 2,143,883            | 2,107,681            |
| <b>TOTAL ASSETS</b>                         |      | <hr/>                | <hr/>                |
|   |      | 5,236,044            | 7,876,272            |
| <b>LIABILITIES</b>                          |      |                      |                      |
| <u>Current Liabilities</u>                  |      |                      |                      |
| Trade payables                              | 19   | 37,237               | 822,799              |
| Other payables and accruals                 | 20   | 671,495              | 1,561,840            |
| Current tax liability                       |      | 113,494              | 113,900              |
| Deferred revenue                            | 21   | 1,085,116            | 1,088,998            |
| Lease liabilities                           | 22   | 66,612               | 53,805               |
|   |      | <hr/>                | <hr/>                |
|   |      | 1,973,954            | 3,641,342            |
| <u>Non-Current Liabilities</u>              |      |                      |                      |
| Other payables                              | 20   | 59,365               | 59,577               |
| Deferred revenue                            | 21   | 3,422,780            | 3,989,409            |
| Lease liabilities                           | 22   | 48,524               | 88,327               |
| Deferred tax liabilities                    | 23   | 16,243               | 16,301               |
|   |      | <hr/>                | <hr/>                |
|   |      | 3,546,912            | 4,153,614            |
| <b>TOTAL LIABILITIES</b>                    |      | <hr/>                | <hr/>                |
|   |      | 5,520,866            | 7,794,956            |
| <b>NET (LIABILITIES)/ASSETS</b>             |      | <hr/>                | <hr/>                |
|   |      | (284,822)            | 81,316               |

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 2021**

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|  |      | The Group            |                      |
|--|------|----------------------|----------------------|
|  | Note | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| EQUITY                                       |      |                      |                      |
| Share capital                                | 24   | 2,442,013            | 2,442,013            |
| Merger deficit                               | 25   | (1,042,123)          | (1,042,123)          |
| Foreign exchange translation reserve         | 26   | 255,398              | 280,576              |
| Option reserve                               | 27   | 136,712              | 136,712              |
| Accumulated losses                           |      | (3,172,712)          | (3,234,770)          |
|  |      | <hr/>                | <hr/>                |
| Equity attributable to owners of the Company |      | (1,380,712)          | (1,417,592)          |
| Non-controlling interest                     |      | 1,095,890            | 1,498,908            |
|  |      | <hr/>                | <hr/>                |
| TOTAL EQUITY                                 |      | (284,822)            | 81,316               |

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2021**

| <b>The Group</b>   | <b>Share Capital<br/>AUD\$</b> | <b>Merger<br/>Deficit *<br/>AUD\$</b> | <b>Foreign<br/>Exchange<br/>Translation<br/>Reserve<br/>AUD\$</b> | <b>Option<br/>Reserve<br/>AUD\$</b> | <b>Retained<br/>Earnings<br/>AUD\$</b> | <b>Attributable<br/>To Owners<br/>Of The<br/>Company<br/>AUD\$</b> | <b>Non-<br/>Controlling<br/>Interest<br/>AUD\$</b> | <b>Total<br/>Equity<br/>AUD\$</b> |
|--|--------------------------------|---------------------------------------|---|-------------------------------------|--|--|--|-----------------------------------|
| Balance at 1.1.2021  | 2,442,013                      | (1,042,123)                           | 280,576   | 136,712                             | (3,234,770)                            | (1,417,592)  | 1,498,908  | 81,316                            |
| Profit after taxation for the financial period                     | -                              | -                                     | -   | -                                   | 62,058                                 | 62,058   | 82,126   | 144,184                           |
| Other comprehensive expenses for the financial period, net of tax: |                                |                                       |   |                                     |  |  |  |                                   |
| - Foreign currency translation differences                         | -                              | -                                     | (25,178)  | -                                   | -                                      | (25,178)   | (10,636)   | (35,814)                          |
| Total comprehensive (expenses)/income for the financial period     | -                              | -                                     | (25,178)  | -                                   | 62,058                                 | 36,880   | 71,490   | 108,370                           |
| Contributions by and distributions to owners of the Company:       |                                |                                       |   |                                     |  |  |  |                                   |
| - Dividend by a subsidiary to non-controlling interest             | -                              | -                                     | -   | -                                   | -                                      | -  | (474,508)  | (474,508)                         |
| Total transactions with owners                                     | -                              | -                                     | -   | -                                   | -                                      | -  | (474,508)  | (474,508)                         |
| Balance at 30.6.2021   | 2,442,013                      | (1,042,123)                           | 255,398   | 136,712                             | (3,172,712)                            | (1,380,712)  | 1,095,890  | (284,822)                         |

*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 2021 (CONT'D)**

| <b>The Group</b>  | <b>Share Capital<br/>AUD\$</b> | <b>Merger<br/>Deficit *<br/>AUD\$</b> | <b>Foreign<br/>Exchange<br/>Translation<br/>Reserve<br/>AUD\$</b> | <b>Option<br/>Reserve<br/>AUD\$</b> | <b>Retained<br/>Earnings<br/>AUD\$</b> | <b>Attributable<br/>To Owners<br/>Of The<br/>Company<br/>AUD\$</b> | <b>Non-<br/>Controlling<br/>Interest<br/>AUD\$</b> | <b>Total<br/>Equity<br/>AUD\$</b> |
|---|--------------------------------|---------------------------------------|---|-------------------------------------|--|--|--|-----------------------------------|
| Balance at 1.1.2020   | 2,442,013                      | (1,042,123)                           | 5,512   | 513,438                             | (2,227,046)                            | (308,206)  | 1,218,056  | 909,850                           |
| (Loss)/Profit after taxation for the financial period                       | -                              | -                                     | -   | -                                   | (997,922)                              | (997,922)  | 190,294  | (807,628)                         |
| Other comprehensive income/(expenses) for the financial period, net of tax: |                                |                                       |   |                                     |  |  |  |                                   |
| - Foreign currency translation differences                                  | -                              | -                                     | 122,304   | -                                   | -                                      | 122,304  | (43,140)   | 79,164                            |
| Total comprehensive income/(expenses) for the financial period              | -                              | -                                     | 122,304   | -                                   | (997,922)                              | (875,618)  | 147,154  | (728,464)                         |
| Contributions by and distributions to owners of the Company:                |                                |                                       |   |                                     |  |  |  |                                   |
| - Options to employees  | -                              | -                                     | -   | 82,914                              | -                                      | 82,914   | -  | 82,914                            |
| - Options lapsed  | -                              | -                                     | -   | (424,078)                           | 424,078                                | -  | -  | -                                 |
| Total transactions with owners  | -                              | -                                     | -   | (341,164)                           | 424,078                                | 82,914   | -  | 82,914                            |
| Balance at 30.6.2020  | 2,442,013                      | (1,042,123)                           | 127,816   | 172,274                             | (2,800,890)                            | (1,100,910)  | 1,365,210  | 264,300                           |

**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 2021**

|  | <b>The Group</b>   |                    |
|--|--------------------|--------------------|
|  | <b>30 Jun 2021</b> | <b>30 Jun 2020</b> |
|  | <b>AUD\$</b>       | <b>AUD\$</b>       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |                    |                    |
| Sale from customers  | 766,681            | 3,215,100          |
| Payments to suppliers and employees                                | (2,947,755)        | (3,772,045)        |
| Cash used in from operations                                       | (2,181,074)        | (556,945)          |
| Interest paid  | (2,949)            | (5,258)            |
| Income tax paid  | (45,039)           | (59,432)           |
| Net cash used in operating activities                              | (2,229,062)        | (621,635)          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |                    |                    |
| Interest received  | 17,208             | 52,258             |
| Proceeds from disposal of business                                 | 412,631            | -                  |
| Proceeds from disposal of equipment                                | 6,289              | 4,365              |
| Purchase of equipment  | (67,703)           | (9,213)            |
| Purchase of development cost                                       | (120,419)          | -                  |
| Consideration paid for acquisition of a subsidiary                 | -                  | (81,366)           |
| Net cash from/(used in) investing activities                       | 248,006            | (33,956)           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                        |                    |                    |
| Dividend paid  | -                  | -                  |
| Dividend paid by a subsidiary to non-controlling interest          | (474,508)          | -                  |
| Repayment of lease liabilities                                     | (26,135)           | (221,875)          |
| Net cash used in financing activities                              | (500,643)          | (221,875)          |
| Net decrease in cash and cash equivalents                          | (2,481,699)        | (877,466)          |
| Effects of exchange rate changes on cash and cash equivalents      | 3,786              | (43,896)           |
| Cash and cash equivalents at the beginning of the financial period | 4,950,699          | 6,219,824          |
| Cash and cash equivalents at the end of the financial period       | 2,472,786          | 5,298,462          |

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



## I SYNERGY GROUP LIMITED

ACN: 613 927 361

### NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2021

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#### 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 2021.

#### 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 2021.

These general purpose financial statements for the interim half-year reporting period ended 30 June 2021 ("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 2020. 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\$"), unless otherwise stated.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 JUNE 2021****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 2021<br>AUD\$ | 30 Jun 2020<br>AUD\$ |
| <u>Revenue recognised at a point in time</u> |                      |                      |
| Software activation                          | 325,321              | 2,246,583            |
| Training                                     | 47,065               | 394,428              |
| Affiliate program fees                       | 53,755               | 93,567               |
| Seminar and event                            | 2,408                | 74,214               |
| Merchandise sales                            | 4,558                | 5,191                |
| Website and software development fee         | 50,824               | -                    |
|  | 483,931              | 2,813,983            |
| <u>Revenue recognised over time</u>          |                      |                      |
| License right to access                      | 546,242              | 718,882              |
| Subscription fee                             | 43,951               | 65,120               |
|  | 590,193              | 784,002              |
|  | 1,074,124            | 3,597,985            |



**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 JUNE 2021****6. PROFIT/(LOSS) BEFORE TAXATION**

|   | The Group   |             |
|---|-------------|-------------|
|   | 30 Jun 2021 | 30 Jun 2020 |
|   | AUD\$       | AUD\$       |
| Loss before taxation is arrived at after charging/(crediting):- |             |             |
| Amortisation of development costs                               | 17,323      | -           |
| Bad debts written off   | -           | 6,129       |
| Depreciation of equipment                                       | 88,088      | 154,799     |
| Depreciation of right of use                                    | 30,635      | 159,555     |
| Directors' remuneration   | 69,454      | 149,428     |
| Equipment written off   | 3,034       | 263,183     |
| Interest expense on financial liability not at FVTPL:           |             |             |
| - lease liabilities   | 2,949       | 5,759       |
| Loss on disposal of equipment                                   | -           | 3,747       |
| Rental of equipment   | 3,806       | 3,341       |
| Rental of premises  | 85,122      | 7,303       |
| Staff costs:  |             |             |
| - salaries, bonuses, commissions and allowances                 | 351,945     | 705,602     |
| - defined contribution plan                                     | 38,897      | 62,582      |
| - others  | 12,080      | 19,094      |
| Gain on disposal of business                                    | (412,631)   | -           |
| Interest income on financial assets that are:                   |             |             |
| - at FVTPL  | (12,894)    | (45,877)    |
| - not at FVTPL  | (4,314)     | (6,381)     |

**I SYNERGY GROUP LIMITED**

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 JUNE 2021****7. INCOME TAX EXPENSE**

|   | The Group   |             |
|---|-------------|-------------|
|   | 30 Jun 2021 | 30 Jun 2020 |
|   | AUD\$       | AUD\$       |
| Income tax expense:                           |             |             |
| - for the financial period                    | -           | -           |
| - under provision in previous financial years | -           | -           |
|   | <u>-</u>    | <u>-</u>    |

A reconciliation of the income tax expense applicable to the profit/(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 2021 | 30 Jun 2020 |
|   | AUD\$       | AUD\$       |
| Profit/(Loss) before taxation               | 144,184     | (807,628)   |
| Tax at the statutory tax rates              | 34,603      | (193,831)   |
| Tax effects of:-                            |             |             |
| Tax incentive for pioneer products          | (65,858)    | (160,073)   |
| Non-deductible expenses                     | 51,337      | 188,545     |
| Non-taxable income                          | (17,749)    | (10,023)    |
| Deferred tax assets not recognised          | (2,333)     | 175,382     |
| Income tax expense for the financial period | <u>-</u>    | <u>-</u>    |



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**8. PROFIT/(LOSS) PER SHARE**

|   | <b>The Group</b>   |                    |
|---|--------------------|--------------------|
|   | <b>30 Jun 2021</b> | <b>30 Jun 2020</b> |
|   | <b>AUD\$</b>       | <b>AUD\$</b>       |
| Profit/(Loss) after taxation  | 144,184            | (807,628)          |
| Non-controlling interest  | (82,126)           | (190,294)          |
| Profit/(Loss) after taxation attributable to the owners of the parent | <u>62,058</u>      | <u>(997,922)</u>   |

|  | <b>The Group</b>   |                    |
|--|--------------------|--------------------|
|  | <b>30 Jun 2021</b> | <b>30 Jun 2020</b> |
|  | <b>Number</b>      | <b>Number</b>      |
| <u>Basic profit/(loss) per share</u>   |                    |                    |
| Weighted average number of ordinary shares used in calculating basic profit/(loss) per share | 183,268,088        | 183,068,088        |
|  | <b>Cents</b>       | <b>Cents</b>       |
| Basic profit/(loss) per share  | <u>0.03</u>        | <u>(0.54)</u>      |

|   | <b>The Group</b>   |                    |
|---|--------------------|--------------------|
|   | <b>30 Jun 2021</b> | <b>30 Jun 2020</b> |
|   | <b>Number</b>      | <b>Number</b>      |
| <u>Diluted profit/(loss) per share</u>  |                    |                    |
| Weighted average number of ordinary shares used in calculating basic loss per share | 183,268,088        | 183,068,088        |
|   | <b>Cents</b>       | <b>Cents</b>       |
| Diluted loss per share  | <u>0.03</u>        | <u>(0.54)</u>      |

**9. CASH AND CASH EQUIVALENTS**

|   | <b>The Group</b>   |                    |
|---|--------------------|--------------------|
|   | <b>30 Jun 2021</b> | <b>31 Dec 2020</b> |
|   | <b>AUD\$</b>       | <b>AUD\$</b>       |
| Short-term investments with financial institutions, at fair value | 1,150,847          | 1,868,904          |
| Cash and bank balances  | 1,321,939          | 3,081,795          |
|   | <u>2,472,786</u>   | <u>4,950,699</u>   |
| Market value of short-term investments                            | <u>1,150,847</u>   | <u>1,868,904</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.



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
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**10. INVENTORIES**

|   | The Group            |                      |
|---|----------------------|----------------------|
|   | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| At cost:-                               |                      |                      |
| Merchandise held for sale               | 3,674                | 14,825               |
|   | <hr/>                | <hr/>                |
| Recognised in profit or loss:           |                      |                      |
| Inventories recognised as cost of sales | 8,011                | 8,859                |
|   | <hr/>                | <hr/>                |

None of the inventories are stated at net realisable value.

**11. TRADE RECEIVABLES**

|   | The Group            |                      |
|---|----------------------|----------------------|
|   | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| Trade receivables                         | 433,524              | 536,945              |
| Allowance for expected credit losses      | (448,622)            | (450,226)            |
|   | <hr/>                | <hr/>                |
|   | (15,098)             | 86,719               |
|   | <hr/>                | <hr/>                |
| Allowances for expected credit losses:    |                      |                      |
| At 1.1 2021/2020                          | (450,226)            | (383,953)            |
| Addition during the financial period/year | -                    | (102,939)            |
| Foreign exchange translation differences  | 1,604                | 36,666               |
|   | <hr/>                | <hr/>                |
| At 30.6.2021/31.12.2020                   | (448,622)            | (450,226)            |
|   | <hr/>                | <hr/>                |

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

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

|                   | The Group            |                      |
|-------------------|----------------------|----------------------|
|                   | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| Other receivables | 64,963               | 106,545              |
| Deposits          | 205,852              | 115,303              |
| Prepayments       | 36,211               | 215,301              |
|                   | <hr/>                | <hr/>                |
|                   | 307,026              | 437,149              |
|                   | <hr/>                | <hr/>                |

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 JUNE 2021****13. CONTROLLED ENTITIES**

Details of the subsidiaries are as follows:-

|   | Country of Incorporation | Effective Equity Interest |               | Principal Activities  |
|---|--------------------------|---------------------------|---------------|---|
|   |                          | 30 Jun 2021 %             | 31 Dec 2020 % |   |
| 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           | Dormant.  |
| Ocean Nexus Sdn Bhd ("ONSB")                | Malaysia                 | 100                       | 100           | Customised software design and development services and solutions.                                    |



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
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**14. EQUIPMENT**

|  | At<br>1.1.2021<br>AUD\$ | Additions<br>AUD\$ | Written<br>Off<br>AUD\$ | Disposal<br>AUD\$ | Depreciation<br>Charges<br>AUD\$ | Foreign<br>Currency<br>Translation<br>Difference<br>AUD\$ | At<br>30.6.2021<br>AUD\$ |
|--|-------------------------|--------------------|-------------------------|-------------------|----------------------------------|---|--------------------------|
| <b>The Group</b>                       |                         |                    |                         |                   |                                  |   |                          |
| Computers,<br>handphone and<br>printer | 298,677                 | 67,703             | -                       | (3,163)           | (48,929)                         | (877)   | 313,411                  |
| Furniture and fittings                 | 17,414                  | -                  | (1,706)                 | -                 | (1,276)                          | (182)   | 14,250                   |
| Merchant equipment                     | -                       | -                  | -                       | -                 | -                                | -   | -                        |
| Motor vehicles                         | 200,611                 | -                  | -                       | -                 | (24,056)                         | (1,039)   | 175,516                  |
| Office equipment                       | 53,299                  | -                  | (1,328)                 | (3,126)           | (6,060)                          | (575)   | 42,210                   |
| Renovation                             | 122,668                 | -                  | -                       | -                 | (7,767)                          | (659)   | 114,242                  |
| Signboard                              | -                       | -                  | -                       | -                 | -                                | -   | -                        |
|  | 692,669                 | 67,703             | (3,034)                 | (6,289)           | (88,088)                         | (3,332)   | 659,629                  |

|  | At<br>1.1.2020<br>AUD\$ | Additions<br>AUD\$ | Acquisition<br>of a<br>subsidiary<br>AUD\$ | Written<br>Off<br>AUD\$ | Disposal<br>AUD\$ | Depreciation<br>Charges<br>AUD\$ | Foreign<br>Currency<br>Translation<br>Difference<br>AUD\$ | At<br>31.12.2020<br>AUD\$ |
|--|-------------------------|--------------------|--|-------------------------|-------------------|----------------------------------|---|---------------------------|
| <b>The Group</b>                       |                         |                    |  |                         |                   |                                  |   |                           |
| Computers,<br>handphone and<br>printer | 317,108                 | 124,754            | -  | (18,744)                | (381)             | (99,028)                         | (25,032)  | 298,677                   |
| Furniture and fittings                 | 58,005                  | 1,027              | -  | (21,280)                | (10,348)          | (7,852)                          | (2,138)   | 17,414                    |
| Merchant equipment                     | 104,447                 | -                  | -  | (89,810)                | -                 | (13,602)                         | (1,035)   | -                         |
| Motor vehicles                         | 187,917                 | 69,047             | -  | -                       | -                 | (39,848)                         | (16,505)  | 200,611                   |
| Office equipment                       | 164,920                 | -                  | -  | (65,641)                | (18,386)          | (21,085)                         | (6,509)   | 53,299                    |
| Renovation                             | 620,251                 | 949                | 3,976                                      | (446,440)               | (2,030)           | (43,191)                         | (10,847)  | 122,668                   |
| Signboard                              | 20,498                  | -                  | -  | (18,037)                | -                 | (1,575)                          | (886)   | -                         |
|  | 1,473,146               | 195,777            | 3,976                                      | (659,952)               | (31,145)          | (226,181)                        | (62,952)  | 692,669                   |



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
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**14. EQUIPMENT (CONT'D)**

| <b>The Group</b>                 | <b>At<br/>Cost<br/>AUD\$</b> | <b>Accumulated<br/>Depreciation<br/>AUD\$</b> | <b>Net Book<br/>Value<br/>AUD\$</b> |
|----------------------------------|------------------------------|---|-------------------------------------|
| <b>30.6.2021</b>                 |                              |   |                                     |
| Computers, handphone and printer | 662,881                      | (349,470)                                     | 313,411                             |
| Furniture and fittings           | 40,830                       | (26,580)                                      | 14,250                              |
| Merchant equipment               | -                            | -   | -                                   |
| Motor vehicles                   | 289,233                      | (113,717)                                     | 175,516                             |
| Office equipment                 | 84,014                       | (41,804)                                      | 42,210                              |
| Renovation                       | 167,389                      | (53,147)                                      | 114,242                             |
| Signboard                        | 528                          | (528)   | -                                   |
|                                  | <b>1,244,875</b>             | <b>(585,246)</b>                              | <b>659,629</b>                      |

| <b>The Group</b>                 | <b>At<br/>Cost<br/>AUD\$</b> | <b>Accumulated<br/>Depreciation<br/>AUD\$</b> | <b>Net Book<br/>Value<br/>AUD\$</b> |
|----------------------------------|------------------------------|---|-------------------------------------|
| <b>31.12.2020</b>                |                              |   |                                     |
| Computers, handphone and printer | 605,918                      | (307,241)                                     | 298,677                             |
| Furniture and fittings           | 44,283                       | (26,869)                                      | 17,414                              |
| Merchant equipment               | -                            | -   | -                                   |
| Motor vehicles                   | 429,924                      | (229,313)                                     | 200,611                             |
| Office equipment                 | 90,764                       | (37,465)                                      | 53,299                              |
| Renovation                       | 154,138                      | (31,470)                                      | 122,668                             |
| Signboard                        | 528                          | (528)   | -                                   |
|                                  | <b>1,325,555</b>             | <b>(632,886)</b>                              | <b>692,669</b>                      |

The motor vehicles with a total net book value of AUD\$97,745 (31.12.2019 - AUD\$194,241) are held in trust by a director of the Company.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
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## 15. DEFERRED TAX ASSETS

|  | The Group            |                      |
|--|----------------------|----------------------|
|  | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| At 1.1.2021/2020                         | 922,541              | 999,782              |
| Recognised in profit or loss             | -                    | -                    |
| Foreign currency translation differences | (3,289)              | (77,241)             |
| At 30.6.2021/31.12.2020                  | 919,252              | 922,541              |

The deferred tax assets represented by:-

|  | The Group            |                      |
|--|----------------------|----------------------|
|  | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| Deductible temporary differences arising from tax paid in advance on the software platform license fees received in advance from affiliates – Deferred Revenue | 709,614              | 712,153              |
| Deductible temporary differences arising from tax paid in advance on the prepaid credit fees received in advance from merchants                                | 94,835               | 95,174               |
| Impairment loss on receivables   | 107,867              | 108,253              |
| Accelerated capital allowance over depreciation  | 6,936                | 6,961                |
|  | 919,252              | 922,541              |

## 16. RIGHT-OF-USE ASSETS

|                        | At<br>1.1.2021<br>AUD\$ | Depreciation<br>Charges<br>AUD\$ | Foreign<br>Currency<br>Translation<br>Difference<br>AUD\$ | At<br>30.6.2021<br>AUD\$ |
|------------------------|-------------------------|----------------------------------|---|--------------------------|
| <b>The Group</b>       |                         |                                  |   |                          |
| <i>Carrying Amount</i> |                         |                                  |   |                          |
| Office premises        | 6,751                   | (1,991)                          | (58)  | 4,702                    |
| Motor vehicles         | 127,228                 | (28,644)                         | (833)   | 97,751                   |
|                        | 133,979                 | (30,635)                         | (891)   | 102,453                  |

  

|                        | At<br>1.1.2020<br>AUD\$ | Additions<br>AUD\$ | Depreciation<br>Charges<br>AUD\$ | Derecognition<br>due to lease<br>termination<br>AUD\$ | Foreign<br>Currency<br>Translation<br>Difference<br>AUD\$ | At<br>31.12.2020<br>AUD\$ |
|------------------------|-------------------------|--------------------|----------------------------------|---|---|---------------------------|
| <b>The Group</b>       |                         |                    |                                  |   |   |                           |
| <i>Carrying Amount</i> |                         |                    |                                  |   |   |                           |
| Office premises        | 331,013                 | 233,085            | (372,288)                        | (182,031)   | (3,028)   | 6,751                     |
| Motor vehicles         | 201,027                 | -                  | (62,521)                         | -   | (11,278)  | 127,228                   |
|                        | 532,040                 | 233,085            | (434,809)                        | (182,031)   | (14,306)  | 133,979                   |





**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
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**16. RIGHT-OF-USE ASSETS (CONT'D)**

The Group leases various office premises and motor vehicles of which the leasing activities are summarised below:-

- (i) Office premises                      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.
- (ii) Motor vehicle                        The Group has leased its motor vehicles under hire purchase arrangements. The lease are secured by the leased assets. The Group has an option to purchase the assets at the expiry of the lease period at an insignificant amount.

The motor vehicles with a total net book value of AUD\$97,474 (2020 - AUD\$126,164) are held in trust by a director of the Company.

**17. GOODWILL ON CONSOLIDATION**

|                             | <b>The Group</b>   |                    |
|-----------------------------|--------------------|--------------------|
|                             | <b>30 Jun 2021</b> | <b>31 Dec 2020</b> |
|                             | <b>AUD\$</b>       | <b>AUD\$</b>       |
| At 1.1.2021/2020            | 237,721            | -                  |
| Acquisition of a subsidiary | -                  | 237,721            |
| At 30.6.2021/31.12.2020     | <u>237,721</u>     | <u>237,721</u>     |

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
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|   | The Group   |             |
|---|-------------|-------------|
|   | 30 Jun 2021 | 31 Dec 2020 |
|   | AUD\$       | AUD\$       |
| Cost:   |             |             |
| At 1.1.2021/2020  | 124,977     | -           |
| Additions during the financial period/year                  | 120,419     | 134,099     |
| Foreign currency translation differences                    | 1,179       | (9,122)     |
|   | 246,575     | 124,977     |
| At 30.6.2021/31.12.2020                                     |             |             |
| Accumulated amortisation:                                   |             |             |
| At 1.1.2021/2020  | (4,206)     | -           |
| Amortisation during the financial period/year               | (17,323)    | (4,512)     |
| Foreign currency translation differences                    | (218)       | 306         |
|   | (21,747)    | (4,206)     |
| At 30.6.2021/31.12.2020                                     | 224,828     | 120,771     |
| Included in additions during the financial period/year are: |             |             |
| Staff costs   | 120,419     | 134,099     |

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

**19. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 60 (31.12.2020 - 30 to 60) days.

**20. OTHER PAYABLES AND ACCRUALS**

|                    | The Group   |             |
|--------------------|-------------|-------------|
|                    | 30 Jun 2021 | 31 Dec 2020 |
|                    | AUD\$       | AUD\$       |
| <u>Current</u>     |             |             |
| Other payables     | 527,033     | 1,284,847   |
| Deposits received  | 20,476      | 77,130      |
| Accruals           | 123,986     | 199,863     |
|                    | 671,495     | 1,561,840   |
| <u>Non-current</u> |             |             |
| Other payables     | 59,365      | 59,577      |

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Included in other payables of the Group is commission payable to affiliates amounting to approximately AUD\$303,156 (31.12.2020 – AUD\$651,230).

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

**21. DEFERRED REVENUE**

|                          | The Group   |             |
|--------------------------|-------------|-------------|
|                          | 30 Jun 2021 | 31 Dec 2020 |
|                          | AUD\$       | AUD\$       |
| License right to access: |             |             |
| Current liabilities      | 1,085,116   | 1,088,998   |
| Non-current liabilities  | 3,422,780   | 3,989,409   |
|                          | 4,507,896   | 5,078,407   |

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 2021 | 31 Dec 2020 |
|  | AUD\$       | AUD\$       |
| Deferred revenue balance at the beginning of the financial period/year recognised as revenue | 545,055     | 1,250,388   |



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
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**22. LEASE LIABILITIES**

|  | The Group            |                      |
|--|----------------------|----------------------|
|  | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| At 1.1.2021/2020                         | 142,132              | 515,066              |
| Initial application of AASB 16           | -                    | -                    |
| Additions                                | -                    | 136,229              |
| Repayment of principal                   | (26,135)             | (303,939)            |
| Derecognition due to lease termination   | -                    | (189,748)            |
| Foreign currency translation differences | (861)                | (15,476)             |
|  | 115,136              | 142,132              |
| Analysed by:-                            |                      |                      |
| Current liabilities                      | 66,612               | 53,805               |
| Non-current liabilities                  | 48,524               | 88,327               |
|  | 115,136              | 142,132              |

**23. DEFERRED TAX LIABILITIES**

|  | The Group            |                      |
|--|----------------------|----------------------|
|  | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| At 1.1.2021/2020                         | 16,301               | -                    |
| Recognised in profit or loss             | -                    | 17,491               |
| Foreign currency translation differences | (58)                 | (1,190)              |
|  | 16,243               | 16,301               |

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

**24. SHARE CAPITAL**

|                                      | The Group/The Company           |             |                      |                      |
|--------------------------------------|---------------------------------|-------------|----------------------|----------------------|
|                                      | 30 Jun 2021<br>Number of Shares | 31 Dec 2020 | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| <b>Fully Paid-Up Ordinary Shares</b> | 183,268,088                     | 183,268,088 | 2,442,013            | 2,442,013            |

**25. 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.



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**26. FOREIGN EXCHANGE TRANSLATION RESERVE**

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

**27. 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 (31.12.2020 - AUD\$82,914).

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 3,626,667 (31.12.2020 – 2,673,333).

There is no equity-settled option granted during the financial period (31.12.2020 – nil).

**28. 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.

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## (b) Related Party Transactions and Balances

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

|   | The Group   |             |
|---|-------------|-------------|
|   | 30 Jun 2021 | 30 Jun 2020 |
|   | AUD\$       | AUD\$       |
| Triple Gem Sdn Bhd (Director-related entity of Dato' Teo Chee Hong) |             |             |
| - Office rental   | 79,546      | 95,425      |

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 2021    | 30 Jun 2020    |
|  | AUD\$          | AUD\$          |
| Key management personnel compensation (including directors' remuneration): |                |                |
| - short-term employee benefits   | 131,967        | 216,154        |
| - define contribution plan   | 11,973         | 18,436         |
|  | <u>143,940</u> | <u>234,590</u> |

**29. CAPITAL COMMITMENT**

|                       | The Group     |               |
|-----------------------|---------------|---------------|
|                       | 30 Jun 2021   | 30 Jun 2020   |
|                       | AUD\$         | AUD\$         |
| Purchase of equipment | <u>17,532</u> | <u>15,015</u> |



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

**30. OPERATING SEGMENTS**

**30.1 BUSINESS SEGMENT**

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

**30.2 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 2021<br>AUD\$ | 30 Jun 2020<br>AUD\$ | 30 Jun 2021<br>AUD\$ | 31 Dec 2020<br>AUD\$ |
| Indonesia | 1,984                | 80,938               | 52,719               | 63,042               |
| Malaysia  | 1,072,140            | 3,517,047            | 2,091,164            | 2,044,639            |
|           | <u>1,074,124</u>     | <u>3,597,985</u>     | <u>2,143,883</u>     | <u>2,107,681</u>     |

**30.3 MAJOR CUSTOMERS**

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

**30.4 DISAGGREGATION OF REVENUE**

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

|                    | Indonesia<br>AUD\$ | Malaysia<br>AUD\$ | Group<br>AUD\$   |
|--------------------|--------------------|-------------------|------------------|
| <b>30.6.2021</b>   |                    |                   |                  |
| At a point of time | 1,984              | 481,947           | 483,931          |
| Over time          | -                  | 590,193           | 590,193          |
|                    | <u>1,984</u>       | <u>1,072,140</u>  | <u>1,074,124</u> |
| <b>30.6.2020</b>   |                    |                   |                  |
| At a point of time | 80,938             | 2,733,045         | 2,813,983        |
| Over time          | -                  | 784,002           | 784,002          |
|                    | <u>80,938</u>      | <u>3,517,047</u>  | <u>3,597,985</u> |



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

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**31. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD**

- (a) On 2 June 2021, ISI has formally entered into a Binding Agreement (“Agreement”) to dispose of its MSS Retail Loyalty Program Business (“MSS Loyalty Program”) to Omni Street Sdn. Bhd. (“Omni”).

The sale of the MSS Loyalty Program will better enable the Company to streamline the core business and ensure the focus is primarily on affiliate marketing.

The consideration to be paid by Omni for the acquisition of the Company’s MSS Loyalty Program Business is a total of RM90,000 (AUD equivalent: AUD28,163) and is comprised of the following:

- i. RM10,000 (AUD equivalent: \$3,129) to be paid within 10 business days of the signing of the Agreement; and
- ii. RM80,000 (AUD equivalent: \$25,034) to be paid on Settlement.

The Company intends to use the funds received from the sale for general working capital purposes.

- (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 2021 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 2021 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.
- (c) On 19 August 2021, 900,000 Options were issued to Directors exercisable at AUD\$0.30, expiring 3 years from issue date and vested equally over 3 years.





**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**DIRECTORS' DECLARATION**

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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 2021 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 'Teo Chee Hong'.

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Dato' Teo Chee Hong  
Director  
31 August 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

I SYNERGY GROUP LIMITED

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of I Synergy Group Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit and loss and other comprehensive income, 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 accompanying 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 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group 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 our audit of the annual financial report in Australia. We have also fulfilled our other 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 in 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 the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

I SYNERGY GROUP LIMITED (continued)

**Auditor's Responsibility for the Review of the Half-Year 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 2021 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 other 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.

**Rothsay Audit & Assurance Pty Ltd**

A handwritten signature in black ink, appearing to read 'Dalla', is written over a faint, light-colored signature line.

**Daniel Dalla**  
**Director**  
**31 August 2021**

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