

# I SYNERGY GROUP LIMITED

ACN: 613 927 361

## APPENDIX 4D HALF-YEAR REPORT

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### 1. Company details

Name of entity:	I Synergy Group Limited
ABN:	51 613 927 361
Reporting period:	For the half-year ended 30 June 2017
Previous period:	For the year ended 31 December 2016

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### 2. Results for announcement to the market

			AUD'000
Revenues from ordinary activities	down	26.4% to	7,244
Profit from ordinary activities after tax attributable to the owners of I Synergy Group Limited	down	86.9% to	219
Total comprehensive income for the year attributable to the owners of I Synergy Group Limited	down	87.8% to	205

#### *Dividends*

The Directors recommend the payment of a dividend of AUD0.30 cents per share for a total of AUD556,780 in respect of the current financial period ended 30 June 2017.

#### *Comments*

The profit for the Group after providing for income tax and non-controlling interest amounted to AUD219,000 for the half year ended 30 June 2017 (30 June 2016: AUD 1,683,000).

The lower reported net profit were mainly due to decrease in sale revenue during the period and weakening functional currency, Malaysia Ringgit (MYR) against the reporting currency of the Group in Australia Dollars (AUD). Despite the fall in sale revenue during the period, the administrative expenses had risen from AUD 878,000 to AUD 1,688,000 for half year ended 30 June 2017. The increase in administrative expenses were mainly due to higher office overheads and staff costs in Malaysia as well as expansion into a new market, Indonesia.

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### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets/(liabilities) per ordinary security	2.48	1.00

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### 4. Control gained over entities

I Synergy Edutech Sdn Bhd was incorporated on 6 April 2017 during the financial period ended 30 June 2017 and is wholly owned by I Synergy Consolidated Sdn Bhd. The objective is for research, development, maintenance and commercialization of proprietary learning management system.

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### 5. Loss of control over entities

Not applicable.

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

Not applicable.

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**7. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report

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**8. Attachments**

*Details of attachments (if any):*

The Interim Report of I Synergy Group Limited for the half-year ended 30 June 2017 is attached

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**9. Signed**



Signed \_\_\_\_\_

Date: 31 August 2017

Dato Teo Chee Hong  
Director

# **I SYNERGY GROUP LIMITED**

ACN: 613 927 361

## **INTERIM REPORT**

for the financial period ended 30 June 2017

# **I SYNERGY GROUP LIMITED**

ACN: 613 927 361

## **DIRECTORS' REPORT 30 JUNE 2017**

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The directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Consolidated entity') at the end of, or during, the half-year ended 30 June 2017.

### **Directors**

The following persons were directors of I Synergy Group Limited ('the Company') during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Bruce Richard Sydney Symon (Non-executive Chairman)  
Dato Teo Chee Hong (Managing Director)  
Ilmars Draudins (Non-executive Director)  
Eng Guo Miao (resigned on 30 June 2017)

### **Principal activities**

The Group's principal activities are providing affiliate marketing solutions to advertisers and affiliates. There was no significant change in the nature of activities of the Company during the year.

### **Dividends**

The Directors recommend the payment of a dividend of 0.30 cents per share for a total of AUD556,780 in respect of the current financial period ended 30 June 2017.

### **Review of operations**

The profit for the Group after providing for income tax and non-controlling interest amounted to AUD219,000 for the half year ended 30 June 2017 (30 June 2016: AUD 1,683,000).

The lower reported net profit were mainly due to decrease in sale revenue during the period and weakening functional currency, Malaysia Ringgit (MYR) against the reporting currency of the Group in Australia Dollars (AUD). Despite the fall in sale revenue during the period, the administrative expenses had risen from AUD 878,000 to AUD 1,688,000 for half year ended 30 June 2017. The increase in administrative expenses were mainly due to higher office overheads and staff costs in Malaysia as well as expansion into a new market, Indonesia.

### **Significant changes in the state of affairs**

I Synergy Edutech Sdn Bhd was incorporated on 6 April 2017 during the financial period ended 30 June 2017 and wholly owned by I Synergy Consolidated Sdn Bhd. The objective is for research, development, maintenance and commercialization of proprietary learning management system.

### **Rounding of amounts**

The company is of a kind referred to in ASIC legislative instrument 2016/191 dated 24 March 2016 in accordance with that legislation investment amount in the financial report and director report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise stated.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors



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Dato Teo Chee Hong  
Director

**AUDITOR'S INDEPENDENCE DECLARATION**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of I Synergy Group Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

**CROWE HORWATH PERTH**

**SEAN MCGURK**  
Partner

Signed at Perth, 31 August 2017

# I SYNERGY GROUP LIMITED

ACN: 613 927 361

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### General information

The financial statements cover I Synergy Group Limited as a consolidated entity consisting of I Synergy Group Limited and the entities it controlled at the end of, or during, the half-year. I Synergy Group Limited's functional currency is the Malaysian Ringgit ('MYR'). For the purposes of the Financial Statements, the presentation currency used is Australian Dollars.

I Synergy Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### Registered office

Ground floor, 16 Ord Street,  
West Perth, WA 6005

#### Principal place of business

Unit 20-10, Tower A, The Vertical Business Suite,  
Avenue 3, Bangsar South  
No.8 Jalan Kerinchi,  
59200 Kuala Lumpur

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2017.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 30 JUNE 2017**

		<b>The Group</b>	
	<b>Note</b>	<b>30 Jun 2017 AUD'000</b>	<b>30 Jun 2016 AUD'000</b>
Revenue	2	7,244	9,839
Cost of sales		(4,824)	(6,441)
Gross profit		2,420	3,398
Other income		211	183
Selling and distribution expenses		(91)	(42)
Administrative expenses		(1,688)	(878)
Finance cost		(4)	(1)
<b>Profit before taxation</b>	3	<b>848</b>	<b>2,660</b>
Income tax expense	4	-	(24)
<b>Profit for the year</b>		<b>848</b>	<b>2,636</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(52)	-
<b>Total comprehensive income for the year</b>		<b>796</b>	<b>2,636</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interest		629	953
Owners of the Company		219	1,683
		<b>848</b>	<b>2,636</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		591	953
Owners of the Company		205	1,683
		<b>796</b>	<b>2,636</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	5	0.12	1.01
Diluted earnings per share	5	0.12	1.01

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

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2017**

		<b>The Group</b>	
	<b>Note</b>	<b>30 Jun 2017 AUD'000</b>	<b>31 Dec 2016 AUD'000</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	13,673	11,119
Trade receivables		265	1,500
Other receivables, deposits and prepayments		518	850
Inventories		17	5
		<b>14,473</b>	<b>13,474</b>
<b>Non-current Assets</b>			
Investment in a subsidiary	7	-	-
Property, plant and equipment	8	1,254	1,231
		<b>1,254</b>	<b>1,231</b>
<b>TOTAL ASSETS</b>		<b>15,727</b>	<b>14,705</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables		78	64
Other payables and accruals		1,167	3,035
Amount owing to a related party		-	54
Hire purchase payable		289	41
		<b>1,534</b>	<b>3,194</b>
<b>Non-current Liabilities</b>			
Hire purchase payable		-	180
Deferred revenue	12	7,702	7,461
		<b>7,702</b>	<b>7,641</b>
<b>TOTAL LIABILITIES</b>		<b>9,236</b>	<b>10,835</b>
<b>NET ASSETS</b>		<b>6,491</b>	<b>3,870</b>
<b>EQUITY</b>			
<b>Equity</b>			
Share capital	9	2,802	70
Merger deficit	10	(1,042)	(1,042)
Foreign currency reserve		(94)	(80)
Retained earnings/ (Accumulated losses)		2,939	2,720
		<b>4,605</b>	<b>1,668</b>
Non-controlling interest		1,886	2,202
<b>TOTAL EQUITY</b>		<b>6,491</b>	<b>3,870</b>

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

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 30 JUNE 2017**

	Share Capital	Retained Earnings	Merger Deficit*	Retranslation reserve	Non- controlling interest	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
<b>The Group</b>						
<b>Balance at 1.1.2016</b>	<b>70</b>	<b>(58)</b>	<b>(1,042)</b>	<b>38</b>	<b>330</b>	<b>(662)</b>
Net profit after taxation for the year	-	1,683	-	-	953	2,636
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	1,683	-	38	953	2,636
Dividend paid	-	-	-	-	-	-
<b>Balance at 30.6.2016</b>	<b>70</b>	<b>1,625</b>	<b>(1,042)</b>	<b>38</b>	<b>1,283</b>	<b>1,974</b>

  

	Share Capital	Retained Earnings	Merger Deficit*	Retranslation reserve	Non- controlling interest	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
<b>The Group</b>						
<b>Balance at 1.1.2017</b>	<b>70</b>	<b>2,720</b>	<b>(1,042)</b>	<b>(80)</b>	<b>2,202</b>	<b>3,870</b>
New shares issued under initial public offering (net of issue cost)	2,732	-	-	-	-	2,732
Net profit after taxation for the year	-	219	-	-	629	848
Other comprehensive income for the year, net of tax	-	-	-	(14)	(38)	(52)
Total comprehensive income for the year	-	219	-	(14)	591	796
Dividend paid to non-controlling interest	-	-	-	-	(907)	(907)
<b>Balance at 30.6. 2017</b>	<b>2,802</b>	<b>2,939</b>	<b>(1,042)</b>	<b>(94)</b>	<b>1,886</b>	<b>6,491</b>

\*arising from merger accounting

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

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE HALF YEAR ENDED 30 JUNE 2017**

	<b>The Group</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>AUD'000</b>	<b>AUD'000</b>
<b>Cash flows from operating activities</b>		
Sale from customers	9,024	11,006
Payments to suppliers and employees	(8,368)	(7,332)
Cash generated from operations	656	3,674
Interest paid	(4)	(1)
Income tax paid	-	(34)
<b>Net cash from operating activities</b>	<b>652</b>	<b>3,639</b>
<b>Cash flows from investing activities</b>		
Interest received	108	113
Proceeds from disposal of property, plant and equipment	60	-
Purchase of property, plant and equipment	(217)	(542)
<b>Net cash used in investing activities</b>	<b>(49)</b>	<b>(429)</b>
<b>Cash flows from financing activities</b>		
Repayment to a director	-	(20)
Dividend paid	-	(332)
Dividend paid to non-controlling interest	(907)	-
Increase/(decrease) in hire purchase payables	68	(11)
Proceeds from issue of shares (net)	2,732	-
Repayment from a related party	-	(186)
<b>Net cash from/(used in) financing activities</b>	<b>1,893</b>	<b>(549)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,496</b>	<b>2,661</b>
Cash and equivalents at the beginning of the financial period	11,119	5,056
Effects of exchange rate changes on cash and cash equivalents	58	(59)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>13,673</b>	<b>7,658</b>

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

# **I SYNERGY GROUP LIMITED**

ACN: 613 927 361

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017**

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### **1. SIGNIFICANT ACCOUNTING POLICIES**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

#### **New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2017****2. REVENUE**

Revenue of the Group represents software activation, training, licence right to access and affiliate program fees earned and invoiced value of seminar, event, and merchandise sales.

**3. PROFIT BEFORE INCOME TAX EXPENSE**

	<b>The Group</b>	
	<b>30 Jun 2017 AUD'000</b>	<b>30 Jun 2016 AUD'000</b>
Profit before income tax expense is arrived at after charging/(crediting)		
Audit fee	14	1
Depreciation of equipment	106	78
Director's remuneration		
- salaries, bonuses, commissions and allowances	122	106
- defined contribution plan (EPF)	6	6
Hire purchase interest expense	4	1
Loss on disposal of property, plant and equipment	7	-
Rental equipment	8	2
Rental of premises	141	84
Staff costs:-		
- salaries, bonuses, commissions and allowances	551	361
- defined contribution plan (EPF)	31	21
- others	24	35
Interest income	(18)	(16)
Fair value gain on investment	(91)	(98)
Rental income	(102)	(70)

**4. INCOME TAX EXPENSE**

	<b>The Group</b>	
	<b>30 Jun 2017 AUD'000</b>	<b>30 Jun 2016 AUD'000</b>
Income tax expense		
Current tax	-	24
Adjustment recognised for prior periods	-	-
Aggregate income tax expense	-	24

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2017****4. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of the income tax expense applicable to the profit for the financial period at the statutory tax rate to the income tax expense at the effective tax rate of the Group and the Company is as follows:-

	<b>The Group</b>	
	<b>30 Jun 2017 AUD'000</b>	<b>30 Jun 2016 AUD'000</b>
Profit before taxation	848	2,660
Tax at the statutory tax rates	173	638
Tax effects of:-		
Tax incentive for pioneer products	(504)	(792)
Non-deductible expenses	89	52
Deferred tax assets not recognised	242	126
Utilisation of deferred tax assets previously not recognised	-	-
Income tax expense for the financial year	-	24

No deferred tax asset is recognised in respect of the following item:-

	<b>The Group</b>	
	<b>30 Jun 2017 AUD'000</b>	<b>31 Dec 2016 AUD'000</b>
Accelerated capital allowances	(154)	(154)
Unutilised tax losses	910	668
	756	514

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2017****5. EARNINGS PER SHARE**

	<b>The Group</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>AUD'000</b>	<b>AUD'000</b>
Profit after income tax	848	2,636
Non-controlling interest	(629)	(953)
Profit after income tax attributable to the owners of the parent	<u>219</u>	<u>1,683</u>
	<b>Number</b>	<b>Number</b>
<u>Basis earnings per share:</u>		
Weighted average number of ordinary shares used in calculating basic earnings per share	176,074,968	166,556,292
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.12	1.01
	<b>Number</b>	<b>Number</b>
<u>Diluted earnings per share:</u>		
Weighted average number of ordinary shares used in calculating diluted earnings per share	176,074,968	166,556,292
	<b>Cents</b>	<b>Cents</b>
Diluted earnings per share	0.12	1.01

**6. CASH AND CASH EQUIVALENTS**

	<b>The Group</b>	
	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>
	<b>AUD'000</b>	<b>AUD'000</b>
Short-term investments with licensed financial institutions	10,149	6,283
Cash and bank balances	3,524	4,836
	<u>13,673</u>	<u>11,119</u>

The short-term investments are highly liquid investments in fixed income securities, islamic money market fund and money market instruments that are readily convertible to known amounts of cash.

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2017****7. INVESTMENT IN A SUBSIDIARY**

	<b>The Company AUD'000</b>
Unquoted shares, at cost	130

Details of the subsidiary are as follows:-

<b>Name of Subsidiary</b>	<b>Country of Incorporation</b>	<b>Effective Equity Interest 2017 %</b>	<b>Principal Activities</b>
I Synergy (Singapore) Pte Ltd	Singapore	100	Investment holding
I Synergy Consolidated Sdn. Bhd.	Malaysia	100	Investment holding
I Synergy International (M) Sdn. Bhd.	Malaysia	100	Business of affiliate marketing and related affiliate management services for commercial industry.
I Synergy Universal Sdn. Bhd.	Malaysia	70	Research, development, maintenance and commercialization of proprietary affiliate marketing platform
PT Inovatif Sinergi Internasional	Indonesia	100	Business of affiliate marketing and related affiliate management services for commercial industry.
I Synergy Edutech Sdn Bhd	Malaysia	100	Research, development, maintenance and commercialization of proprietary learning management system

**I SYNERGY GROUP LIMITED**

ACN: 613 927 361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2017****8. PROPERTY, PLANT AND EQUIPMENT**

	<b>Cost</b> <b>AUD'000</b>	<b>Addition</b> <b>AUD'000</b>	<b>Disposal</b> <b>AUD'000</b>	<b>Depreciation</b> <b>Charge</b> <b>AUD'000</b>	<b>Foreign</b> <b>Currency</b> <b>Difference</b> <b>AUD'000</b>	<b>Net Book</b> <b>Value</b> <b>AUD'000</b>
<b>The Group</b>						
<b>At 30.6.2017</b>						
Computers, handphone and printer	112	15	(5)	(18)	(2)	102
Furniture and fittings	48	4	-	(3)	(1)	48
Merchant equipment	122	10	-	(8)	(2)	122
Motor vehicles	300	106	(62)	(40)	(6)	298
Office equipment	90	6	-	(5)	(1)	90
Renovation	545	75	-	(31)	(9)	580
Signboard	14	1	-	(1)	-	14
	<b>1,231</b>	<b>217</b>	<b>(67)</b>	<b>(106)</b>	<b>(21)</b>	<b>1,254</b>

	<b>Net Book</b> <b>Value</b> <b>AUD'000</b>	<b>Addition</b> <b>AUD'000</b>	<b>Disposal</b> <b>AUD'000</b>	<b>Depreciation</b> <b>Charge</b> <b>AUD'000</b>	<b>Foreign</b> <b>Currency</b> <b>Difference</b> <b>AUD'000</b>	<b>Net Book</b> <b>Value</b> <b>AUD'000</b>
<b>The Group</b>						
<b>At 31.12.2016</b>						
Computers, handphone and printer	84	66	-	(34)	(4)	112
Furniture and fittings	25	30	-	(5)	(2)	48
Merchant equipment	104	36	-	(13)	(5)	122
Motor vehicles	197	274	(90)	(69)	(12)	300
Office equipment	33	69	-	(8)	(4)	90
Renovation	111	508	-	(47)	(27)	545
Signboard	2	14	-	(1)	(1)	14
	<b>556</b>	<b>997</b>	<b>(90)</b>	<b>(177)</b>	<b>(55)</b>	<b>1,231</b>

**I SYNERGY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2017****8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>The Group</b>	<b>At Cost AUD'000</b>	<b>Accumulated Depreciation AUD'000</b>	<b>Net Book Value AUD'000</b>
<b>At 30.6.2017</b>			
Computers, handphone and printer	207	(105)	102
Furniture and fittings	65	(17)	48
Merchant equipment	150	(28)	122
Motor vehicles	443	(144)	299
Office equipment	108	(18)	90
Renovation	662	(82)	580
Signboard	15	(2)	13
	<b>1,650</b>	<b>(396)</b>	<b>1,254</b>

<b>The Group</b>	<b>At Cost AUD'000</b>	<b>Accumulated Depreciation AUD'000</b>	<b>Net Book Value AUD'000</b>
<b>At 31.12.2016</b>			
Computers, handphone and printer	199	(87)	112
Furniture and fittings	62	(14)	48
Merchant equipment	142	(20)	122
Motor vehicles	404	(104)	300
Office equipment	103	(13)	90
Renovation	596	(51)	545
Signboard	15	(1)	14
	<b>1,521</b>	<b>(290)</b>	<b>1,231</b>

# I SYNERGY GROUP LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

### 9. SHARE CAPITAL

	Consolidated			
	30 Jun 2017 Shares	31 Dec 2016 Shares	30 Jun 2017 \$'000	31 Dec 2016 \$'000
Ordinary shares - fully paid	<u>185,593,643</u>	<u>166,556,292</u>	<u>2,802</u>	<u>70</u>

#### *Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2017	166,556,292		70
Issue of shares from initial public offering	17 March 2017	18,114,000	\$0.20	3,623
Issue of shares to advisor	17 March 2017	923,351	\$0.20	185
Issue cost				(1,076)
Balance	30 June 2017	<u>185,593,643</u>		<u>2,802</u>

### 10. MERGER DEFICIT

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

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

### 11. EQUITY-DIVIDENDS

The Directors recommend the payment of a dividend of 0.30 cents per share for a total of AUD\$556,780 in respect of the current financial year.

### 12. DEFERRED REVENUE

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 provide 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.

## **I SYNERGY GROUP LIMITED**

ACN: 613 927 361

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017**

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#### **13. SIGNIFICANT RELATED PARTY DISCLOSURES**

During the financial half-year ended 30 June 2017 payments of \$61,981 for office rental were made to Triple Gem Sdn. Bhd. (director-related entity of Dato' Teo Chee Hong). The transactions were made on normal commercial terms and conditions and at market rates.

#### **14. CONTINGENT LIABILITIES**

The directors are not aware of any contingent liabilities or assets as at the date of these financial statements (2016: Nil).

#### **15. CONTRACTUAL COMMITMENTS**

At 30 June 2017, I Synergy Group Limited had not entered into any contractual commitments (2016: Nil).

#### **16. OPERATING SEGMENTS**

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

#### **17. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the period ended 30 June 2017, the Company appointed Mr Terance Chan as the new Group Chief Executive Officer effective from 1 August 2017. On 17 August 2017, the Company circulated notice of shareholder meeting to be held on 18 September 2017 to resolve the approval of on-market share buyback up to 18,559,364 Shares during the twelve month period from the date of the general meeting.

Apart from the dividend declared as disclosed in note 11, no other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

# I SYNERGY GROUP LIMITED

ACN: 613 927 361

## DIRECTORS' DECLARATION

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In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Dato' Teo Chee Hong  
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF I SYNERGY GROUP LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of I Synergy Group Limited statement of financial position as at 30 June 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration.

**Directors' Responsibility for the Financial Report**

The Directors of I Synergy Group Limited (the company) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of I Synergy Group Limited and its controlled entities' financial position as at 30 June 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of I Synergy Group Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of I Synergy Group Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Other Matters

The financial report of I Synergy Group Limited and its controlled entities for the 6 months period ended 30 June 2016 was reviewed by another auditor who expressed an unmodified review opinion on that financial report on 13 September 2016.



## CROWE HORWATH PERTH



## SEAN MCGURK

Partner

Signed at Perth, 31 August 2017