

**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 2022
Previous period:	For the half-year ended 30 June 2021

2. Results for announcement to the market

				AUD\$
Revenue from ordinary activities	down	15.67%	to	905,817
Loss from ordinary activities after tax attributable to the owners of I Synergy Group Limited	up	>100%	to	(5,449,856)
Loss for the year attributable to the owners of I Synergy Group Limited	up	>100%	to	(5,086,028)

Dividend

No dividend was recommended by the directors for the half-year ended 30 June 2022.

Brief explanation of any figure reported above

Please refer to review of operations and activities in the directors' report and half-year results announcement in this half-year report.

3. Net tangible liabilities

	Reporting period Cents	Previous period Cents
Net tangible liabilities per ordinary share	(0.01)	(0.65)

4. Control gained over entities

During the financial period, the Group acquired a new subsidiary, Postech International Pty Ltd, incorporated in Western Australia on 16 March 2022.

5. Loss control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.



**APPENDIX 4D
HALF-YEAR REPORT**

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, in compliance with International Financial Reporting Standards.

8. Audit status

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 2022 is attached.

10. Signed

Signed  _____

Dato' Teo Chee Hong
Director

Date: 31 August 2022

I SYNERGY GROUP LIMITED

ACN: 613 927 361

CONSOLIDATED INTERIM REPORT

for the half-year ended 30 June 2022

CONTENTS

	Page
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	11
Note to the Financial Statements	12
Directors' Declaration	27
Independence Auditor's Review Report	28



I SYNERGY GROUP LIMITED

ACN: 613 927 361

CORPORATE DIRECTORY

Directors	Dato' Teo Chee Hong Derrick De Souza Joshua Hunt (Appointed on 26 May 2022) Jeffrey Lee (Resigned on 25 May 2022) Kevin Fabian Coutinho (Appointed on 16 March 2022)
Company Secretary	Harry Miller
Registered Office	Ground Floor 16 Ord Street West Perth WA 6005 Phone: +618 9482 0500
Principal Place of Business	Malaysia Unit 20-10, Tower A The Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Malaysia Phone: +603 2242 1333 Indonesia DBS Bank Tower 28 Floor Unit 2820-2821 Ciputra World One Jalan Prof. Dr. Satrio Kav 3-5 Jakarta Selatan 12940 Indonesia Phone: +62 2988 8260 Australia Level 4, 640 Murray Street West Perth WA 6005
Share Register	Automatic Registry Services Level 12, 267 St Georges Terrace Perth WA 6000
Auditor	Rothsay Audit & Assurance Pty Ltd Level 1/6 O'Connell Street Sydney NSW 2000
Stock Exchange listing	I Synergy Group Limited shares are listed on the Australian Securities Exchange (ASX code: IS3)
Website	www.i-synergygroup.com
Corporate Governance Statement	www.i-synergygroup.com



DIRECTORS' REPORT
HALF-YEAR ENDED 30 JUNE 2022

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 2022.

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 Director)
Derrick De Souza (Non-executive Director)
Joshua Hunt (Non-executive Director) (Appointed on 26 May 2022)
Jeffrey Lee (Non-executive Director) (Resigned on 25 May 2022)
Kevin Fabian Coutinho (Executive Director) (Appointed 16 March 2022)

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 Group during the financial year though the Company did acquire Postech International Pty Ltd.

Share buy-back

No share buy-back has 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 2022, the revenue experienced a decline of 15.67% compare to the previous half-year to AUD\$905,817 from AUD\$1,074,124.

Business risks

The Board and Management have identified the following specific risks relevant to the Company's current/on-going business and operations:

Competition and New Technologies

The industry in which the Company is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of the Company.

The Company competes with other affiliate marketing companies who may introduce new products and services. While the Directors have no reason to believe that any of the Company's products and services will become obsolete, if these new products and services are superior or perceived to be superior to the Company's products and services, and if the Company is unable to offer these new products and services, then this may impact adversely on the Company's ability to compete in the market. Further expenditure on marketing and development may be required to make the Company's products and services commercially viable.



DIRECTORS' REPORT
HALF-YEAR ENDED 30 JUNE 2022

Competitors may attempt to compete with the Company directly through technological innovation, marketing, or price discounting. The Company may fail to anticipate and adapt to technology changes or customer expectations.

Research and Development Risk

In order to maintain the Company's competitive position in the market, the Company will undertake research and development from time to time, including on VTRAK, REWALTY and new products. The Company considers R&D to be a key means by which it will sustain its market position and grow its business. There is a risk that despite significant time and expenditure being applied to R&D projects, certain projects may not result in an advancement of the Company's technology and products. There is no guarantee that the Company's R&D projects will be successful or prove to be commercially viable. The failure of an R&D project could have a materially adverse impact on the Company's operations and financial performance.

Faults with Products and Services

Because the Company's products are technologically complex, errors or defects may be identified by the Company or its customers which could harm the Company's reputation and business. Technology-based products often contain undetected errors when first introduced or when new versions or enhancements are released.

Though the Company provides support to clients and is continuously updating and improving its products, there is a risk that the products provided are faulty or do not perform as intended. The Company has a strategy in place to ensure that such faults are resolved prior to being provided to the customer, but in instances where a fault still occurs it could adversely impact the Company's brand and reputation.

Customers may need to engage with the Company's customer service personnel in certain circumstances, such as if they have a question about its products or if there is a dispute. The Company will continuously need to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If the Company loses key customer service personnel or fails to provide adequate training and resources for customer service personnel, or if the computer systems relied on by customer service personnel are disrupted by technological failures, this could lead to adverse publicity, litigation, regulatory inquiries or a decrease in customers, all of which may negatively impact on the Company's profitability.

International Operations

The Company currently operates in Australia, Malaysia and Indonesia. The Company will also consider expanding into other markets internationally in the future. Therefore, the Company will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally, and will include, but are not limited to:

- Changes in the regulatory environment;
- Trade barriers or the imposition of taxes;
- Difficulties with staffing or managing any foreign operations;
- Issues or restrictions on the free transfer of funds;
- Technology export or import restrictions; and
- Delays in dealing across borders caused by customers or regulatory authorities.

Acquisitions

The Company may make acquisitions of, or significant investments in, companies, products, technologies and products that are complementary to its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.



I SYNERGY GROUP LIMITED

ACN: 613 927 361

DIRECTORS' REPORT
HALF-YEAR ENDED 30 JUNE 2022

Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 30 June 2022 has been received and can be found on page 5 of the Interim Report.

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

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Teo Chee Hong'.

Dato' Teo Chee Hong
Director
31 August 2022

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 2022, 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 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2022**

		The Group	
	Note	30 Jun 2022 AUD\$	30 Jun 2021 AUD\$
Revenue	6	905,817	1,074,124
Cost of sales		(135,583)	(509,796)
Gross profit		770,234	564,328
Other income		23,500	435,511
Selling and distribution expenses		(102,369)	(16,540)
Administrative expenses		(1,981,631)	(836,166)
Finance cost		(8,097)	(2,949)
Goodwill Impairment		(4,151,444)	-
(Loss)/Profit before taxation	7	(5,449,807)	144,184
Income tax expense	8	-	-
(Loss)/Profit after taxation for the period		(5,449,807)	144,184
Other comprehensive income/(loss)			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation differences		365,426	(35,814)
Total comprehensive (loss)/income for the period		(5,084,381)	108,370
(Loss)/Profit after taxation attributable to:			
Non-controlling interest		49	82,126
Owners of the Company		(5,449,856)	62,058
		(5,449,807)	144,184
Total comprehensive income for the period attributable to:			
Non-controlling interest		1,647	71,490
Owners of the Company		(5,086,028)	36,880
		(5,084,381)	108,370

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 2022

		The Group	
	Note	30 Jun 2022 AUD\$	31 Dec 2021 AUD\$
ASSETS			
<u>Current Assets</u>			
Cash and cash equivalents	10	982,808	907,498
Trade receivables	11	33,528	74,281
Other receivables, deposits and prepayments	12	263,897	252,347
Current tax asset		399,409	221,956
		<u>1,679,642</u>	<u>1,456,082</u>
<u>Non-Current Assets</u>			
Equipment	14	171,688	587,044
Right-of-use assets	15	200,420	220,983
Goodwill on consolidation	16	1,980,000	-
Development costs	17	1,161,931	266,229
		<u>3,514,039</u>	<u>1,074,256</u>
TOTAL ASSETS		<u>5,193,681</u>	<u>2,530,338</u>
LIABILITIES			
<u>Current Liabilities</u>			
Trade payables	18	20,586	38,498
Other payables and accruals	19	950,060	706,444
Current tax liability		133,698	-
Deferred revenue	20	1,069,889	1,116,761
Lease liabilities	21	83,092	82,013
		<u>2,257,325</u>	<u>1,943,716</u>
<u>Non-Current Liabilities</u>			
Other payables	19	31,150	31,236
Deferred revenue	20	2,466,856	2,974,310
Lease liabilities	21	119,331	121,059
		<u>2,617,337</u>	<u>3,126,605</u>
TOTAL LIABILITIES		<u>4,874,662</u>	<u>5,070,321</u>
NET ASSETS		<u>319,019</u>	<u>(2,539,983)</u>

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 2022 (CONT'D)

	Note	The Group	
		30 Jun 2022 AUD\$	31 Dec 2021 AUD\$
EQUITY			
Share capital	22	7,497,396	2,442,013
Merger deficit	23	(1,042,123)	(1,042,123)
Foreign exchange translation reserve	24	528,780	164,952
Option reserve	25	3,029,536	141,536
Accumulated losses		(9,733,723)	(4,283,867)
		<hr/>	<hr/>
Equity attributable to owners of the Company		279,866	(2,577,489)
Non-controlling interest		39,153	37,506
		<hr/>	<hr/>
TOTAL EQUITY		319,019	(2,539,983)
		<hr/>	<hr/>

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 2022

The Group	Share Capital AUD\$	Merger Deficit * AUD\$	Foreign Exchange Translation Reserve AUD\$	Option Reserve AUD\$	Retained Earnings AUD\$	Attributable to Owners of the Company AUD\$	Non-Controlling Interest AUD\$	Total Equity AUD\$
Balance at 1.1.2022	2,442,013	(1,042,123)	164,952	141,536	(4,283,867)	(2,577,489)	37,506	(2,539,983)
Loss after taxation for the financial period	-	-	-	-	(5,449,856)	(5,449,856)	49	(5,449,807)
Other comprehensive income for the financial period, net of tax:								
- Foreign currency translation differences	-	-	363,828	-	-	363,828	1,598	365,426
Total comprehensive income/(expenses) for the financial period	-	-	363,828	-	(5,449,856)	(5,086,028)	1,647	(5,084,381)
Contributions by and distributions to owners of the Company:								
- Acquisition of a subsidiary	3,905,000	-	-	2,750,000	-	6,655,000	-	6,655,000
- Corporate advisory services	156,200	-	-	-	-	156,200	-	156,200
- Equity base payment	-	-	-	138,000	-	138,000	-	138,000
- Issuance of new shares	994,183	-	-	-	-	994,183	-	994,183
Total transactions with owners	5,055,383	-	-	2,888,000	-	7,943,383	-	7,943,383
Balance at 30.6.2022	7,497,396	(1,042,123)	528,780	3,029,536	(9,733,723)	279,866	39,153	319,019

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 2022 (CONT'D)

The Group	Share Capital AUD\$	Merger Deficit * AUD\$	Foreign Exchange Translation Reserve AUD\$	Option Reserve AUD\$	Retained Earnings AUD\$	Attributable to Owners of the Company AUD\$	Non-Controlling Interest AUD\$	Total Equity AUD\$
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 income 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 CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2022

	The Group	
	30 Jun 2022	30 Jun 2021
	AUD\$	AUD\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Sale from customers	368,789	766,681
Payments to suppliers and employees	(888,021)	(2,947,755)
Cash used in from operations	(519,232)	(2,181,074)
Interest paid	(8,097)	(2,949)
Other payments	(44,747)	(45,039)
Net cash used in operating activities	(572,076)	(2,229,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	684	17,208
Proceeds from disposal of business	-	412,631
Proceeds from disposal of equipment	93,368	6,289
Purchase of equipment	(10,783)	(67,703)
Purchase of development cost	(449,838)	(120,419)
Net cash inflows from acquisition of a subsidiary	61,300	-
Net cash (used in)/from investing activities	(305,269)	248,006
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid by a subsidiary to non-controlling interest	-	(474,508)
Issuance of ordinary shares	994,183	-
Repayment of lease liabilities	(41,528)	(26,135)
Net cash from/(used in) financing activities	952,655	(500,643)
Net increase/(decrease) in cash and cash equivalents	75,310	(2,481,699)
Effects of foreign exchange translation on cash and cash equivalents	-	3,786
Cash and cash equivalents at the beginning of the financial period	907,498	4,950,699
Cash and cash equivalents at the end of the financial period	982,808	2,472,786

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 2022

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 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged as a holding company for its businesses. The principal activities of the subsidiaries are providing affiliate marketing solutions to advertisers and affiliates. There was no significant change in the nature of activities of the Company during the period though the Company did acquire Postech International Pty Ltd.

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 2022.

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 ("Consolidated Interim Financial Report") have been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001. International Financial Reporting Standard ("IFRS") from the basis of Australian Accounting Standards ("AAS") adopted by the Australian Accounting Standard 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 any public announcements made by the Company in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASC 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 2022**

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. GOING CONCERN

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred an operation loss of \$1,298,363 excluding the impairment loss of \$4,151,444 and a net cash outflow from operating activities amounting to \$ 572,076 for the period from 01 January 2022 to 30 June 2022. The ability of the Group to continue as a going concern is dependent on the Group achieving positive operating cash flows and/ or securing additional funding through government grant or capital raising to continue to fund its operational and marketing activities. These conditions indicate the existence of a material uncertainty that may cause significant doubt about the Group's ability to continue as a going concern.

The Directors are satisfied that the going concern basis of preparation is appropriate and there are reasonable grounds to believe that the Group will continue as a going concern due to the following factors:

- a) The Directors are confident in the outlook of the upcoming new product and believe it will deliver future profitable operations.
- b) Through the business consolidation that took place in March 2022, namely Ocean Nexus combined with Ledgers Lab, and VTRAK combined with REWALTY, IS3 is now operating at a very lean but highly scalable business preposition.
- c) The company is able to raise further capital based on historical success.
- d) The company is still hopeful with the approval of Cooperative Research Centres Projects (CRC-P) Grants and the result is expected to be released by late 2022.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****6. REVENUE**

	The Group	
	30 Jun 2022	30 Jun 2021
	AUD\$	AUD\$
<u>Revenue recognised at a point in time</u>		
Software activation	17,262	325,321
Training	2,696	47,065
Affiliate program fees	-	53,755
Seminar and event	-	2,408
Merchandise sales	24,586	4,558
Website and software development fee	241,578	50,824
Other revenue	75,744	-
Commission received	4,925	-
	366,791	483,931
<u>Revenue recognised over time</u>		
License right to access	539,026	546,242
Subscription fee	-	43,951
	539,026	590,193
	905,817	1,074,124

7. PROFIT(LOSS)/BEFORE TAXATION

	The Group	
	30 Jun 2022	30 Jun 2021
	AUD\$	AUD\$
(Loss)/Profit before taxation is arrived at after charging/(crediting):		
Amortisation of development costs	80,103	17,323
Depreciation of equipment	349,007	88,088
Depreciation of right-of-use assets	62,113	30,635
Directors' remuneration	312,031	69,454
Equipment written off	-	3,034
Interest expense on financial liability not at FVTPL:		
- lease liabilities	8,097	2,949
Rental of equipment	1,248	3,806
Rental of premises	27,131	85,122
Employment costs	514,567	402,922
Goodwill impairment	4,151,444	-
Gain on disposal of business	-	(412,631)
Interest income on financial assets that are:		
- at FVTPL	(15)	(12,894)
- not at FVTPL	(669)	(4,314)

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****8. INCOME TAX EXPENSE**

There is no provision for taxation for the financial period as the Group has no chargeable income.

A reconciliation of the income tax expense applicable to the profit 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 2022	30 Jun 2021
	AUD\$	AUD\$
(Loss)/Profit before taxation	(5,449,807)	144,184
Tax at the statutory tax rates	(1,307,954)	34,603
Tax effects of:		
Tax incentive for pioneer products	-	(65,858)
Non-deductible expenses	1,032,365	51,337
Non-taxable income	(9,862)	(17,749)
Deferred tax assets not recognised	285,451	(2,333)
Income tax expense for the financial period	-	-

9. (LOSS)/PROFIT PER SHARE

	The Group	
	30 Jun 2022	30 Jun 2021
	AUD\$	AUD\$
(Loss)/Profit after taxation	(5,449,807)	144,184
Non-controlling interest	(49)	(82,126)
(Loss)/Profit after taxation attributable to the owners of the parent	(5,449,856)	62,058

	The Group	
	30 Jun 2022	30 Jun 2021
	Number	Number
<u>Basic profit per share</u>		
Weighted average number of ordinary shares used in calculating basic (loss)/profit per share	225,646,007	183,268,088
	Cents	Cents
Basic (loss)/profit per share	(2.42)	0.03

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****10. CASH AND CASH EQUIVALENTS**

	The Group	
	30 Jun 2022	31 Dec 2021
	AUD\$	AUD\$
Cash and bank balances	982,808	907,498
	<u>982,808</u>	<u>907,498</u>

11. TRADE RECEIVABLES

	The Group	
	30 Jun 2022	31 Dec 2021
	AUD\$	AUD\$
Trade receivables	417,990	443,887
Allowance for expected credit losses	(384,462)	(369,606)
	<u>33,528</u>	<u>74,281</u>
Allowances for expected credit losses:		
At 1.1.2022/2021	(371,571)	(450,226)
Provision during the financial period/year	(15,720)	-
Reversal during the financial period/year	-	73,965
Foreign exchange translation differences	2,829	6,655
At 30.6.2022/31.12.2021	<u>(384,462)</u>	<u>(369,606)</u>

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	30 Jun 2022	31 Dec 2021
	AUD\$	AUD\$
Other receivables	126,622	217,216
Deposits	121,498	15,621
Prepayments	5,634	19,510
Goods and services tax ("GST") recoverable	10,143	-
	<u>263,897</u>	<u>252,347</u>

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****13. CONTROLLED ENTITIES**

Details of the subsidiaries are as follows:

	Country of Incorporation	Effective Equity Interest		Principal Activities
		30 Jun 2022	31 Dec 2021	
		%	%	
I Synergy (Singapore) Pte. Ltd. ("ISS")	Singapore	100	100	Investment holding.
Postech International Pty. Ltd. ("PIP")	Australia	100	-	Providing food ordering platform to customer.
Distributed Ledger Technology Pty Ltd	Australia	100	-	Dormant.
<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
<i>Held by ISC</i>				
I Synergy International (M) Sdn. Bhd. ("ISI")	Malaysia	100	100	Business of affiliate marketing and related affiliate management services
I Synergy Universal Sdn. Bhd. ("ISU")	Malaysia	70	70	Dormant.
I Synergy Edutech Sdn. Bhd. ("ISE")	Malaysia	100	100	Dormant.
I Synergy Rewards Sdn. Bhd. ("ISR") #	Malaysia	100	100	Dormant.
Ocean Nexus Sdn. Bhd. ("ONSB")	Malaysia	100	100	Customised software design and development services.
<i>Held by PIP</i>				
Uniclub Group Pty. Ltd. ("UGP")	Australia	100	-	Investment holding.
Cloutopia Pty. Ltd.	Australia	100	-	Providing food ordering platform.
Kuliner Pty. Ltd.	Australia	100	-	Dormant.

Strike off during the financial period.



I SYNERGY GROUP LIMITED

ACN: 613 927 361

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2022

14. EQUIPMENT

	At 1.1.2022 AUD\$	Additions AUD\$	Acquisition of subsidiary	Written Off AUD\$	Disposal AUD\$	Depreciation Charges AUD\$	Foreign Currency Translation Difference AUD\$	At 30.6.2022 AUD\$
The Group								
Computers, handphone and printer	308,703	4,424	-	-	-	(270,733)	(3,699)	38,695
Furniture and fittings	15,212	602	-	-	(64)	(1,483)	(32)	14,235
Motor vehicles	162,162	-	-	-	(93,323)	(66,645)	(2,194)	-
Office equipment	21,054	224	22,436	-	-	(4,221)	(70)	39,423
Renovation	79,913	5,533	-	-	-	(5,925)	(186)	79,335
	587,044	10,783	22,436	-	(93,387)	(349,007)	(6,181)	171,688

	At 1.1.2021 AUD\$	Additions AUD\$	Written Off AUD\$	Disposal AUD\$	Depreciation Charges AUD\$	Foreign Currency Translation Difference AUD\$	At 31.12.2021 AUD\$
The Group							
Computers, handphone and printer	298,677	43,790	-	(2,748)	(25,412)	(5,604)	308,703
Furniture and fittings	17,414	3,109	-	-	(2,530)	(2,781)	15,212
Motor vehicles	200,611	-	-	-	(42,399)	3,950	162,162
Office equipment	53,299	1,072	-	(3,636)	(4,146)	(25,535)	21,054
Renovation	122,668	9,196	(32,916)	-	(12,746)	(6,289)	79,913
	692,669	57,167	(32,916)	(6,384)	(87,233)	(36,259)	587,044

	At Cost AUD\$	Accumulated Depreciation AUD\$	At Net Book Value AUD\$
The Group			
30.6.2022			
Computers, handphone and printer	664,332	(625,637)	38,695
Furniture and fittings	44,884	(30,649)	14,235
Motor vehicles	65,805	(65,805)	-
Office equipment	76,020	(36,597)	39,423
Renovation	112,667	(33,332)	79,335
	963,708	(792,020)	171,688

	At Cost AUD\$	Accumulated Depreciation AUD\$	At Net Book Value AUD\$
The Group			
31.12.2021			
Computers, handphone and printer	640,621	(331,918)	308,703
Furniture and fittings	44,492	(29,280)	15,212
Motor vehicles	433,874	(271,712)	162,162
Office equipment	85,566	(64,512)	21,054
Renovation	108,508	(28,595)	79,913
	1,313,061	(726,017)	587,044



15. RIGHT-OF-USE ASSETS

	At 1.1.2021 AUD\$	Additions AUD\$	Depreciation Charges AUD\$	Derecognition due to lease termination AUD\$	Foreign Currency Translation Difference AUD\$	At 31.12.2021 AUD\$
The Group						
31.12.2021						
<i>Carrying Amount</i>						
Office premises	6,751	48,889	(10,792)	-	1,216	46,064
Motor vehicles	127,228	105,978	(43,138)	(19,577)	4,428	174,919
	133,979	154,867	(53,930)	(19,577)	5,644	220,983

(i) Office premises	The Group has leased a number of properties that run between 1 year and 3 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 is 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\$94,967 (31.12.2021 – AUD\$105,311) are held in trust by a director of the Company.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****16. GOODWILL ON CONSOLIDATION**

	The Group	
	30 Jun 2022	31 Dec 2021
	AUD\$	AUD\$
At 1.1.2022/2021	-	237,721
Acquisition of a subsidiary	6,131,444	-
Impairment loss during the financial period/year	(4,151,444)	(237,721)
At 30.6.2022/31.12.2021	<u>1,980,000</u>	<u>-</u>

The amount of goodwill relates to the customised software design and development cash-generating unit. The goodwill arose from the investment in subsidiaries and is reviewed for impairment annually. The Group has assessed the recoverable amount of goodwill and determined that there was an impairment required.

17. DEVELOPMENT COSTS

	The Group	
	30 Jun 2022	31 Dec 2021
	AUD\$	AUD\$
Cost:		
At 1.1.2022/2021	377,528	124,977
Additions during the financial period/year	449,838	249,367
Acquisition of subsidiaries	728,436	-
Foreign currency translation differences	-	3,184
At 30.6.2022/31.12.2021	<u>1,555,802</u>	<u>377,528</u>
Accumulated amortisation:		
At 1.1.2022/2021	(111,299)	(4,206)
Amortisation during the financial period/year	(284,248)	(106,987)
Foreign currency translation differences	1,676	(106)
At 30.6.2022/31.12.2021	<u>(393,871)</u>	<u>(111,299)</u>
	<u>1,161,931</u>	<u>266,229</u>

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

18. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (31.12.2021 – 30 to 60) days.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****19. OTHER PAYABLES AND ACCRUALS**

	The Group	
	30 Jun 2022	31 Dec 2021
	AUD\$	AUD\$
<u>Current</u>		
Other payables	744,938	600,673
Deposits received	27,825	80,666
Accruals	177,297	25,105
	<u>950,060</u>	<u>706,444</u>
 <u>Non-current</u>		
Other payables	<u>31,150</u>	<u>31,236</u>

20. DEFERRED REVENUE

	The Group	
	30 Jun 2022	31 Dec 2021
	AUD\$	AUD\$
License right to access:		
Current liabilities	1,069,889	1,116,761
Non-current liabilities	2,466,856	2,974,310
	<u>3,536,745</u>	<u>4,091,071</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 (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 period/year are summarised below:

	The Group	
	30 Jun 2022	31 Dec 2021
	AUD\$	AUD\$
Deferred revenue balance at the beginning of the financial period/year recognised as revenue	<u>545,907</u>	<u>1,088,998</u>

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****20. 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	
	30 Jun 2022	31 Dec 2021
	AUD\$	AUD\$
Financial year ending 31 December 2022	538,400	1,084,307
Financial year ending 31 December 2023	1,062,977	1,065,962
Financial year ending 31 December 2024	878,984	881,452
Financial year ending 31 December 2025	593,105	594,770
Financial year ending 31 December 2026	336,231	337,175
Financial year ending 31 December 2027	109,375	109,683
Financial year ending 31 December 2028	17,673	17,722
	3,536,745	4,091,071

21. LEASE LIABILITIES

	The Group	
	30 Jun 2022	31 Dec 2021
	AUD\$	AUD\$
At 1.1.2022/2021	203,072	142,132
Additions	53,986	143,230
Repayment of principal	(41,528)	(61,711)
Derecognition due to lease termination	(12,538)	24,201
Foreign currency translation differences	(569)	3,622
At 30.6.2022/31.12.2021	202,423	203,072
<i>Analysed by:</i>		
<i>Current liabilities</i>	83,092	82,013
<i>Non-current liabilities</i>	119,331	121,059
	202,423	203,072

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****22. SHARE CAPITAL**

	30 Jun 2022	The Group/The Company		
	Number of Shares	31 Dec 2021	30 Jun 2022	31 Dec 2021
			AUD\$	AUD\$
Fully Paid-Up Ordinary Shares				
At 1.1.2022/2021	183,268,088	183,268,088	2,442,013	2,442,013
Corporate advisory services	2,200,000	-	156,200	-
Acquisition of a subsidiary	55,000,000	-	3,905,000	-
Issuance of new shares	27,555,838	-	994,183	-
At 30.6.2022/31.12.2021	<u>268,023,926</u>	<u>183,268,088</u>	<u>7,497,396</u>	<u>2,442,013</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.

23. MERGER DEFICIT

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

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

24. FOREIGN EXCHANGE TRANSLATION RESERVE

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

25. OPTION RESERVE

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

The Group provides benefits to employees and directors of the Group in the form of share-based payments, whereby the employees and directors render services in exchange for share options and performance rights over shares. The total equity-settled share-based payment expense for the financial period/year was AUD\$138,000.

The remaining movement in the option reserve of \$2,750,000 relates to options issued on the acquisition of Postech International Pty Ltd.

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 91,715,838.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****26. SIGNIFICANT RELATED PARTY DISCLOSURES****(29) Identifies of Related Parties**

Parties are considered to be related to the Group if the Group of 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 to 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.

(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 2022	30 Jun 2021
	AUD\$	AUD\$
Triple Gem Sdn. Bhd. (Director-related entity of Dato' Teo Chee Hong)		
- Office rental	7,929	79,546

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

27 CAPITAL COMMITMENT

	The Group	
	30 Jun 2022	30 Jun 2021
	AUD\$	AUD\$
Purchase of equipment	-	17,532

28. OPERATING SEGMENTS**(29) BUSINESS SEGMENT**

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

(b) 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).

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****28. OPERATING SEGMENTS (CONT'D)**

	Revenue		Non-current Assets	
	30 Jun 2022 AUD\$	30 Jun 2021 AUD\$	30 Jun 2022 AUD\$	30 Jun 2021 AUD\$
The Group				
Australia	80,669	-	2,729,314	-
Indonesia	48	1,984	42,239	52,719
Malaysia	825,100	1,072,140	742,486	2,091,164
	<u>905,817</u>	<u>1,074,124</u>	<u>3,514,039</u>	<u>2,143,883</u>

© MAJOR CUSTOMERS

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

(d) DISAGGREGATION OF REVENUE

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

	Australia AUD\$	Indonesia AUD\$	Malaysia AUD\$	The Group AUD\$
30.6.2022				
At a point of time	80,669	48	539,026	619,743
Over time	-	-	286,074	286,074
	<u>80,669</u>	<u>48</u>	<u>825,100</u>	<u>905,817</u>
	Australia AUD\$	Indonesia AUD\$	Malaysia AUD\$	The Group AUD\$
30.6.2021				
At a point of time	-	1,984	481,947	483,931
Over time	-	-	590,193	590,193
	<u>-</u>	<u>1,984</u>	<u>1,072,140</u>	<u>1,074,124</u>

29. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

On 16 March 2022, the Group acquired the entire issued capital of Postech International Pty Ltd which is principally engaged in the business of providing a rewards program platform for both merchants and users using nascent opensource technology. The purchase price comprised 55,000,000 fully paid ordinary shares and 55,000,000 unlisted options with exercise price of \$0.05 on or before the date that is two years from the date of issue.

The acquisition is expected to provide the Group with a greater presence in Australia, with an experienced team of operators and a contracted client base and product offerings. The Group intends to leverage Postech's technology via utilising its existing affiliate marketing expertise in the form of management and technologies, with the aim of improving the Group's service across Southeast Asia.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2022****29. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)**

	The Group AUD\$
Purchase consideration (refer to below):	
Ordinary shares issued	3,905,000
Option issued	2,750,000
Total purchase considerations	<u>6,655,000</u>
Goodwill acquired	<u>6,131,444</u>

The fair value of the 55,000,000 shares issued as part of the consideration paid for Postech International Pty Ltd was based on the published share price on 31 March 2022 of \$0.071 per share. The 55,000,000 options issued were valued at \$0.05 using Black Scholes option pricing model.

The assets and liabilities recognised as a result of the acquisition are as follows:

	AUD\$
Cash	63,326
Other receivables	6,381
Plant and equipment	22,435
Development costs	678,436
Trade payable	(10,035)
Other payable	(227,110)
Provision for employee benefit obligation	(9,877)
Net identifiable assets acquired	<u>523,556</u>
Add: goodwill	<u>327,733</u>
Net assets acquired	<u>851,289</u>

Revenue and profit/loss contribution

The acquired business contributed revenues of \$80,669 and net loss of \$123,619 to the group for the period from 01 April 2022 to 30 June 2022.



I SYNERGY GROUP LIMITED

ACN: 613 927 361

DIRECTORS' DECLARATION

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

1. the Consolidated Interim Financial Report and notes are in accordance with the Corporations Act 2001, including:
 - a. comply with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2022 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 be 'Dato' Teo Chee Hong'.

Dato' Teo Chee Hong
Director
31 August 2022

I SYNERGY GROUP LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of I Synergy Group Limited

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 2022, 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:

- a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- b) 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.



I SYNERGY GROUP LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (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 2022 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

Director
Sydney, 31 August 2022