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I Synergy Group Limited

ACN 613 927 361

ANNUAL REPORT

For the Year Ended 31 December 2023

I Synergy Group Limited

ACN 613 927 361

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For the Year Ended 31 December 2023

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Corporate Directory
31 December 2023

Directors	Dato Teo Chee Hong (Executive chairman) Derrick De Souza (Non-executive director) Joshua Hunt (Non-executive director) Dato Hoo Voon Him (Non-executive director) (Appointed on 17 November 2023) Heng Jee Meng (Alternate to Dato Hoo Voon Him) (Appointed 5 December 2023) Kevin Fabian Coutinho (Executive director) (Appointed 16 March 2022 and Resigned on 2 February 2023)
Company Secretary	James Barrie (Appointed 5 September 2023) Harry Miller (Appointed 1 August 2018 and Resigned on 5 September 2023)
Registered office	Level 9, 505 Little Collins Street Melbourne VIC 3000
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 Indonesia DBS Bank Tower 28 Floor Unit 2820-2821 Ciputra World One Jalan Prof. Dr.Satrio Kav 3.-5 Jakarta Selatan 12940 Indonesia Australia Level 9, 505 Little Collins Street Melbourne VIC 3000 Australia
Share register	Automatic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000
Auditor	In.Corp Audit & Assurance Pty Ltd (Formerly known as Rothsay Audit & Assurance Pty Ltd) Level 1, 6-10 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

Chairman's Statement

31 December 2023

Dear Shareholders,

I am pleased to present the Chairman's Statement for the financial year ended 31 December 2023.

The global business landscape has undergone a profound transformation in the aftermath of the pandemic. While regional economic conditions are gradually improving, it is imperative for I Synergy Group Limited to undergo a paradigm shift and reshape our business model accordingly. I am proud to report that through strategic measures such as scaling down our manpower and streamlining our business processes across the region, we have successfully begun to steer the Company back on track. This progress is reflected in our significantly improved financial position compared to the previous year's losses. Looking forward, our team is steadfast in our commitment to restoring the Company to profitability, commencing from the year 2024. We have devised comprehensive business plans to drive organic and inorganic growth, ensuring a promising outlook for the year ahead.

Financial Highlights

I am mindful of the challenges posed by the financial year ended 31 December 2023, during which our revenue declined by 32.05% from AUD\$1,535,523 to AUD\$1,043,413. Consequently, the Company did not declare any dividends. However, with the recent execution of a convertible note, we are confident in our ability to propel our reinvigorated business to new heights with our increased financial capacity. Our enhanced scalability, coupled with a leaner team and more digitalized operations, position us strongly for growth. We are actively recruiting new talents and exploring opportunities both within our existing market and in new regions. Leveraging our extensive database of affiliates and influencers, we are poised to deliver value in the evolving gig economy. Our vision is to create a holistic ecosystem that benefits all stakeholders, underpinned by emerging technologies including blockchain and artificial intelligence.

Business Expansion and Innovation

In addition to enhancing our existing products, we have identified new market segments such as advertising space sales. As a company dedicated to digital innovation on a global scale, we are committed to creating value for our stakeholders. By assisting businesses with innovative solutions and empowering our community with new digital products, we aim to expand our revenue base and achieve profitability in 2024.

Closing

On behalf of the Board, I extend my sincere gratitude to our directors and corporate team members for their contributions amidst challenging conditions. I also express appreciation to all stakeholders and shareholders for their continued support. As we navigate challenges and strive to create value for our shareholders and partners, I am grateful for your confidence, trust, and patience in the Company.

Wishing you all the best for the remainder of the year.

Yours sincerely,



Dato Lawrence Teo Chee Hong
Executive Chairman

I Synergy Group Limited

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Directors' Report

31 December 2023

The directors present their report, together with the financial statements of the Group, being I Synergy Group Limited (the Company) and its controlled entities (referred to hereafter as the "Consolidated Entity" or the "Group") for the financial year ended 31 December 2023.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated.

Dato Teo Chee Hong (Executive chairman)

Derrick De Souza (Non-executive director)

Joshua Hunt (Non-executive director)

Dato Hoo Voon Him (Non-executive director) (Appointed on 17 November 2023)

Heng Jee Meng (Alternate director to Dato Hoo Voon Him) (Appointed on 5 December 2023)

Kevin Fabian Coutinho (Executive director) (Appointed on 16 March 2022 and Resigned on 2 February 2023)

Company Secretary

James Barrie (Appointed 5 September 2023)

Harry Miller (Appointed 1 August 2018 and Resigned on 5 September 2023)

Principal activities

The Group primarily engages in offering affiliate marketing solutions to both advertisers and affiliates, operating within the digital marketplace. Additionally, we specialize in e-commerce services, blockchain and AI research and development, and serve as a solutions provider and software development entity, among other activities. 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 year.

Dividends

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

Review of operations

During the past financial year, the Company experienced a significant decrease in revenue, with a decline of 32.05% compared to the previous year, dropping from AUD\$1,535,523 to AUD\$1,043,413. There was also a notable improvement in the Group's financial performance, as the loss after taxation reduced from AUD\$7,743,694 in 2022 to AUD\$903,862 in the current fiscal period.

The decline in revenue was mainly due to major changes in the marketplace triggered by the COVID pandemic. These shifts greatly affected the Company's main sources of income, being software activation, rights to use, and training fees. To address these challenges, the Company proactively adjusted its operational processes and business strategies throughout 2023.

In response to the evolving market dynamics, the Company is taking proactive steps and in a preparation to introduce a new product platform. Utilising the recently secured convertible note, the Company is diversifying its product offerings and innovating its existing portfolio. The goal is not only to increase revenue streams but also to create new opportunities for generating income, thereby fostering growth and ensuring the long-term sustainability of the business. This proactive approach demonstrates the Company's resilience and adaptability in navigating changing market conditions.

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Directors' Report

31 December 2023

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.

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 for the existing 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.

New Product Risk

The Group has launched a upgraded software product last year and in a preparation now to launch a new product as a compliment, and as with any new product this carries risk and uncertainty, particularly given this may involve a change to the business or revenue model of the Company.

Developing software is expensive and often takes an extended period of time. Furthermore, an important element of the Company's business strategy is continued investment in innovation and related product opportunities in order to maintain and strengthen the Company's competitive position. There is a risk that software developments may not function as intended or in a manner which is desired or appreciated by customers or partners.

A failure to successfully execute the Company's software development strategy may unfavourably impact the market's perception of the business and may adversely impact the business, financial performance, and operations of the Group.

Directors' Report

31 December 2023

Business risks

Customer and User Acquisition Risk.

The Group's ability to retain existing customers and acquire new customers, as well as expand its customers' level of usage of its platforms, depends on many factors including each customer's perception of the functionality, reliability, cost effectiveness, pricing, customer support and value of the platforms compared to competing products. This may also be the result of the Group failing to maintain its current service culture, for example, by failing to listen to its customers, and not developing applications or providing software solutions that satisfy customer requirements. There is also a risk that potential new customers fail to choose the Company, or may be reluctant to switch from an existing solution to the Company's products due to switching costs, the time and resources needed to set up, or the time and expense required to train their employees or customers.

If the Company does not appropriately anticipate and address these uncertainties and risks to develop successful new use cases, the Company may be unable to retain customers or attract new customers, resulting in an adverse impact on the Group's financial performance.

Reliance on other platforms and partners

There is a risk if the Company does not select, maintain and manage strong relationships with appropriate sales platforms and partners, that the products of the Company will not be adopted. There is also a risk that sales partners or sellers do not sufficiently understand the features and benefits of the Company's products or are not appropriately incentivised to sell the offerings or may decide to cease using the Company's platforms. Further, the Company's partners may prefer a competing product to those of the Company's (for example, where they are offered more attractive remuneration or are otherwise better incentivised to sell a competing product). These factors may result in lower new sales volumes or customer volumes being achieved through the Company's arrangements, which may have an adverse impact on the Company's operating 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.

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Directors' Report

31 December 2023

Business risks

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.

Significant event occurring after reporting period

The significant event occurring after the reporting period is disclosed in Note 33 to the financial statements.

Environmental regulation

The Group is not subject to any significant environmental regulation under the Australian Commonwealth or State law.

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Name	Dato Teo Chee Hong
Title	Executive Chairman
Qualifications	Master of Business Administration
Experience and expertise	Dato' Teo is the esteemed founder of I Synergy, boasting an impressive tenure of over 16 years immersed in creative and strategic planning. With a specialised focus on seamlessly integrating affiliate marketing solutions into businesses, he has garnered a reputation as a visionary in the field. Dato' Teo's multifaceted expertise extends beyond affiliate marketing, as he serves as a distinguished Entrepreneur, Investor, Director and Advisor across numerous public and private enterprises.
Other current directorships in listed entities	Arris Holdings Berhad (NSX: AR2)
Other directorships in listed entities held in the previous three years	None
Interests in shares	119,437,400 ordinary shares in the Company (1)
Interests in options	1,035,000 unlisted incentive options exercisable at AUD\$nil and expiring on 21 June 2026
Contractual rights to shares	N/A

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Directors' Report

31 December 2023

Information on directors

Name	Derrick De Souza
Title	Non-executive director
Qualifications	Bachelor of Accountancy, Diploma in Applied Finance and Investment of the Securities Institute of Australia, Post Graduate Diploma in Financial Services (Financial Planning), Certificate IV in Workplace Training and Assessment, ASFA Certificate in Superannuation Management and associate member of CPA Australia.
Experience and expertise	Derrick has over 18 years' experience in business consulting in various capacities in accounting, Australian and international taxation, auditing, international banking, insurance, mergers and acquisitions, corporate restructuring for stock market listings, valuations and strategic planning and financial advisory.
Other current directorships in listed entities	Timah Resources Limited (ASX code: TML) and of Actcelerate International Group Ltd (NSX code: ACT)
Other directorships in listed entities held in the previous three years	N/A
Interests in shares	N/A
Interests in options	450,000 options expiring on 23 July 2024
Contractual rights to shares	N/A

Name	Joshua Hunt
Title	Non-executive director
Qualifications	Bachelor of Laws and Bachelor of Commerce
Experience and expertise	Joshua is a corporate and mining lawyer with extensive experience in all aspects of technology, mining and energy project acquisitions and disposals. He has advised on numerous IPOs and fundraising and has a wide range of experience in many different types of acquisitions by both public and private companies. Brightstar Resources Ltd (ASX code: BTR)
Other current directorships in listed entities	N/A
Other directorships in listed entities held in the previous three years	N/A
Interest in shares	392,972 ordinary shares
Interests in options	517,500 unlisted incentive options exercisable at AUD\$nil and expiring on 21 June 2026
Contractual rights to shares	N/A

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Directors' Report

31 December 2023

Information on directors

Name	Dato Hoo Voon Him
Title	Non-executive director
Qualifications	Bachelor of Arts in International Relations and Japanese
Experience and expertise	Dato' Hoo is a board member, venture capitalist, investor, corporate advisor, and a senior management executive with more than 20 years of experience working across continents (Asia, Australia, Europe, UK and US), managing portfolios across diverse industries such as information technology, finance, education and real estate.
Other current directorships in listed entities	VCI Global Limited (Nasdaq code: VCIG)
Other directorships in listed entities held in the previous three years	N/A
Interest in shares	15,000,000 ordinary shares
Interests in options	N/A
Contractual rights to shares	N/A

⁽¹⁾ including indirect interest through spouse's shareholding of 6,500,000 shares in the Company.

Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary

James Barrie

Mr Barrie is a professional Company Secretary.

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Directors' Report

31 December 2023

The number of meetings of the Company's Board of Directors ("the Board") held during the year ended 31 December 2023 and the number of meetings attended by each director were as follows:

Board Meetings	
Number eligible to attend	Number attended
4	4
4	4
4	4
1	1
-	-
-	-

Dato Teo Chee Hong

Derrick De Souza

Joshua Hunt

Dato Hoo Voon Him (Appointed on 17 November 2023)

Heng Jee Meng (Alternate to Dato Hoo Voon Him)
(Appointed on 5 December 2023)

Kevin Fabian Coutiho (Resigned on 2 February 2023)

Number of eligible to attend represents number of meetings held during the time the director held office. The Company does not hold separate Committee meetings, instead the duties and responsibilities of such Committees are assumed by the Board.

Remuneration report (audited)

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel ('KMP') for the consolidated entity for the financial year ended 31 December 2023. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The remuneration report is set out under the followings headings:

- Principles used to determine the nature and the amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation; and
- Transparency.

The role and responsibility of a remuneration committee are currently undertaken by the Board. The duties of the full board in its capacity as a remuneration committee are set out in the Company's Remuneration and Nomination Committee charter.

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Directors' Report

31 December 2023

Remuneration report (audited)

An executive remuneration framework has been structured, which is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- Having economic profit as a core component of plan design;
- Focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- Attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executive's interests by:

- Rewarding capability and experience;
- Reflecting competitive reward and contribution to growth in shareholder wealth; and
- Providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive director's remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board, in its capacity as the Nomination and Remuneration Committee. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of their own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- Base pay and non-monetary benefits;
- Short term performance incentives;
- Share-based payments; and
- Other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, in its capacity as the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

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Directors' Report

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Remuneration report (audited)

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPIs') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on sale revenue targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board, in its capacity as the Nomination and Remuneration Committee.

Use of consultants

There was no use of a remuneration consultant during the financial year ended 31 December 2023.

Voting and comments made at the Company's 2022 Annual General Meeting ("AGM")

At the 2022 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration details for the year ended 31 December 2023

Amounts of remuneration

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

The key management personnel of the consolidated entity consist of the following directors of I Synergy Group Limited:

- Dato Teo Chee Hong - Executive Chairman
- Derrick De Souza - Non-executive Director
- Joshua Hunt - Non-executive Director
- Dato Hoo Voon Him - Non-executive Director
- Heng Jee Meng (Alternate to Dato Hoo Voon Him)

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Directors' Report

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Remuneration report (audited)

Remuneration details for the year ended 31 December 2023

Table of benefits and payments

	Short term benefits			Post employment Pension and superannuation AUD\$	Long term AUD\$	Share based payment			Total AUD\$
	Cash salary fees AUD\$	Short term bonus AUD\$	Non monetary AUD\$			Options and rights AUD\$	Shares AUD\$	Cash- settled AUD\$	
2023									
Executive Director									
Dato Teo Chee Hong (Chairman)	115,314	-	-	12,647	-	-	-	-	127,961
2022									
Non Executive Directors									
Derrick De Souza	12,000	-	-	-	-	-	-	-	12,000
Jeffrey Lee	6,000	-	-	600	-	-	-	-	6,600
Joshua Hunt	46,000	-	-	-	-	27,600	-	-	73,600
Executive Director									
Dato Teo Chee Hong (Chairman)	136,721	2,292	24,234	15,591	-	55,200	-	-	234,038
Kevin Fabian Coutinho	68,856	-	-	7,067	-	55,200	-	-	131,123
	269,577	2,292	24,234	23,258	-	138,000	-	-	457,361

There is no cash paid to the non-executive Directors during the current financial year and it is in shares accrued.

*Non-monetary short-term benefits comprises of Company car for personal use, accommodation and household.

#This represents the remuneration paid to these key management personnel until his resignation.

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The proportion of remuneration linked to performance and the fixed proportion are as follows:

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group. The table also illustrates the proportion of remuneration that was performance based and the proportion of remuneration received in the form of options.

	Fixed remuneration		At risk-STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
Executive Chairman						
Dato Teo Chee Hong	100%	100%	-	-	-	-

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Board in its capacity as the Nomination and Remuneration Committee.

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited
	2023	2022	2023
Executive Chairman			
Dato Teo Chee Hong	-	100%	-

Service Agreements

The remuneration and other terms of employment for key management personnel are formalised in the service agreements. Details of these agreements are as follows:

Name	Dato Teo Chee Hong
Title	Executive chairman
Date of agreement signed	25 August 2016
Commencement date	From date of listing
Terms of agreement	From the 1 February 2023 until termination of the agreement.
Details	Contract effective from 1 February 2023, an annual salary of AUD\$120,000 inclusive of superannuation to be reviewed annually by the Nomination and Remuneration Committee. 3-month termination notice by either party.

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Directors' Report

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Service Agreements

Name

Derrick De Souza

Title

Non-executive Director

Date of agreement signed

20 May 2020

Commencement date

20 May 2020

Terms of agreement

From the Commencement Date until termination of the agreement.

Details

Contract effective from 1 May 2023, monthly fee of AUD\$2,500+GST to be paid in cash or share to be issued at a price to be agreed and to be reviewed annually by the Nomination and Remuneration Committee. One month termination notice by either party.

Name

Joshua Hunt

Title

Non-executive Director

Date of agreement signed

1 April 2022

Commencement date

1 April 2022

Terms of agreement

From the Commencement Date until termination of the agreement.

Details

Contract effective from 1 May 2023, monthly fee of AUD\$2,500+GST to be paid in cash or share to be issued at a price to be agreed and to be reviewed annually by the Nomination and Remuneration Committee. One month termination notice by either party.

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Directors' Report

31 December 2023

Service Agreements

Name	Dato Hoo Voon Him
Title	Non-executive Director
Date of agreement signed	17 November 2023
Commencement date	17 November 2023
Terms of agreement	From the Commencement Date until termination of the agreement.
Details	Contract effective from 17 November 2023, monthly fee of AUD\$2,500+GST to be paid in cash or share to be issued at a price to be agreed and to be reviewed annually by the Nomination and Remuneration Committee. One month termination notice by either party.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share based compensation

Issue of shares

There were no shares issued to other directors and other key management personnel in the current financial year.

Options

Details of the options granted as remuneration to those key management personnel and executives during the year:

Share-based payments	Number of options	Grant Date	Vesting date and exercise date	Expiry date	Exercise price	Fair value per option at grant date
Dato Teo Chee Hong	1,380,000	21/06/2022	Over 2 years	4 years	\$ nil	\$0.04
Joshua Hunt	690,000	21/06/2022	Over 2 years	4 years	\$ nil	\$0.04

Option values at grant date were determined using the Black-Scholes method.

All options were issued by I Synergy Group Limited and entitle the holder to ordinary shares in I Synergy Group Limited for each option exercised.

There have not been any alterations to the terms or conditions of any share based payment arrangements since the grant date.

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Directors' Report

31 December 2023

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

31 December 2023	Balance at beginning of year	On exercise of options	Other changes during theyear	Balance at end of year
Ordinary shares				
Dato Teo Chee Hong	145,483,592	-	(26,046,192)	119,437,400
Derrick De Souza	-	-	-	-
Joshua Hunt	392,972	-	-	392,972
Kevin Fabian Coutiho	20,578,027	-	-	20,578,027
Dato Hoo Voon Him	-	-	15,000,000	15,000,000
	<u>166,454,591</u>	<u>-</u>	<u>(11,046,192)</u>	<u>155,408,399</u>

31 December 2022

Ordinary shares

Dato Teo Chee Hong	145,483,592	-	-	145,483,592
Derrick De Souza	-	-	-	-
Jeffrey Lee	10,000	-	-	10,000
Joshua Hunt	392,972	-	-	392,972
Kevin Fabian Coutiho	20,578,027	-	-	20,578,027
	<u>166,464,591</u>	<u>-</u>	<u>-</u>	<u>166,464,591</u>

Option holding

At 31 December 2023, options were issued to Directors and other key management personnel, as stated above.

Other transactions with key management personnel and their related parties

During the financial year, payments for office rental to Tripple Gem Sdn Bhd (director related entity of Dato Teo Chee Hong) of AUD\$45,990 and deposit forfeited of AUD\$7,665. All transactions were made on normal commercial terms and conditions and at market rates.

I Synergy Group Limited

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Directors' Report

31 December 2023

Additional information

	2023	2022	2021	2020	2019
	AUD\$	AUD\$	AUD\$	AUD\$	AUD\$
Revenue	1,043,413	1,535,523	1,912,131	8,369,654	8,768,192
EBITDA	(666,871)	(7,137,349)	(111,421)	(440,789)	(952,569)
EBIT	(883,919)	(7,713,676)	(359,571)	1,106,290	(1,910,565)
Loss after income tax	(903,862)	(7,743,998)	(1,262,181)	(1,065,040)	(1,833,567)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
	AUD\$	AUD\$	AUD\$	AUD\$	AUD\$
Share price at financial year end (AUD\$)	0.01	0.03	0.06	0.06	0.18
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share	(0.30)	(3.05)	(0.57)	(0.80)	(1.18)

End of Audited Remuneration Report

Shares under option

The number of options exercisable as at the end of the reporting period was 111,636,209 (2022: 112,906,209) and have an exercise price ranged from AUD\$0.00 to AUD\$0.30 (2022: AUD\$0.05 to AUD\$0.30) and a remaining contractual life of approximately 2 to 4 years.

Shares issued on the exercise of options

There were no shares issued on the exercise of options during the financial year ended 31 December 2023.

Indemnification and insurance of directors and officers

The Company has made an agreement indemnifying all the Directors and Officers of the Company against losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes willful acts of negligence.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

I Synergy Group Limited

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Directors' Report

31 December 2023

Non-audit services

During the year, the Group's auditors performed certain other services in addition to the audit and review of the financial statements. The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the Corporate Governance procedures adopted by the Group; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards), as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group is set out below:

Amounts paid to In.Corp Audit & Assurance Pty Ltd and its related entities for:	2023 AUD\$	2022 AUD\$
- Audit or review of the financial report of the Group during the year	28,065	26,250
- Other services in relation to the Group	7,000	-
	35,065	26,250

Officers of the Company who are former partners of In.Corp Audit & Assurance Pty Ltd

There are no officers of the Company who are former partners of In.Corp Audit & Assurance Pty Ltd.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 31 December 2023 has been received and can be found on page of the financial report.

Corporate Governance Statement

The Company's directors and management are committed to conducting the business of the Group in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has substantially complied with the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations (Forth Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

Corporate Governance Statement

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 1.1 Condition 13, the Corporate Governance Statement will be available for review on the Company's website (www.isynergy.my) (the Website), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will identify each Recommendation that needs to be reported against by the Company, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters and policies are all available on the Website.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Director: 

Dato' Teo Chee Hong

Dated this 28th day of March 2024

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of I Synergy Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 31 December 2023 there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in relation to I Synergy Group Limited and the entities it controlled during the year.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

Sydney, 28 March 2024

In.Corp Audit & Assurance Pty Ltd
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I Synergy Group Limited

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2023

	Note	2023 AUD\$	2022 AUD\$
Revenue	6	1,043,413	1,535,523
Cost of sales		<u>(1,219)</u>	<u>(193,202)</u>
Gross profit		1,042,194	1,342,321
Other income	6	151,825	112,149
Selling and distribution costs		(3,107)	(128,867)
Administrative expenses		(2,074,832)	(2,510,594)
Impairment of Goodwill		-	(6,538,730)
Finance cost		<u>(18,273)</u>	<u>(1,917)</u>
Loss before taxation	7	(902,193)	(7,725,638)
Income tax expense	8	<u>(1,669)</u>	<u>(18,056)</u>
Loss after taxation for the year		(903,862)	(7,743,694)
Other comprehensive income			
Foreign currency translation differences		<u>(28,492)</u>	-
		<u>(932,354)</u>	<u>(7,743,694)</u>
Loss attributable to:			
Members of the parent entity		(903,175)	(7,743,390)
Non-controlling interest		<u>(687)</u>	<u>(304)</u>
		<u>(903,862)</u>	<u>(7,743,694)</u>
Total comprehensive loss attributable to:			
Members of the parent entity		(931,667)	(7,745,931)
Non-controlling interest		<u>(687)</u>	<u>2,237</u>
		<u>(932,354)</u>	<u>(7,743,694)</u>
Basic loss per share (cents)	9	(0.30)	(3.05)
Diluted loss per share (cents)	9	(0.30)	(3.05)

The accompanying notes form part of these financial statements.

I Synergy Group Limited

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Consolidated Statement of Financial Position
As At 31 December 2023

	Note	2023 AUD\$	2022 AUD\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	127,013	323,704
Trade and other receivables	11	-	71,743
Other assets	12	82,480	374,135
Current tax receivables		<u>92,304</u>	<u>288,892</u>
TOTAL CURRENT ASSETS		<u>301,797</u>	<u>1,058,474</u>
NON-CURRENT ASSETS			
Property, plant and equipment	15	13,445	142,089
Right-of-use assets	16	57,967	401,635
Development cost	18	<u>184,981</u>	<u>1,109,159</u>
TOTAL NON-CURRENT ASSETS		<u>256,393</u>	<u>1,652,883</u>
TOTAL ASSETS		<u>558,190</u>	<u>2,711,357</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade payables	19	-	26,774
Other liabilities	20	415,322	953,311
Amount due to a Director	21	561,465	-
Lease liabilities	22	12,548	111,293
Deferred revenue	23	<u>853,232</u>	<u>1,079,655</u>
TOTAL CURRENT LIABILITIES		<u>1,842,567</u>	<u>2,171,033</u>
NON-CURRENT LIABILITIES			
Lease liabilities	22	53,165	185,081
Deferred revenue	23	<u>1,025,301</u>	<u>1,965,732</u>
TOTAL NON-CURRENT LIABILITIES		<u>1,078,466</u>	<u>2,150,813</u>
TOTAL LIABILITIES		<u>2,921,033</u>	<u>4,321,846</u>
NET ASSETS		<u>(2,362,843)</u>	<u>(1,610,489)</u>
EQUITY			
Issued capital	24	8,507,751	8,327,751
Merger deficit	25(a)	(1,042,123)	(1,042,123)
Foreign currency translation reserve	25(b)	(4,500)	23,992
Option reserve	25(c)	3,067,709	3,067,709
Retained earnings		<u>(12,930,432)</u>	<u>(12,027,257)</u>
Total equity attributable to equity holders of the Company		<u>(2,401,595)</u>	<u>(1,649,928)</u>
Non-controlling interest		<u>38,752</u>	<u>39,439</u>
TOTAL EQUITY		<u>(2,362,843)</u>	<u>(1,610,489)</u>

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2023

	Ordinary Shares AUD\$	Retained Earnings AUD\$	Foreign Currency Translation Reserve AUD\$	Option Reserve AUD\$	Merger Deficit AUD\$	Non- controlling Interest AUD\$	Total AUD\$
Balance 1 January 2022	2,442,013	(4,283,867)	164,952	141,536	(1,042,123)	37,506	(2,539,983)
Loss attributable to members of the parent entity	-	(7,743,390)	-	-	-	-	(7,743,390)
Loss attributable to non-controlling interests	-	-	-	-	-	(304)	(304)
Transactions with owners in their capacity as owners							
Shares issued during the year	5,885,738	-	-	-	-	-	5,885,738
Foreign currency translation difference	-	-	(140,960)	-	-	2,237	(138,723)
Option reserve on recognition employee entitlements	-	-	-	2,926,173	-	-	2,926,173
Balance at 31 December 2022	8,327,751	(12,027,257)	23,992	3,067,709	(1,042,123)	39,439	(1,610,489)
Balance 1 January 2023	8,327,751	(12,027,257)	23,992	3,067,709	(1,042,123)	39,439	(1,610,489)
Loss attributable to members of the parent entity	-	(903,175)	-	-	-	-	(903,175)
Loss attributable to non-controlling interests	-	-	-	-	-	(687)	(687)
Foreign currency translation difference	-	-	(28,492)	-	-	-	(28,492)
Transactions with owners in their capacity as owners							
Shares issued during the year	180,000	-	-	-	-	-	180,000
Balance at 31 December 2023	8,507,751	(12,930,432)	(4,500)	3,067,709	(1,042,123)	38,752	(2,362,843)

The accompanying notes form part of these financial statements.

I Synergy Group Limited

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Consolidated Statement of Cash Flows As At 31 December 2023

	Note	2023 AUD\$	2022 AUD\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		391,782	555,370
Payments to suppliers and employees		(926,583)	(2,747,495)
Finance costs		(18,273)	(1,917)
Income taxes refund/(paid)		194,919	(84,992)
Net cash used in operating activities		<u>(358,155)</u>	<u>(2,279,034)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		-	4,272
Purchase of property, plant and equipment		<u>(6,536)</u>	<u>-</u>
Net cash (used in)/provided by investing activities		<u>(6,536)</u>	<u>4,272</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		180,000	1,778,318
Repayment of lease liabilities		<u>(12,000)</u>	<u>(87,350)</u>
Net cash provided by financing activities		<u>168,000</u>	<u>1,690,968</u>
Net decrease in cash and cash equivalents held		(196,691)	(583,794)
Cash and cash equivalents at beginning of financial year		<u>323,704</u>	<u>907,498</u>
Cash and cash equivalents at end of financial year	10	<u><u>127,013</u></u>	<u><u>323,704</u></u>

The accompanying notes form part of these financial statements.

I Synergy Group Limited

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Notes to the Financial Statements For the Year Ended 31 December 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 16, 414 La Trobe Street Melbourne VIC 3000
Principal place of business	Unit 20-10, Tower A, The Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 March 2024.

Comparatives are consistent with prior years, unless otherwise stated.

2. Principal Activities

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are provision of affiliate marketing solutions to advertisers and affiliates. There was no significant change in the nature of activities of the Company during the financial year.

3. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. They also comply with International Financial Reporting Standards.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

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Notes to the Financial Statements For the Year Ended 31 December 2023

3. Basis of Preparation

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern basis

The directors have prepared the financials of the Group on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year ended 31 December 2023, the Group incurred a loss of AUD\$903,862 (2022: loss AUD\$7,743,694) and had deficiency in the net deficiency of AUD\$2,362,843 (2022: deficiency AUD\$1,610,489).

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.

Subsequent to the end of the year, the Group has taken initiatives to raise further capital from the prospective investors.

The Group has made and continues to make efforts to reduce costs where possible within the business, whilst as at 31 December 2023 there is a balance of AUD\$1,878,533 in unearned revenue that relates to access fees to the platform. After the financial year end, the Group had entered into a Convertible Note Agreement with VGI Vmall Limited (ACN 640 492 324) to provide a funding facility up to AUD\$10,000,000.

In view of the above, the financial statements of the Group do not include any adjustments relating to recoverability and classification of recorded asset amounts or to additional amounts and classification of liabilities that may be necessary should the aforesaid plans not be forthcoming or successfully implemented.

4. Summary of Material Accounting Policies

4.1. Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.1. Basis for consolidation

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a December financial year end.

A list of controlled entities is contained in Note 13 to the financial statements.

Merger Accounting for Common Control Business Combinations.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The financial statements have been prepared using merger accounting principles. This method has been used on the basis that the business combination involving the entities in the Group involves entities under common control. Consequently, the requirement of AASB 3 – Business Combinations, has not been applied.

Under the merger accounting principles, the acquirer accounts for the combination as follows:

- The assets and liabilities of the combining entities are recorded at their carrying amounts reported in the combined financial statements and not at fair value;
- Intangible assets and contingent liabilities are only recognised to the extent that they were recognised by the acquiree in accordance with applicable AASB's;
- No goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is presented separately as reserves (merger reserves);
- Any expenses of the combination are written off immediately in the statement of profit and loss; and
- Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling Interests

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

I Synergy Group Limited

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Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.1. Basis for consolidation

Business Combinations

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

1. the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
2. the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.2. Goodwill

Goodwill is carried at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognized immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

Notes to the Financial Statements
For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.3. Functional and foreign currency transactions and balances

4.3.1 Functional and Presentation Currency

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 Financial Statements, the presentation currency used is Australian Dollars.

4.3.2 Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.3.3 Foreign operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.4. Financial instruments

Financial instruments are recognised in the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in AASB 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in AASB 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the consolidated statement of financial position are disclosed in the individual policy statement associated with each item.

4.4.1 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt instruments

i. Amortised cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

ii. Fair value through profit or loss ("FVTPL")

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVTPL.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

I Synergy Group Limited

ACN 613 927 361

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.4. Financial instruments

4.4.1 Financial assets

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

4.4.2 Financial liabilities

i. Financial liabilities at FVTPL

FVTPL category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

ii. Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

4.4.3 Equity instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

i. Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

Notes to the Financial Statements
For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.4. Financial instruments

4.4.3 Equity instruments

ii. Repurchase of Share Capital

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

4.4.4 Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.5. Investments in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.6. Plant and equipment

All items of plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all equipment is stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.6. Plant and equipment

Depreciation

Plant and equipment, is depreciated on a straight-line basis over the asset's useful life to the Group, commencing when the asset is ready for use. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Computers, handphone and printers	20%
Furniture, Fixtures and Fittings	10%
Merchant equipment	10%
Motor Vehicles	20%
Office Equipment	10%
Renovations*	10%

*The renovation is depreciated over the shorter of the useful life or the expected term of the associated lease. The Group entered a renewed one-year lease on 1 January 2020 with a one-year option to extend, however the Group reasonably expects to continue to renew the lease for a period no shorter than 7 years.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.7. Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are probable;
- its intention to complete the ability to use or sell the developed asset; and
- the availability of adequate technical, financial and other resources to complete the asset under development.

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.7. Research and development expenditure

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.8. Leases

At inception of a contract, the Group assesses whether a lease exists. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.9 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, bank balances, demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value with original maturity periods of three months or less.

4.10 Impairment

a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instruments at an amount equal to 12 month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

b) Impairment of non-financial assets

The carrying values of assets, other than those to which AASB 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.10 Impairment

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill. The reversal is recognised in profit or loss immediately.

4.11. Income taxes

4.11.1 Current tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

4.11.2 Deferred tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax is recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.12. Employee benefits

4.12.1 Short-term benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.12. Employee benefits

4.12.2 Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.12.3 Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as 'share options').

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital or share premium if new ordinary shares are issued.

4.13. Related party

A party is related to an entity (referred to as the 'reporting entity') if:

- a) A person or a closer member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

- b) An entity is related to a reporting entity if any of the following conditions apply:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member).

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.13. Related party

- b) An entity is related to a reporting entity if any of the following conditions apply:
- iii. Both entities are joint ventures of the third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a person identified in (a) above.
 - vii. A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

4.14. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.15. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1:	Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
Level 2:	Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3:	Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

4. Summary of Material Accounting Policies

4.16. Revenue and other income

4.16.1 Revenue from contracts with customers

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

At the inception of each contract with customer, the Group assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised. A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and/or implied in the Group's customary business practices. A good or service is distinct if:

- i. the customer can either benefit from the good or service on its own or together with the readily available resources; and
- ii. the good or service is separately identifiable from other promises in the contract (e.g., the good or service is not integrated with, or significantly modify, or highly interrelated with, other goods or service promised in the contract).

If a good or service is not distinct, the Group combines it with other promised goods or services until the Group identifies a distinct performance obligation consisting a distinct bundle of goods or services.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. If a standalone selling prices is not directly observable, the Group will need to estimate it using adjusted market assessment approach, expected cost plus a margin approach and residual approach.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time.

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.16. Revenue and other income

4.16.1 Revenue from contracts with customers

Control over the goods or services are transferred over time and revenue is recognised over time if:

- i. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- ii. the Group's performance creates or enhances a customer-controlled asset; or
- iii. the Group's performance does not create an asset with alternative use and the Group has a right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognized at the point in time at which the customer obtains control of the promised goods or services.

Specific revenue recognition criteria for each of the Group's activities are as described below.

i. Revenue from software platform activation

Revenue from software platform activation is recognized upon the deployment of the platform's software and technology for the customer, namely the affiliates marketer uses to conduct offline and online marketing business. The deployment process is all of the activities undertaken to recognize the software platform according to specific characteristics of the program performance incentives as stipulated in the contract with affiliates and to activate some form of command relating to software component for affiliates execution when using the software platform. The performance obligation is satisfied at a point in time upon completion of the software deployment process.

ii. Revenue from training and business support tool kit and related material

Revenue is recognised upon provision of training and training materials to the new affiliates. The performance obligation is satisfied at a point in time upon completion of the training course.

iii. Revenue from licence right to access

The licence arrangement gives the affiliates the right to access the platform services as it exists over certain period of time granted under the contract. The Group's performance obligation during the licensed period is provision of affiliate management services such as monitoring of transaction traffic conducted by referred customer and, coordination and execution of compensation payment of program fee to affiliate based on affiliates' program performance incentive terms and to customer based on affiliate program incentive.

The revenue from licence right to access is recognized over time when the Group met all the following criteria:

The Group will undertake either contractually or based on customary business practices activities that significantly affect the software platform to which the affiliate has rights.

- a) the Group's activities do not otherwise transfer a good or services to the affiliates as they occur.
- b) the rights granted by the licence directly expose the affiliates to both positive and negative effects of the activities on the software platform and the affiliates entered into the contract with the intent of being exposed to those effects.

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

4. Summary of Material Accounting Policies

4.16. Revenue and other income

4.16.1 Revenue from contracts with customers

Deferred revenue is licence fee received upfront and allocated to performance obligation in respect of software platform licences that are unsatisfied as at the end of the reporting period.

Licences that provide access are performance obligations satisfied over time and, therefore, deferred revenue is recognised over the license period

iv. Revenue from affiliate program

Revenue from affiliate program is determined based on total discount rate allocated by the customer, namely the merchant (also known as retailer or brand) computed based on each successful sale transaction referred.

4.16.2 Sale of goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence and loss in relation to the goods.

4.16.3 Seminar and event activity income

Seminar and event activity income are recognised upon rendering of services and when the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

4.16.4 Interest Income

Interest income is recognised on an accrual basis using the effective interest method unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

4.16.5 Rental Income

Rental income is accounted for on a straight-line method over the lease term.

4.17. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Notes to the Financial Statements
For the Year Ended 31 December 2023

4. Summary of Material Accounting Policies

4.17. Earnings per share

b) Diluted earnings per share

Diluted earnings per share adjusts the basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4.18. Contract asset and contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to AASB 9 – Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers. The entity has used "deferred revenue" heading to report contract liability as this better represents the nature of outstanding amounts.

4.19. Goods and services tax (GST) and Value Added Tax (VAT)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) and value added tax (VAT), except where the amount of GST and VAT incurred is not recoverable from the Australian Taxation Office (ATO) or other tax jurisdiction.

Receivables and payable are stated inclusive of GST and VAT.

Cash flows in the statement of cash flows are included on a gross basis and the GST and VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

4.20. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Notes to the Financial Statements For the Year Ended 31 December 2023

5. Critical Accounting Estimates and Judgments

Key estimates - impairment of goodwill

In accordance with AASB 136 Impairment of Assets, the Group is required to estimate the recoverable amount of goodwill at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cashflow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

The Group prepares and approves formal five year management plans for its operations, which are used in the value in use calculations.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

Key estimates - fair value of financial instruments

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - revenue recognition

When determining the nature, timing and amount of revenue to be recognised, the following critical estimates and judgements were applied and are considered to be those that have the most significant effect on revenue recognition.

Timing of satisfaction of Performance Obligation

The timing of revenue recognition will be subject to significant judgement, especially when the entity receives non-refundable upfront fees. Not all the indicators for transfer of control need to be present for an entity to conclude that it has transferred control to its customer. Significant judgment is required to determine if control has been transferred. For any licensing arrangements an entity needs to exercise significant judgement when determining whether the licence is a separate performance obligation within the contract and the appropriate timing of revenue recognition from such licences.

Notes to the Financial Statements
For the Year Ended 31 December 2023

5. Critical Accounting Estimates and Judgments

Timing of satisfaction of Performance Obligation continued

Assessment of performance obligations must be made at contract inception. Significant judgement is required when assessing the 'distinct' criteria for a promised good/service, especially in relation to determining whether then good/service is 'distinct within the context of the contract'. An entity needs to carefully assess whether there are any implied promises in the contract as implied promises can lead to revenue deferral until the implied promise to transfer the good/service is met. Only those activities performed by an entity that result in the transfer of a good or service to a customer can give rise to a separate performance obligation. In some circumstances a careful analysis of activities is required to determine whether a separate performance obligation exists or whether the activity is part of delivering a performance obligation.

Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

6. Revenue and Other Income

6.1 Revenue from continuing operations

	2023	2022
	AUD\$	AUD\$
Revenue recognised overtime		
- License right to access	<u>1,031,829</u>	<u>1,076,259</u>
Revenue recognized at a point in time		
- Training	-	2,712
- Affiliate program fees	626	-
- Commission received	10,958	-
- VTRAK	-	44,455
- Website and software development fee	<u>-</u>	<u>412,097</u>
Total revenue	<u><u>1,043,413</u></u>	<u><u>1,535,523</u></u>

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Notes to the Financial Statements For the Year Ended 31 December 2023

6. Revenue and other Income

6.2 Other income

	2023	2022
	AUD\$	AUD\$
- Interest income	523	2,170
- Other income	<u>151,302</u>	<u>109,979</u>
Total other income	<u><u>151,825</u></u>	<u><u>112,149</u></u>

7. Loss before taxation

The result for the year includes the following specific expenses:

	2023	2022
	AUD\$	AUD\$
Impairment losses on trade receivables	-	(38,757)
Amortisation of development costs	157,199	359,093
Audit fee	41,221	44,314
Bad debts written-off	-	8,173
Depreciation of property, plant and equipment	35,315	110,241
Depreciation of right-of-use assets	27,872	106,993
Deposits forfeited	8,503	-
Directors' remuneration:		
- Salaries, bonuses and allowances	170,447	444,705
- Defined contribution plan	13,373	-
Loss on disposal of property, plant and equipment	12,290	617
Loss on investment in subsidiary	386,713	-
Property, plant and equipment written off	101,641	12,656
Interest expense on financial liability not at FVTPL:		
- Lease liabilities	4,737	1,917
- Others	13,535	-
Rental of equipment	1,038	1,894
Rental of premises	57,420	41,713
Staff costs:		
- Salaries, bonuses, commissions and allowances	258,379	666,454
- Defined contribution plan	19,866	85,016
- Others	27,512	20,457
Interest income on financial assets that are:		
- at FVTPL	<u>(523)</u>	<u>12,266</u>

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Notes to the Financial Statements For the Year Ended 31 December 2023

8. Income Tax Expense

(a) The major components of tax expenses/(income) comprise:

	2023	2022
	AUD\$	AUD\$
Current tax expense:		
- Current period	<u>1,669</u>	<u>18,056</u>

(b) Reconciliation of income tax to accounting loss:

	2023	2022
	AUD\$	AUD\$
Loss before taxation	<u>(902,193)</u>	<u>(7,725,638)</u>
Tax at statutory tax rate	(216,526)	(1,854,153)
Tax effect of:		
- Non-deductible expenses	218,195	344
- Movement of deferred tax assets not recognized	<u>-</u>	<u>1,871,865</u>
Income tax expense for the financial year	<u>1,669</u>	<u>18,056</u>

9. Earnings per share

(a) Reconciliation of earnings to profit or loss from continuing operations.

	2023	2022
	AUD\$	AUD\$
Loss after taxation	(903,862)	(7,743,694)
Loss attributable to non-controlling equity interests	<u>687</u>	<u>304</u>
Loss after taxation attributable to the owners of the parent	<u>(903,175)</u>	<u>(7,743,390)</u>

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic per share.

	2023	2022
	AUD\$	AUD\$
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	<u>296,580,368</u>	<u>254,088,031</u>
	Cents	Cents
Basic and diluted loss per share	<u>(0.30)</u>	<u>(3.05)</u>

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Notes to the Financial Statements For the Year Ended 31 December 2023

10. Cash and cash equivalents

	2023 AUD\$	2022 AUD\$
Cash at bank and in hand	<u>127,013</u>	<u>323,704</u>

11. Trade and other receivables

	2023 AUD\$	2022 AUD\$
Trade receivables	-	404,862
Provision for impairment	-	(390,822)
	-	14,040
GST/VAT recoverable	-	57,703
Total trade and other receivables	<u>-</u>	<u>71,743</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Impairment of receivables

Allowance for expected credit losses:

	2023 AUD\$	2022 AUD\$
Balance at beginning of the year	(390,822)	(369,606)
Reversal/(Additional) impairment loss	390,822	(8,754)
Foreign exchange translation difference	-	(12,462)
Balance at end of the year	<u>-</u>	<u>(390,822)</u>

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The Group's normal trade credit terms range from 30 to 60 (2022: 30 to 60) days.

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Notes to the Financial Statements For the Year Ended 31 December 2023

12. Other assets

	2023 AUD\$	2022 AUD\$
Other receivables	11,837	125,383
Deposits	62,899	102,219
Prepayments	<u>7,744</u>	<u>146,533</u>
Total other assets	<u>82,480</u>	<u>374,135</u>

13. Interests in controlled entities

Details of the subsidiaries are as follows:

	Principal place of business/Country of incorporation	Percentage owned (%) 2023	Percentage owned (%) 2022
I Synergy (Singapore) Pte. Ltd. ("ISS")	Singapore	100	100
Postech International Pty. Ltd. ("PIP")	Australia	-	100
Distributed Ledger Technology Pty. Ltd.	Australia	-	100
<i>Held by ISS</i>			
I Synergy Consolidated Sdn. Bhd. ("ISC")	Malaysia	100	100
PT Inovatif Sinergi International ("PTISI")	Indonesia	100	100
<i>Held by ISC</i>			
Wyde Global Sdn. Bhd. ("WG")	Malaysia	100	100
I Synergy Universal Sdn. Bhd. ("ISU")	Malaysia	70	70
I Synergy Edutech Sdn. Bhd. ("ISE")	Malaysia	100	100
I Synergy Rewards Sdn. Bhd. ("ISR")#	Malaysia	-	100
Ocean Nexus Sdn. Bhd. ("ONSB")	Malaysia	100	100
<i>Held by PIP</i>			
Uniclub Group Pty. Ltd. ("UGP")	Australia	-	100
Cloutopia Pty. Ltd.	Australia	-	100
Kuliner Pty. Ltd.	Australia	-	100

#Strike-off

*The percentage of ownership interest held is equivalent to the percentage of voting rights for all subsidiaries.

Non-controlling interests

The non-controlling interest at the end of the reporting period comprises the following:

	Effective equity interests			
	2023 %	2022 %	2023 AUD\$	2022 AUD\$
I Synergy Universal Sdn. Bhd. ("ISU")	<u>70</u>	<u>70</u>	<u>38,752</u>	<u>39,439</u>

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Notes to the Financial Statements For the Year Ended 31 December 2023

13. Interest in controlled entities

Summary of financial information of non-controlling interest

The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interest that are material to the Group is as follows:

	2023	2022
	AUD\$	AUD\$
At 31 December		
Current assets	123,880	132,555
Current liabilities	-	(1,093)
	<u>123,880</u>	<u>131,462</u>
Financial year ended 31 December		
Revenue	-	404
Loss for the financial year	(1,652)	(1,012)
Total comprehensive expense	<u>(1,652)</u>	<u>(1,012)</u>
Total comprehensive expense attributable to non-controlling interests	<u>(496)</u>	<u>(304)</u>
Net cash used in operating activities	(10,203)	(15,394)
Net cash used in financing activities	<u>(56)</u>	<u>(88,891)</u>

14. LOSS CONTROL OVER ENTITIES

On 2 December 2023, the group had lost control of Cloutopia Pty Ltd and Distributed Ledger Technology Pty Ltd, while the remaining entities, Postech International Pty Ltd, Kuliner Pty Ltd, and Uniclub Pty Ltd on 13 December 2023.

The following table shows the assets disposal, liabilities assumed and the sales considerations at the disposal date.

	2023
	AUD\$
Disposal of subsidiaries during the financial year:	
Cash at bank	1
Cash in hand	281
Investment in subsidiary	6,655,000
Share capital	(7,777,763)
Retained earnings	1,504,694
Capital raising costs	<u>4,500</u>
	386,713
Less: Fair value of remaining stake as an associates	-
Group share at net assets disposed	-
Net disposal of proceeds	<u>-</u>
Net loss on disposal	<u>(386,713)</u>

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15. Property, plant and equipment

	2023 AUD\$	2022 AUD\$
Furniture, fixtures and fittings		
At cost	-	23,415
Accumulated depreciation	-	<u>(13,344)</u>
Total furniture, fixtures and fittings	-	<u>10,071</u>
Motor vehicles		
At cost	-	162,162
Accumulated depreciation	-	<u>(162,162)</u>
Total motor vehicles	-	<u>-</u>
Office equipment		
At cost	-	72,608
Accumulated depreciation	-	<u>(36,391)</u>
Total office equipment	-	<u>36,217</u>
Computer equipment		
At cost	31,808	214,994
Accumulated depreciation	<u>(18,363)</u>	<u>(186,993)</u>
Total computer equipment	<u>13,445</u>	<u>28,001</u>
Renovation		
At cost	-	106,304
Accumulated depreciation	-	<u>(38,504)</u>
Total renovation	-	<u>67,800</u>
Total property, plant and equipment	<u>13,445</u>	<u>142,089</u>

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Notes to the Financial Statements For the Year Ended 31 December 2023

15. Property, plant and equipment (Continued)

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Furniture and Fittings AUD\$	Motor Vehicles AUD\$	Office Equipment AUD\$	Computer Equipment AUD\$	Renovation AUD\$	Total AUD\$
Year ended 31 December 2023						
Balance at the beginning of year	10,071	-	36,217	28,001	67,800	142,089
Additions	-	-	-	6,536	-	6,536
Disposals	(95)	-	-	(1,704)	-	(1,799)
Written-off	(7,603)	-	(32,277)	(2,077)	(59,684)	(101,641)
Depreciation expense	(5,948)	-	(3,940)	(17,311)	(8,116)	(35,315)
Foreign exchange movements	3,575	-	-	-	-	3,575
Balance at the end of the year	-	-	-	13,445	-	13,445
Year ended 31 December 2022						
Balance at the beginning of year	15,212	162,162	21,054	308,703	79,913	587,044
Additions	614	-	2,418	8,927	5,645	17,604
Disposals	(2,820)	(626)	-	(187,762)	(6,872)	(198,080)
Depreciation expense	(2,843)	(164,208)	(5,270)	(103,775)	(10,924)	(287,020)
Foreign exchange movements	(92)	2,672	18,015	1,908	38	22,541
Balance at the end of the year	10,071	-	36,217	28,001	67,800	142,089

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Notes to the Financial Statements For the Year Ended 31 December 2023

16. Right of use assets

	Office premises AUD\$	Motor vehicles AUD\$	Total AUD\$
Year ended 31 December 2023			
Balance at beginning of year	294,082	107,553	401,635
Depreciation charge	(6,793)	(21,079)	(27,872)
Derecognition due to lease termination	(287,289)	(28,507)	(315,796)
Balance at end of year	-	57,967	57,967
Year ended 31 December 2022			
Balance at beginning of year	46,064	174,919	220,983
Additions to right-of-use assets	309,281	-	309,281
Depreciation charge	(49,702)	(28,108)	(77,810)
Derecognition due to lease termination	(11,561)	(40,711)	(52,272)
Foreign currency translation	-	1,453	1,453
Balance at end of year	294,082	107,553	401,635

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

Office premises

The Group terminated its lease during the financial year.

Motor vehicle

The Group has leased its motor vehicles under hire purchase arrangements. The lease are secured by the leased assets. The Group has an option to purchase the assets at the expiry of the lease period at an insignificant amount.

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Notes to the Financial Statements For the Year Ended 31 December 2023

17. Goodwill on consolidation

	2023 AUD\$	2022 AUD\$
Balance at beginning of year	-	-
Acquisition of subsidiaries	-	6,131,444
Impairment loss during the financial year	-	(6,131,444)
	<u>-</u>	<u>(6,131,444)</u>
Balance at end of year	<u>-</u>	<u>-</u>

The amount of goodwill relates to the customized software design and development cash-generating unit. The goodwill arose from the investment in subsidiary and is reviewed for impairment annually.

18. Development cost

	2023 AUD\$	2022 AUD\$
Cost		
Balance at beginning of year	1,579,551	377,528
(Reversal)/Additions during the financial year	(766,979)	1,178,274
Foreign currency translation differences	-	23,749
Balance at end of year	<u>812,572</u>	<u>1,579,551</u>
Accumulated amortization		
Balance at beginning of year	(470,392)	(111,299)
Amortisation during the financial year	(157,199)	(359,093)
Balance at end of year	<u>(627,591)</u>	<u>(470,392)</u>
Carrying value at end of year	<u>184,981</u>	<u>1,109,159</u>

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

19. Trade payables

	2023 AUD\$	2022 AUD\$
Trade payables	<u>-</u>	<u>26,774</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 to 60 days (2022: 30 to 60 days). The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

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20. Other liabilities

	2023 AUD\$	2022 AUD\$
Other payables	382,791	865,533
Accruals	<u>32,531</u>	<u>87,778</u>
Total other liabilities	<u>415,322</u>	<u>953,311</u>

Included in other payables (current portion) of the Group is commission payable to affiliates amounting to approximately AUD\$372,958 (2022: AUD\$356,350).

21. Amount due to a Director

The amount due to a Director is unsecured, has no fixed terms of repayment and bears interest at 6.50% per annum.

22. Lease liabilities

	2023 AUD\$	2022 AUD\$
Balance at beginning of year	296,374	203,072
Addition	-	235,043
Repayment of principal	(12,000)	(79,379)
Derecognition due to lease termination	(218,661)	(62,550)
Foreign currency translation differences	<u>-</u>	<u>188</u>
Balance at end of year	<u>65,713</u>	<u>296,374</u>
<i>Classified as:</i>		
Current liabilities	12,548	111,293
Non-current liabilities	<u>53,165</u>	<u>185,081</u>
	<u>65,713</u>	<u>296,374</u>

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23. Deferred Revenue

	2023 AUD\$	2022 AUD\$
Current		
License right to access	<u>853,232</u>	<u>1,079,655</u>
	<u>853,232</u>	<u>1,079,655</u>
Non-current		
License right to access	<u>1,025,301</u>	<u>1,965,732</u>
	<u>1,025,301</u>	<u>1,965,732</u>

Deferred revenue represents the amount of transaction price received upfront and allocated to performance obligation in respect of software platform licences that are unsatisfied as at the end of the reporting period.

The software platform license provides for the rights to access the Group's affiliate marketing system as it exists throughout the licensed period. Licences that provide access are performance obligations satisfied over a certain period of time (between 3 years to 10 years) and, therefore, deferred revenue is recognised over that licensed period.

	2023 AUD\$	2022 AUD\$
Deferred revenue balance at the beginning of the financial year recognized as revenue	<u>1,031,829</u>	<u>1,116,761</u>

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:

	2023 AUD\$	2022 AUD\$
Financial year ending 31 December 2023	-	1,079,655
Financial year ending 31 December 2024	853,232	892,775
Financial year ending 31 December 2025	575,739	602,410
Financial year ending 31 December 2026	326,400	341,506
Financial year ending 31 December 2027	106,008	111,091
Financial year ending 31 December 2028	<u>17,154</u>	<u>17,950</u>
	<u>1,878,533</u>	<u>3,045,387</u>

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24. Issued capital

	2023 AUD\$	2022 AUD\$
304,080,368 (2022: 289,080,368) Ordinary shares	<u>8,507,751</u>	<u>8,327,751</u>
	2023 No.	2022 No.
Ordinary shares		
At the beginning of the reporting period	289,080,368	183,268,088
Issuance of shares	<u>15,000,000</u>	<u>105,812,280</u>
At the end of the reporting period	<u>304,080,368</u>	<u>289,080,368</u>

The holder 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 shares at meetings of the Company. The ordinary shares have no par value.

25. Reserves

a. 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 shares acquired.

b. Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities financial statements. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

c. Option reserve

This 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 year was nil (2022: AUD\$176,173).

The remaining movement in the option reserve for the year ended 31 December 2022 of AUD\$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 any other company.

The number of options exercisable as at the end of the reporting period was 111,636,209.

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25. Reserves

c. Share option reserve

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

Date of offer	Number of options granted	Exercise price	Vesting and exercise date	Expiry date	< ----- Number of options over ordinary shares ----- >				
					1.1.2023	Granted	Vested	Lapsed	31.12.2023
15.1.2019	4,920,000	-	3 Years	14.1.2024	4,920,000	-	-	-	4,920,000
19.8.2021	900,000	-	3 Years	23.7.2024	900,000	-	-	-	900,000
16.3.2022	82,555,838	-	2 Years	15.3.2024	82,555,838	-	-	-	82,555,838
22.6.2022	3,450,000	-	4 Years	21.6.2026	3,450,000	-	-	(1,380,000)	2,070,000
14.10.2022	12,047,514	-	2 Years	13.10.2024	12,047,514	-	-	-	12,047,514
24.12.2022	<u>9,142,857</u>	-	2 Years	23.12.2024	<u>9,142,857</u>	-	-	-	<u>9,142,857</u>
	<u>113,016,209</u>				<u>113,016,209</u>	-	-	<u>(1,380,000)</u>	<u>111,636,209</u>

Performance Right

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

Date of offer	Class	Number of performance rights granted	Terms	Cessation date	< ----- Number of options over ordinary shares ----- >				
					1.1.2023	Granted	Vested	Lapsed	31.12.2023
7.8.2019	C	200,000	1	4.9.2023	<u>200,000</u>	-	-	<u>(200,000)</u>	-

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26. Related Parties

a. Identities of Related Parties

Parties are considered to be related to the Group and the Company 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

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2023 AUD\$	2022 AUD\$
Consultancy fees	9,581	-
Interest expense	13,535	-
Legal fees	15,000	-
Triple Gem Sdn Bhd (Director-related entity of Dato' Teo Chee Hong)		
- Office rental	45,990	15,955
HumanBot Australia Pty Ltd (Director-related entity of Kevin Coutiho)		
- Development costs	-	216,700

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

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

Triple Gem Sdn Bhd

Triple Gem Sdn. Bhd, a company which is wholly owned by Dato' Teo Chee Hong, provided office accommodation to the Group during the financial year. A total amount of AUD\$45,990 (2022: \$nil) was paid to Triple Gem Sdn Bhd for the financial year ended 31 December 2023, with no amount outstanding at 31 December 2023. Deposit amount of AUD\$7,665 was forfeited during the financial year.

c. Key Management Personnel Compensation

	2023 AUD\$	2022 AUD\$
Key management personnel compensation (including Directors' remuneration):		
- short-term employee benefits	115,314	306,093
- share options	-	138,000
- define contribution plan	12,647	23,258
	<u>127,961</u>	<u>467,351</u>

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27. Auditors' Remuneration

During the financial year, the following fees were paid or payables for services provided by In.Corp Audit & Assurance Pty Ltd, the auditor of the Company and its network firms:

	2023 AUD\$	2022 AUD\$
Remuneration of the auditor In.Corp Audit & Assurance Pty Ltd, for:		
- auditing or reviewing the financial statements	28,065	26,250
- other services	<u>7,000</u>	<u>-</u>
	<u>35,065</u>	<u>26,250</u>

28. Parent entity

The following information has been extracted from the books and records of the parent, I Synergy Group Limited and has been prepared in accordance with the Australian Accounting Standards and interpretations.

The financial information for the parent entity, I Synergy Group Limited has been prepared on the same basis as the financial statements except as disclosed below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

	2023 AUD\$	2022 AUD\$
Statement of Financial Position		
Assets		
Current assets	3,069,854	979,515
Non-current assets	<u>1</u>	<u>9,131,952</u>
Total Assets	<u>3,069,855</u>	<u>10,111,467</u>
Liabilities		
Current liabilities	402,757	214,771
Non-current liabilities	<u>-</u>	<u>185,081</u>
Total liabilities	<u>402,757</u>	<u>399,852</u>
Net Assets	<u>2,667,098</u>	<u>9,711,615</u>
Equity		
Issued capital	8,507,751	8,327,751
Retained earnings	(8,959,363)	(2,143,484)
Option reserve	<u>3,118,710</u>	<u>3,527,348</u>
Total equity	<u>2,667,098</u>	<u>9,711,615</u>
Statement of Profit or Loss and Other Comprehensive Income		
Total profit/(loss) for the year	(6,815,879)	(1,106,126)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>(6,815,879)</u>	<u>(1,106,126)</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2023

28. Parent entity

Contingent liabilities

The parent entity did not have any contingent liabilities as at 31 December 2023 and 31 December 2022.

Contractual commitments

The parent entity did not have any commitments as at 31 December 2023 and 31 December 2022.

Significant Accounting Policies

The accounting policies of the parent entity are consistent with those of the consolidated entities as disclosed throughout the report.

29. Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments. The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Lease liabilities

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Notes to the Financial Statements For the Year Ended 31 December 2023

29. Financial Risk Management

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

29.1. Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

29. Financial Risk Management

29.1. Liquidity risk

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on the contractual undiscounted cash flows (including interest payments computed using contractual rates at the end of the reporting period).

	Effective interest rates %	Carrying amount AUD\$	Contractual undiscounted cashflows AUD\$	Within 1 year AUD\$	1 to 5 years AUD\$
2023					
<i>Non derivatives financials</i>					
Other liabilities	-	415,322	415,322	415,322	-
Amount due to a Director	-	561,465	561,465	561,465	-
		<u>976,787</u>	<u>976,787</u>	<u>976,787</u>	<u>-</u>
2022					
<i>Non derivatives financials</i>					
Trade payables	-	26,774	26,774	26,774	-
Other liabilities	-	953,311	986,676	953,311	-
		<u>980,085</u>	<u>1,013,450</u>	<u>980,085</u>	<u>-</u>

29.2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

i. Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

	2023 AUD\$	2022 AUD\$
Other assets	<u>-</u>	<u>14,040</u>

ii. Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Notes to the Financial Statements.

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Notes to the Financial Statements For the Year Ended 31 December 2023

29. Financial Risk Management

29.2. Credit risk

Company after deducting any allowance for impairment losses (where applicable).

iii. Assessment of impairment losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost and debt investments at fair value through profit or loss are credit impaired. The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

29.3 Market risk

The Group is not exposed to any significant market risk at 31 December 2023.

29.4 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

29.5 Fair value information

At the end of the reporting period, there was no financial instrument carried at fair values in the consolidated statement of financial position.

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The Group measures its short-term investments classified as Mandatory at Fair Value through Profit of Loss financial assets at fair values, determined by reference to statements provided by the respective financial institutions, with which the investments were entered into. These financial assets belong to level 2 (2022: level 2) of the of the fair value hierarchy and there were no transfers between level 1 and level 2 during the financial year.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

30. Operating Segments

30.1. Business segment

The Group operates predominantly in one business segment (affiliate marketing solutions).

Accordingly, the information by business segment is not presented.

30.2. Geographical information

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

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

	Revenue		Non-current assets	
	2023 AUD\$	2022 AUD \$	2023 AUD\$	2022 AUD\$
Indonesia	-	-	2,628	34,738
Australia	10,946	145,678	-	1,065,841
Malaysia	1,032,467	1,389,845	253,765	552,304
	<u>1,043,413</u>	<u>1,535,523</u>	<u>256,393</u>	<u>1,652,883</u>

30.3. Major customer

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

30.4. Disaggregation of revenue

	Australia AUD\$	Malaysia AUD\$	Group AUD\$
2023			
At a point of time	10,946	638	11,584
Over time	-	1,031,829	1,031,829
	<u>10,946</u>	<u>1,032,467</u>	<u>1,043,413</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2023

30. Operating Segments

30.4 Disaggregation of revenue

	Australia AUD\$	Malaysia AUD\$	Group AUD\$
2022			
At a point of time	-	47,167	47,167
Over time	145,678	1,342,678	1,488,356
	<u>145,678</u>	<u>1,389,845</u>	<u>1,535,523</u>

31. Capital commitments

There were no capital commitments as at 31 December 2023 (2022: AUD\$ nil).

32. Contingencies

The Company has made an agreement indemnifying all the Directors and Officers of the Company against losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes willful acts of negligence.

Except for the above in the Directors, the Company did not have any contingencies at 31 December 2023 (2022: None).

33. Events Occurring After the Reporting Date

On 30 January 2024, the Group entered into a Convertible Note Agreement with VGI Vmall Limited (ACN 640 492 324) to provide a funding facility up to AUD\$10,000,000.

The Company will proceed with the drawdowns under the Convertible Note Agreement which has been approved by the shareholders at the general meeting.

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Directors' Declaration

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

1. the financial statements and notes of I Synergy Group Limited for the year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Australian Accounting Standards, which, as stated in basis of preparation Note 3. to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. giving a true and fair view of the financial position as at 31 December 2023 and performance of the consolidated group for the financial year then ended;
2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Australian Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. 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; and
4. this declaration has been made after receiving the declaration required to be made by the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2023.

This declaration is made on behalf of the directors, and in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

Director 
Dato' Teo Chee Hong

Dated: 28th day of March 2024

**I SYNERGY GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT**

To the Members of I Synergy Group Limited

Opinion

We have audited the 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 31 December 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 year then ended, and notes to the financial statements, including material accounting policy information, and the directors’ declaration. In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group’s financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit 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 & 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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I SYNERGY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Decentralised Operations

The Group comprises of 7 subsidiaries with the operations of the Group primarily in Malaysia.

The decentralized nature of the operations requires significant oversight by Management to monitor activities, review component financial reporting and undertake the Group consolidation.

We focused on:

- Understanding the components and identifying the significant risks of misstatements within them;
- The scoping of relevant procedures consistent with the risks identified and to enable coverage of significant aggregated balances;
- The assessment of components' compliance with Group accounting policies; and
- The consolidation process and aggregation of results from component procedures.

How our Audit Addressed the Key Audit Matter

We instructed a component audit to perform procedures on the financial information prepared for consolidation purposes. The selected components were that of most significance to the audit of the Group, by both individual size and risk. The objective of this is to gather evidence that aggregates to form the Group's financial reporting.

The component audit team performed an audit of the financial information of the component in accordance with our specific group reporting package information and local statutory financial reporting. We worked with the component audit team to understanding the components, to identify risks that are significant to the audit of the Group and to plan relevant procedures.

We evaluated the work performed by the component auditor for sufficiency for our overall audit purpose.

We considered the component auditor's reporting about the component's compliance with the Group's accounting policies.

We tested the financial data used in the consolidation process for consistency with the financial data audited by the component audit team. We also assessed the consolidation process for compliance with accounting standards.

For the components not within the scope of the component audit team, our procedures included performance of analytical procedures and substantiating any significant balances.

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INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matter – Going Concern	How our Audit Addressed the Key Audit Matter
<p>We note that the financial statements have been prepared on a going concern basis. We note that the Group has a deficiency in net assets of \$2.4 million, which includes unearned revenue of \$1.8 million. Subsequent to year end, the Group entered into a convertible loan facility of up to \$10 million.</p> <p>Going concern was therefore considered a key audit matter.</p>	<p>We considered the current financial position of the Group, subsequent events, Management's forecasts, including plans to return the Group to profitability, actions taken to strengthen the balance sheet and results subsequent to year end.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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I SYNERGY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2023

In our opinion the remuneration report of I Synergy Group Limited for the year ended 31 December 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities for the Remuneration Report

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

Sydney, 28 March 2024

**ADDITIONAL SECURITIES INFORMATION****ASX ADDITIONAL INFORMATION**

Additional information required by the ASX Listing Rules not disclosed elsewhere in this Annual Report is set out below.

SHAREHOLDINGS

The issue capital of the Company as at 28 February 2024 is 304,080,368 ordinary fully paid shares. All ordinary shares carry one vote per share.

TOP 20 SHAREHOLDERS AS AT 28 FEBRUARY 2024

Position	Holder Name	Holding	% IC
1	DATO CHEE HONG TEO	112,937,400	37.14%
2	MR KEVIN FABIAN COUTINHO	20,578,027	6.77%
3	HOO VOON HIM	15,000,000	4.93%
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	14,785,885	4.86%
5	CHEW YEE LEY	13,046,192	4.29%
6	NG KHENG HWEE	11,600,000	3.81%
7	BNP PARIBAS NOMS PTY LTD	8,756,813	2.88%
8	ONG SIEW PIK	8,490,910	2.79%
9	LAU SU HWEE	6,500,000	2.14%
10	MRS LEE WAH YEO	4,145,791	1.36%
11	MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE <THE MANDY SUPER FUND A/C>	4,000,000	1.32%
12	TEO NYAM HUI	3,661,667	1.20%
13	OFFA PTY LTD <THE GRAYLING A/C>	3,327,247	1.09%
14	NORMAN KA-MENG LIP & MAYA PRANOTO <MANOR VENTURES A/C>	3,047,498	1.00%
15	BEE LION PTY LTD	3,027,024	1.00%
16	SWAN CAPITAL (WA) PTY LTD	2,527,345	0.83%
17	CZ HOLDINGS PTY LTD <CZ HOLDINGS SF A/C>	2,400,000	0.79%
17	MR LAU PING HUNG	2,400,000	0.79%
18	KOSEDA PTY LTD <KOSEDA A/C>	2,205,103	0.73%
19	MS HOULI DAI	2,050,817	0.67%
20	FCCF HOLDINGS PTY LTD	2,010,479	0.66%
	Total	246,498,198	81.06%
	Total issued capital - selected security class(es)	304,080,368	100.00%

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	13	2,386	0.00%
above 1,000 up to and including 5,000	146	544,502	0.18%
above 5,000 up to and including 10,000	340	3,314,920	1.09%
above 10,000 up to and including 100,000	198	7,182,753	2.36%
above 100,000	128	293,035,807	96.37%
Totals	825	304,080,368	100.00%

Based in the closing price of AUD\$0.008 on 28 February 2024, there were 667 holders of less than a marketable parcel of ordinary shares, holding 8,553,342 shares amounting to 2.81% of issued capital of the Company.



ADDITIONAL SECURITIES INFORMATION

VOTING RIGHTS

The holders of ordinary shares are entitled to one vote per share at meetings of the Group.

SUBSTANTIAL SHAREHOLDERS AS AT 28 FEBRUARY 2024

Holder Name	% of Issued Capital ("IC") held
DATO CHEE HONG TEO	37.14%
MR KEVIN FABIAN COUTINHO	6.77%

OPTION HOLDINGS

The Group has the following classes of options on issue at 28 February 2024 as detailed below. Options do not carry any rights to vote.

Security Name	Total Holders	Total Holdings
UNLISTED OPTIONS @ \$0.30 EXP 23/07/2024	2	900,000
UNLISTED OPTIONS @ \$0.05 EXP 15/03/2024	108	82,555,838
UNLISTED ZEPO EXP 21/06/2026	2	2,070,000
UNLISTED OPTIONS @ \$0.07 EXP 13/10/2024	28	12,047,514
UNLISTED OPTIONS @ \$0.05 EXP 23/12/2024	13	9,142,857
TOTAL	153	106,716,209

PERFORMANCE RIGHTS HOLDINGS

There is no performance right on issue at 28 March 2024.

REQUIREMENT LISTING RULE 4.10.14

In accordance with the listing rule 4.10.14 the Company confirms that there are no restricted securities or securities subject to voluntary on issue as at 28 March 2024.

REQUIREMENT LISTING RULE 4.10.18

In accordance with the listing rule 4.10.18 the Company confirms that there is no current on-market buy-back taking place as at 28 March 2024.

REQUIREMENT LISTING RULE 4.10.19

In accordance with the listing rule 4.10.19 the Company confirms that the entity used cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with the business's objectives.