



**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 2023
Previous period:	For the half-year ended 30 June 2022

2. Results for announcement to the market

				AUD\$
Revenue from ordinary activities	down	40.09%	to	542,633
Loss from ordinary activities after tax attributable to the owners of I Synergy Group Limited	down	>100%	to	(582,767)
Loss for the year attributable to the owners of I Synergy Group Limited	down	>100%	to	(624,014)

Dividend

No dividend was recommended by the directors for the half-year ended 30 June 2023.

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)	(0.01)

4. Control gained over entities

During the financial period, the Group has not acquired any subsidiary.

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

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

9. Attachments

The Interim Report of I Synergy Group Limited for the half-year ended 30 June 2023 is attached.

10. Signed

Signed _____

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

Date: 31 August 2023

Dato' Teo Chee Hong
Director

I SYNERGY GROUP LIMITED
ACN: 613 927 361

CONSOLIDATED INTERIM REPORT
for the half-year ended 30 June 2023

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I SYNERGY GROUP LIMITED

ACN: 613 927 361

CORPORATE DIRECTORY

Directors	Dato' Teo Chee Hong Derrick De Souza Joshua Hunt Kevin Fabian Coutinho (appointed 16 March 2022 and resigned on 2 February 2023)
Company Secretary	Harry Miller
Registered Office	Level 5, 191 St Georges Terrace Perth WA 6000 Phone: + 61 2 8072 1400
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 PO Box 7059 Cloisters Square PO Perth WA 6850
Share Register	Automic 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 2023**

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 2023.

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)
Kevin Fabian Coutinho (appointed 16 March 2022 and resigned on 2 February 2023)

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.

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 2023, the revenue experienced a decline of 40.09% compared to the previous half-year to AUD\$542,633 from AUD\$905,817.

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.

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.



**DIRECTORS' REPORT
HALF-YEAR ENDED 30 JUNE 2023**

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 2023**

Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 30 June 2023 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', written over a horizontal line.

Dato' Teo Chee Hong
Director
31 August 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

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 2023, 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 2023

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Sydney NSW 2000

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2023**

		The Group	
	Note	30 Jun 2023 AUD\$	30 Jun 2022 AUD\$
Revenue	6	542,633	905,817
Cost of sales		(3,520)	(135,583)
Gross profit		539,113	770,234
Other income		110,812	23,500
Selling and distribution expenses		(4,534)	(102,369)
Administrative expenses		(1,214,049)	(1,981,631)
Finance cost		(13,893)	(8,097)
Goodwill impairment		-	(4,151,444)
Loss before taxation	7	(582,551)	(5,449,807)
Income tax expense	8	(57)	-
Loss after taxation for the period		(582,608)	(5,449,807)
Other comprehensive income/(loss) <u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation differences		(41,247)	365,426
Total comprehensive loss for the period		(623,855)	(5,084,381)
Loss after taxation attributable to:			
Non-controlling interest		159	49
Owners of the Company		(582,767)	(5,449,856)
		(582,608)	(5,449,807)
Total comprehensive income for the period attributable to:			
Non-controlling interest		159	1,647
Owners of the Company		(624,014)	(5,086,028)
		(623,855)	(5,084,381)
		Cents	Cents
Basic and diluted loss per share	9	(0.20)	(2.42)

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 2023

		The Group	
	Note	30 Jun 2023 AUD\$	31 Dec 2022 AUD\$
ASSETS			
<u>Current Assets</u>			
Cash and cash equivalents	10	99,985	323,704
Trade and other receivables	11	37,068	71,743
Other assets	12	222,510	374,135
Current tax asset		297,264	288,892
		<u>656,827</u>	<u>1,058,474</u>
<u>Non-Current Assets</u>			
Equipment	14	200,480	142,089
Right-of-use assets	15	330,662	401,635
Development costs	17	737,035	1,109,159
		<u>1,268,177</u>	<u>1,652,883</u>
TOTAL ASSETS		<u>1,925,004</u>	<u>2,711,357</u>
LIABILITIES			
<u>Current Liabilities</u>			
Trade payables	18	7,218	26,774
Other payables and accruals	19	1,313,907	953,311
Deferred revenue	20	1,000,519	1,079,655
Lease liabilities	21	125,806	111,293
		<u>2,447,450</u>	<u>2,171,033</u>
<u>Non-Current Liabilities</u>			
Deferred revenue	20	1,519,345	1,965,732
Lease liabilities	21	192,553	185,081
		<u>1,711,898</u>	<u>2,150,813</u>
TOTAL LIABILITIES		<u>4,159,348</u>	<u>4,321,846</u>
NET ASSETS		<u>(2,234,344)</u>	<u>(1,610,489)</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 2023 (CONT'D)

		The Group	
	Note	30 Jun 2023 AUD\$	31 Dec 2022 AUD\$
EQUITY			
Share capital	22	8,327,751	8,327,751
Merger deficit	23	(1,042,123)	(1,042,123)
Foreign exchange translation reserve	24	(17,255)	23,992
Option reserve	25	3,067,709	3,067,709
Accumulated losses		(12,610,024)	(12,027,257)
		<hr/>	<hr/>
Equity attributable to owners of the Company		(2,273,942)	(1,649,928)
Non-controlling interest		39,598	39,439
		<hr/>	<hr/>
TOTAL EQUITY		(2,234,344)	(1,610,489)
		<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 2023

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 1.1.2023	8,327,751	(1,042,123)	23,992	3,067,709	(12,027,257)	(1,649,928)	39,439	(1,610,489)
Loss after taxation for the financial period	-	-	-	-	(582,767)	(582,767)	159	(582,608)
Other comprehensive income for the financial period, net of tax:								
- Foreign currency translation differences	-	-	(41,247)	-	-	(41,247)	-	(41,247)
Total comprehensive income/(expenses) for the financial period	-	-	(41,247)	-	(582,767)	(624,014)	159	(623,855)
Balance at 30.6.2023	8,327,751	(1,042,123)	(17,255)	3,067,709	(12,610,024)	(2,273,942)	39,598	(2,234,344)

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 2023 (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 1.1.2022	2,442,013	(1,042,123)	164,952	141,536	(4,283,867)	(2,577,489)	37,506	(2,539,983)
Profit 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 (expenses)/income 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)	527,780	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 CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2023

	The Group	
	30 Jun 2023	30 Jun 2022
	AUD\$	AUD\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	75,872	368,789
Payments to suppliers and employees	(345,815)	(888,021)
Cash used in operations	(269,943)	(519,232)
Interest paid	(13,893)	(8,097)
Other payments	(8,373)	(44,747)
Net cash used in operating activities	(292,209)	(572,076)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	461	684
Proceeds from disposal of equipment	-	93,368
Proceeds from refund of development costs	237,966	-
Purchase of equipment	(114,817)	(10,783)
Purchase of development cost	-	(449,838)
Net cash inflows from acquisition of a subsidiary	-	61,300
Net cash used in investing activities	123,610	(305,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of ordinary shares	-	994,183
Repayment of lease liabilities	(55,120)	(41,528)
Net cash (used in)/from financing activities	(55,120)	952,655
Net (decrease)/increase in cash and cash equivalents	(223,719)	75,310
Cash and cash equivalents at the beginning of the financial period	323,704	907,498
Cash and cash equivalents at the end of the financial period	99,985	982,808

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 2023

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	:	Level 5, 191 St Georges Terrace Perth WA 6000
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 2023.

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.

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 2023.

These general purpose financial statements for the interim half-year reporting period ended 30 June 2023 ("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 2023**

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 operating loss of \$582,608 (2022: \$1,298,363 excluding the impairment loss of \$4,151,444), and a net cash outflow from operating activities amounting to \$292,209 (2022: \$572,076) for the period from 1 January 2023 to 30 June 2023 and as at 30 June 2023 had a deficiency in net assets of \$2,234,344 (31 December 2022: \$1,610,489). 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 capital raisings or government grants 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) Significant costs continue to be removed from the business.
- c) The company is able to raise further capital based on historical success of raising additional capital.
- d) The company is still hopeful with the approval of Cooperative Research Centres Projects (CRC-P) Grants.

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 2023****6. REVENUE**

	The Group	
	30 Jun 2023	30 Jun 2022
	AUD\$	AUD\$
<u>Revenue recognised at a point in time</u>		
Software activation	-	17,262
Training	-	2,696
Merchandise sales	-	24,586
Website and software development fee	-	241,578
Other revenue	6,434	75,744
Commission received	10,946	4,925
	<u>17,380</u>	<u>366,791</u>
<u>Revenue recognised over time</u>		
License right to access	525,253	539,026
	<u>525,253</u>	<u>539,026</u>
	<u>542,633</u>	<u>905,817</u>

7. LOSS BEFORE TAXATION

	The Group	
	30 Jun 2023	30 Jun 2022
	AUD\$	AUD\$
Loss before taxation is arrived at after charging/(crediting):		
Amortisation of development costs	134,158	80,103
Depreciation of equipment	21,924	349,007
Depreciation of right-of-use assets	70,973	62,113
Directors' remuneration	90,288	312,031
Interest expense on financial liability not at FVTPL:		
- lease liabilities	11,358	8,097
Rental of equipment	523	1,248
Rental of premises	10,798	27,131
Employment costs	195,554	514,567
Goodwill impairment	-	4,151,444
Interest income on financial assets that are:		
- at FVTPL	-	(15)
- not at FVTPL	(461)	(669)
	<u>(461)</u>	<u>(669)</u>

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023****8. INCOME TAX EXPENSE**

There is no provision for taxation for the financial period as the Group has no taxable 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 2023	30 Jun 2022
	AUD\$	AUD\$
Loss before taxation	(582,551)	(5,449,807)
Tax at the statutory tax rates	(139,812)	(1,307,954)
Tax effects of:		
Non-deductible expenses	166,381	1,032,365
Non-taxable income	(26,512)	(9,862)
Deferred tax assets not recognised	-	285,451
Income tax expense for the financial period	57	-

9. LOSS PER SHARE

	The Group	
	30 Jun 2023	30 Jun 2022
	AUD\$	AUD\$
Loss after taxation	(582,608)	(5,449,807)
Non-controlling interest	(159)	(49)
Loss after taxation attributable to the owners of the parent	(582,767)	(5,449,856)

	The Group	
	30 Jun 2023	30 Jun 2022
	Number	Number
<u>Basic profit per share</u>		
Weighted average number of ordinary shares used in calculating basic loss per share	289,080,368	225,646,007
	Cents	Cents
Basic and diluted loss per share	(0.20)	(2.42)

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023****10. CASH AND CASH EQUIVALENTS**

	The Group	
	30 Jun 2023	31 Dec 2022
	AUD\$	AUD\$
Cash and bank balances	99,985	323,704
	<u>99,985</u>	<u>323,704</u>

11. TRADE AND OTHER RECEIVABLES

	The Group	
	30 Jun 2023	31 Dec 2022
	AUD\$	AUD\$
Trade receivables	427,890	404,862
Allowance for expected credit losses	(390,822)	(390,822)
Total trade receivables	<u>37,068</u>	<u>14,040</u>
GST/VAT recoverable	-	57,703
Total trade and other receivables	<u>37,068</u>	<u>71,743</u>
Allowances for expected credit losses:		
At 1.1.2023/2022	(390,822)	(369,606)
Additional impairment loss recognised	-	(8,754)
Foreign exchange translation differences	-	(12,462)
	<u>(390,822)</u>	<u>(390,822)</u>
At 30.6.2023/31.12.2022	<u>(390,822)</u>	<u>(390,822)</u>

12. OTHER ASSETS

	The Group	
	30 Jun 2023	31 Dec 2022
	AUD\$	AUD\$
Other receivables	132,162	125,383
Deposits	82,870	102,219
Prepayments	7,478	146,533
	<u>222,510</u>	<u>374,135</u>

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023****13. CONTROLLED ENTITIES**

Details of the subsidiaries are as follows:

	Country of Incorporation	Effective Equity Interest		Principal Activities
		30 Jun 2023	31 Dec 2022	
I Synergy (Singapore) Pte. Ltd. ("ISS")	Singapore	100	100	Investment holding.
Postech International Pty. Ltd. ("PIP")	Australia	100	100	Providing food ordering platform to customer.
Distributed Ledger Technology Pty Ltd	Australia	100	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>				
Wyde Global Sdn. Bhd. (previously 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	100	Investment holding.
FoodGrande Pty. Ltd. (previously Cloutopia Pty. Ltd.)	Australia	100	100	Providing food ordering platform.
Kuliner Pty. Ltd.	Australia	100	100	Dormant.

Strike off in progress


**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023**
14. EQUIPMENT

	At 1.1.2023 AUD\$	Additions AUD\$	Written Off AUD\$	Disposal AUD\$	Depreciation Charges AUD\$	Foreign Currency Translation Difference AUD\$	At 30.6.2023 AUD\$
The Group							
Computers, handphone and printer	28,001	32,096	-	-	(4,723)	-	55,374
Furniture and fittings	10,071	1,879	-	-	(535)	-	11,415
Motor vehicles	-	70,631	-	-	(1,525)	-	69,106
Office equipment	36,217	10,211	(20,422)	-	(10,889)	-	15,117
Renovation	67,800	-	(14,080)	-	(4,252)	-	49,468
	142,089	114,817	(34,502)	-	(21,924)	-	200,480

	At 1.1.2022 AUD\$	Additions AUD\$	Written Off AUD\$	Disposal AUD\$	Depreciation Charges AUD\$	Foreign Currency Translation Difference AUD\$	At 31.12.2022 AUD\$
The Group							
Computers, handphone and printer	308,703	8,927	-	(187,762)	(103,775)	1,908	28,001
Furniture and fittings	15,212	614	-	(2,820)	(2,843)	(92)	10,071
Motor vehicles	162,162	-	-	(626)	(164,208)	2,672	-
Office equipment	21,054	2,418	-	-	(5,270)	18,015	36,217
Renovation	79,913	5,645	-	(6,872)	(10,924)	38	67,800
	587,044	17,604	-	(198,080)	(287,020)	22,541	142,089

The Group	At Cost AUD\$	Accumulated Depreciation AUD\$	At Net Book Value AUD\$
30.6.2023			
Computers, handphone and printer	247,090	(191,716)	55,374
Furniture and fittings	25,294	(13,879)	11,415
Motor vehicles	70,631	(1,525)	69,106
Office equipment	62,397	(47,280)	15,117
Renovation	92,224	(42,756)	49,468
	497,636	(297,156)	200,480

The Group	At Cost AUD\$	Accumulated Depreciation AUD\$	At Net Book Value AUD\$
31.12.2022			
Computers, handphone and printer	214,994	(186,993)	28,001
Furniture and fittings	23,415	(13,344)	10,071
Motor vehicles	162,162	(162,162)	-
Office equipment	72,608	(36,391)	36,217
Renovation	106,304	(38,504)	67,800
	579,483	(437,394)	142,089

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023****15. RIGHT-OF-USE ASSETS**

	At 1.1.2023 AUD\$	Additions AUD\$	Depreciation Charges AUD\$	Derecognition due to Lease Termination AUD\$	Foreign Currency Translation Difference AUD\$	At 30.6.2023 AUD\$
The Group						
30.6.2023						
<i>Carrying Amount</i>						
Office premises	294,082	-	(56,919)	-	-	237,163
Motor vehicles	107,553	-	(14,054)	-	-	93,499
	<hr/>					
	401,635	-	(70,973)	-	-	330,662

	At 1.1.2022 AUD\$	Additions AUD\$	Depreciation Charges AUD\$	Derecognition due to Lease Termination AUD\$	Foreign Currency Translation Difference AUD\$	At 31.12.2022 AUD\$
The Group						
31.12.2022						
<i>Carrying Amount</i>						
Office premises	46,064	309,281	(49,702)	(11,561)	-	294,082
Motor vehicles	174,919	-	(28,108)	(40,711)	1,453	107,553
	<hr/>					
	220,983	309,281	(77,810)	(52,272)	1,453	401,635

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 property for 3 years.
- (ii) Motor vehicle The Group has leased a motor vehicle under hire purchase arrangements. The lease is secured by the leased asset. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

**I SYNERGY GROUP LIMITED**

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023****16. GOODWILL ON CONSOLIDATION**

	The Group	
	30 Jun 2023	31 Dec 2022
	AUD\$	AUD\$
At 1.1.2023/2022	-	-
Acquisition of a subsidiary	-	6,131,444
Impairment loss during the financial period/year	-	(6,131,444)
At 30.6.2023/31.12.2022	-	-

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 2023	31 Dec 2022
	AUD\$	AUD\$
Cost:		
At 1.1.2023/2022	1,579,551	377,528
(Reversal)/Additions during the financial period/year	(237,966)	1,178,274
Foreign currency translation differences	-	23,749
At 30.6.2023/31.12.2022	1,341,585	1,579,551
Accumulated amortisation:		
At 1.1.2023/2022	(470,392)	(111,299)
Amortisation during the financial period/year	(134,158)	(359,093)
At 30.6.2023/31.12.2022	(604,550)	(470,392)
	737,035	1,109,159

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 (31.12.2022 - 30 to 60) days.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023****19. OTHER PAYABLES AND ACCRUALS**

	The Group	
	30 Jun 2023	31 Dec 2022
	AUD\$	AUD\$
<u>Current</u>		
Other payables	1,251,340	865,533
Accruals	62,567	87,778
	<u>1,313,907</u>	<u>953,311</u>

20. DEFERRED REVENUE

	The Group	
	30 Jun 2023	31 Dec 2022
	AUD\$	AUD\$
License right to access:		
Current liabilities	1,000,519	1,079,655
Non-current liabilities	1,519,345	1,965,732
	<u>2,519,864</u>	<u>3,045,387</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 2023	31 Dec 2022
	AUD\$	AUD\$
Deferred revenue balance at the beginning of the financial period/year recognised as revenue	<u>525,253</u>	<u>1,116,761</u>



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2023

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 2023 AUD\$	31 Dec 2022 AUD\$
Financial year ending 31 December 2023	1,000,519	1,079,655
Financial year ending 31 December 2024	446,388	892,775
Financial year ending 31 December 2025	602,410	602,410
Financial year ending 31 December 2026	341,506	341,506
Financial year ending 31 December 2027	111,091	111,091
Financial year ending 31 December 2028	17,950	17,950
	<u>2,519,864</u>	<u>3,045,387</u>

21. LEASE LIABILITIES

	The Group	
	30 Jun 2023 AUD\$	31 Dec 2022 AUD\$
At 1.1.2023/2022	296,374	203,072
Additions	77,104	235,043
Repayment of principal	(55,119)	(79,379)
Derecognition due to lease termination	-	(62,550)
Foreign currency translation differences	-	188
At 30.6.2023/31.12.2022	<u>318,359</u>	<u>296,374</u>
<i>Analysed by:</i>		
<i>Current liabilities</i>	125,806	111,293
<i>Non-current liabilities</i>	192,553	185,081
	<u>318,359</u>	<u>296,374</u>

22. SHARE CAPITAL

	The Group/The Company			
	30 Jun 2023 Number of Shares	31 Dec 2022	30 Jun 2023 AUD\$	31 Dec 2022 AUD\$
Fully Paid-Up Ordinary Shares				
At 1.1.2023/2022	289,080,368	183,268,088	8,327,751	8,327,751
Issuance of new shares	-	105,812,280	-	-
At 30.6.2023/31.12.2022	<u>289,080,368</u>	<u>289,080,368</u>	<u>8,327,751</u>	<u>8,327,751</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.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023****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\$nil.

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 112,906,209.

26. SIGNIFICANT RELATED PARTY DISCLOSURES**(a) Identifies 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.

(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 2023	30 Jun 2022
	AUD\$	AUD\$
Triple Gem Sdn. Bhd. (Director-related entity of Dato' Teo Chee Hong)		
- Office rental	-	7,929
	<hr/>	<hr/>

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

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**I SYNERGY GROUP LIMITED**

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023****26. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)**

(b) Related Party Transactions and Balances (continued)

	The Group	
	30 Jun 2023	31 Dec 2022
	AUD\$	AUD\$
Advance from director/shareholder - Dato' Teo Chee Hong	230,000	-

The advance from shareholder is unsecured and bears interest at 6.5% per annum.

27. CAPITAL COMMITMENT

There were no capital commitments as at 30 June 2023 (2022: \$ nil).

28. OPERATING SEGMENTS

(a) 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).

	Revenue		Non-current Assets	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	AUD\$	AUD\$	AUD\$	AUD\$
The Group				
Australia	17,380	80,669	-	2,729,314
Indonesia	-	48	35,810	42,239
Malaysia	525,253	825,100	1,232,367	742,486
	<u>542,633</u>	<u>905,817</u>	<u>1,268,177</u>	<u>3,514,039</u>

(c) MAJOR CUSTOMERS

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

**I SYNERGY GROUP LIMITED**

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023****28. OPERATING SEGMENTS (continued)****(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\$
30.6.2023				
At a point of time	10,946	6,434	-	17,380
Over time	-	-	525,253	525,253
	<u>10,946</u>	<u>6,434</u>	<u>525,253</u>	<u>542,633</u>
	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>

29. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.



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 2023 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', written over a horizontal line.

Dato' Teo Chee Hong
Director
31 August 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

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 2023, 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 2023 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without modifying our conclusion, we draw attention to Note 5 of the financial report, which discloses a loss of \$582,608 for the half-year ended 30 June 2023 and as at that date a deficiency in net assets of \$2,234,344. These conditions along with other matters that are set forth in Note 5, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group maybe unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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I SYNERGY GROUP LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

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.

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 2023 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

Daniel Dalla

Director

Sydney, 31 August 2023