

I SYNERGY GROUP LIMITED

ACN: 613 927 361

APPENDIX 4E PRELIMINARY FINAL REPORT

Company details

Name of entity:	I Synergy Group Limited
ABN:	51 613 927 361
Reporting period:	For the year ended 31 December 2018
Previous period:	For the year ended 31 December 2017

2. Results for announcement to the market

				AUD\$'000
Revenue from ordinary activities	down	9.9%	to	9,551
Loss from ordinary activities after tax attributable to the owners of I Synergy Group Limited	up	278.0%	to	(784)
Loss for the year attributable to the owners of I Synergy Group Limited	up	307.3%	to	(716)

Dividend

On 8 October 2018, the Directors declared an unfranked interim dividend of 0.40 cents per ordinary share for a total of AUD734,864 in respect of the financial year ended 31 December 2018. The record date for determining entitlements to the interim dividend was 25 October 2018. The interim dividend paid on 10 November 2018.

Other shareholder distributions

In September 2017, the Directors announced an on-market share buy-back of up to 18,559,364 of ordinary shares. During the financial year ended 31 December 2018, the Group have bought back approximately AUD\$223,000 worth of the Company's securities from on-market, representing 1,651,857 ordinary shares on issue at a weighted average share price of A\$0.1349. The share buy-back exercise was ended on 12 September 2018.

Comment

The lower reported revenue was mainly due to lower income from software activation, training, license right and program fee as lower of new affiliate sign up compared to previous financial year.

Nevertheless, the Group has reported a net loss attributable to the owners of I Synergy Group Limited of AUD\$784,000 (2017 – AUD\$282,000). The Group's financial performance should be viewed in the context of the extensive investment made in its business expansion in Indonesian market which the Group launched its first retail loyalty affiliate program in Indonesia in the previous year, allowing the Group's unique brand of retail affiliate marketing solution offerings to benefit the nation's retail community and Indonesian affiliates. Ample effort and resources were utilised for the development of the program's website and portal as well as in its marketing initiatives. Also, the increase in direct costs were mainly due to higher deployment costs incurred as the Group continues to develop its innovative solutions in tandem with the Group's business expansion and marketing plan for Mykad Smart Shopper retail loyalty program.

The financial position of the Group remained strong with ample of liquidity and cash on hand with negligible debts although negative funds generating from operating activities throughout 2018 and substantial outflows for dividends paid. The deferred revenue on license fee collected in advance continued to rise which will be recognised as revenue in the future.

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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary share	<u>1.52</u>	<u>2.61</u>

4. Control gained over entities

Not applicable.

5. Loss control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Foreign entities to disclose which accounting standards are used in compiling the report

The financial statements of the Group have been prepared in accordance with Australian Accounting Standards issued by Australian Accounting Standards Board, which is also comply with International Financial Reporting Standards.

8. Audit status

The accounts are in the process of being audited.

9. If the accounts have not yet been audited and are likely to contain an independent audit report that is to a modified opinion, emphasis of matter or other matter paragraph, a description of the likely modified opinion, emphasis of matter or other matter paragraph

The independent audit report is unlikely to contain a modified opinion, emphasis of matter or other matter paragraph, a description of the likely modified opinion, emphasis of matter or other matter paragraph.

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10. Attachments

Details of attachments (if any):

The Financial Statements and Notes forming part of the Preliminary Final Report of I Synergy Group Limited for the year ended 31 December 2018 is attached.

11. Signed



Signed _____

Date: 28 February 2019

Dato' Teo Chee Hong
Director

I SYNERGY GROUP LIMITED

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

		The Group	
	Note	2018 AUD\$'000	2017 AUD\$'000
Revenue	2	9,551	10,603
Cost of sales		(6,806)	(7,119)
Gross profit		2,745	3,484
Other income		425	552
Selling and distribution expenses		(168)	(120)
Administrative expenses		(3,170)	(3,539)
Finance cost		(13)	(10)
(Loss)/Profit before taxation	3	(181)	367
Income tax (expense)/benefit	4	(88)	221
(Loss)/Profit after taxation for the year		(269)	588
Other comprehensive (expenses)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		244	92
Total comprehensive (expenses)/income for the year		(25)	680
(Loss)/Profit after taxation attributable to:			
Non-controlling interest		515	870
Owners of the Company		(784)	(282)
		(269)	588
Total comprehensive (expenses)/income for the year attributable to:			
Non-controlling interest		691	913
Owners of the Company		(716)	(233)
		(25)	680
		Cents	Cents
Basic loss per share	5	(0.43)	(0.16)
Diluted loss per share	5	(0.43)	(0.16)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

I SYNERGY GROUP LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

		The Group	
	Note	2018 AUD\$'000	2017 AUD\$'000
ASSETS			
<u>Current Assets</u>			
Inventories	6	19	17
Trade receivables	7	375	230
Other receivables, deposits and prepayments	8	903	829
Current tax asset		27	3
Cash and cash equivalents	9	9,953	12,893
		<u>11,277</u>	<u>13,972</u>
<u>Non-Current Assets</u>			
Equipment	10	1,374	1,251
Deferred tax asset	11	996	865
		<u>2,370</u>	<u>2,116</u>
TOTAL ASSETS		<u>13,647</u>	<u>16,088</u>
LIABILITIES			
<u>Current Liabilities</u>			
Trade payables	12	107	29
Other payables and accruals	13	1,371	1,743
Amount owing to a related party	14	-	3
Hire purchase payables	15	177	64
Current tax liability		43	632
Deferred revenue	16	1,189	1,151
		<u>2,887</u>	<u>3,622</u>
<u>Non-Current Liabilities</u>			
Hire purchase payables	15	189	202
Deferred revenue	16	6,790	6,584
		<u>6,979</u>	<u>6,786</u>
TOTAL LIABILITIES		<u>9,866</u>	<u>10,408</u>
NET ASSETS		<u>3,780</u>	<u>5,680</u>
EQUITY			
Share capital	17	2,442	2,665
Merger deficit	18	(1,042)	(1,042)
Foreign exchange translation reserve	19	37	(31)
Option reserve	20	77	-
Retained earnings		362	1,881
		<u>1,876</u>	<u>3,473</u>
Equity attributable to owners of the Company		1,876	3,473
Non-controlling interest		1,904	2,207
TOTAL EQUITY		<u>3,780</u>	<u>5,680</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Group	Note	Share Capital AUD\$'000	Merger Deficit * AUD\$'000	Foreign Exchange Translation Reserve AUD\$'000	Option Reserve AUD\$'000	Retained Earnings AUD\$'000	Attributable To Owners Of The Company AUD\$'000	Non-Controlling Interest AUD\$'000	Total Equity AUD\$'000
Balance at 1.1.2018		2,665	(1,042)	(31)	-	1,881	3,473	2,207	5,680
(Loss)/Profit after taxation for the financial year		-	-	-	-	(784)	(784)	515	(269)
Other comprehensive income for the financial year, net of tax:									
- Foreign currency translation differences		-	-	68	-	-	68	176	244
Total comprehensive (expenses)/income for the financial year		-	-	68	-	(784)	(716)	691	(25)
Contributions by and distributions to owners of the Company:									
- Shares buy-back		(223)	-	-	-	-	(223)	-	(223)
- Options to employees		-	-	-	77	-	77	-	77
- Dividend by the Company	21	-	-	-	-	(735)	(735)	-	(735)
- Dividend by a subsidiary to non-controlling interest		-	-	-	-	-	-	(994)	(994)
Total transactions with owners		(223)	-	-	77	(735)	(881)	(994)	(1,875)
Balance at 31.12.2018		2,442	(1,042)	37	77	362	1,876	1,904	3,780

Note:

* - arising from merger accounting.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

The Group	Note	Share Capital AUD\$'000	Merger Deficit * AUD\$'000	Foreign Exchange Translation Reserve AUD\$'000	Retained Earnings AUD\$'000	Attributable To Owners Of The Company AUD\$'000	Non-Controlling Interest AUD\$'000	Total Equity AUD\$'000
Balance at 1.1.2017		70	(1,042)	(80)	2,720	1,668	2,202	3,870
(Loss)/Profit after taxation for the financial year		-	-	-	(282)	(282)	870	588
Other comprehensive income for the financial year, net of tax:								
- Foreign currency translation differences		-	-	49	-	49	43	92
Total comprehensive income/(expenses) for the financial year		-	-	49	(282)	(233)	913	680
Contributions by and distributions to owners of the Company:								
- Issuance of shares under initial public offering (net of expenses)		2,732	-	-	-	2,732	-	2,732
- Shares buy-back		(137)	-	-	-	(137)	-	(137)
- Dividend by the Company		-	-	-	(557)	(557)	-	(557)
- Dividend by a subsidiary to non-controlling interest	21	-	-	-	-	-	(908)	(908)
Total transactions with owners		2,595	-	-	(557)	2,038	(908)	1,130
Balance at 31.12.2017		2,665	(1,042)	(31)	1,881	3,473	2,207	5,680

Note:

* - arising from merger accounting.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018**

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Sale from customers	9,708	12,298
Payments to suppliers and employees	(9,944)	(10,676)
Cash generated from operations	(236)	1,622
Interest paid	(13)	(10)
Income tax paid	(701)	(5)
Net cash (used in)/from operating activities	(950)	1,607
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	293	332
Proceeds from disposal of equipment	-	58
Purchase of equipment	(284)	(280)
Net cash from investing activities	9	110
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(735)	(557)
Dividend paid by a subsidiary to non-controlling interest	(994)	(908)
Proceeds from issuance of shares, net of expenses	-	1,967
Purchase of own shares	(223)	(137)
Repayment of hire purchase obligations	(49)	(269)
Repayment to a related party	(3)	(51)
Net cash (used in)/from financing activities	(2,004)	45
Net (decrease)/increase in cash and cash equivalents	(2,945)	1,762
Effects of exchange rate changes on cash and cash equivalents	5	12
Cash and cash equivalents at the beginning of the financial year	12,893	11,119
Cash and cash equivalents at the end of the financial year	9,953	12,893

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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NOTES TO THE PRELIMINARY FINAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION

The Preliminary Final Report ("the Report") are prepared in compliance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'). The Report also comply with International Financial Reporting Standards.

It is recommended that the Report be read in conjunction with the half yearly financial statements of I Synergy Group Limited and its controlled entities ("the Group") as at 30 June 2018 together with any public announcements made by I Synergy Group Limited during the financial year ended 31 December 2018, in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

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

2. REVENUE

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

3. (LOSS)/PROFIT BEFORE TAXATION

	The Group	
	2018 AUD\$'000	2017 AUD\$'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-		
Allowance for impairment losses on trade receivables	-	78
Audit fee	90	96
Depreciation of equipment	263	218
Directors' remuneration:		
- salaries, bonuses and allowances	313	273
- defined contribution plan	99	17
Equipment written off	6	-
Interest expense on financial liability not at FVTPL :		
- hire purchase	13	10
Loss on disposal of equipment	-	8
Rental of equipment	35	42
Rental of premises	612	545

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**NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****3. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)**

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-		
Staff costs:		
- salaries, bonuses, commissions and allowances	875	1,188
- defined contribution plan	87	98
- others	94	50
Interest income on financial assets that are:		
- at FVTPL	(243)	(304)
- not at FVTPL	(50)	(28)
Fair value gain on short-term investments	(1)	(12)
Rental income	(132)	(208)

4. INCOME TAX EXPENSE

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
Income tax expense:		
- for the financial year	120	87
- underprovision in previous financial years	22	523
	142	610
Deferred tax asset (Note 11):		
- for the financial year	(64)	(831)
- overprovision in previous financial years	10	-
	(54)	(831)
	88	(221)

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**NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****4. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of the income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group is as follows:-

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
(Loss)/Profit before taxation	(181)	367
Tax at the statutory tax rates	(43)	88
Tax effects of:-		
Tax incentive for pioneer products	(385)	(658)
Non-deductible expenses	280	481
Non-taxable income	(57)	(71)
Deferred tax assets not recognised	261	61
Recognition of previously unrecognized deductible temporary differences arising from tax paid in advance on fees received in advance	-	(645)
Underprovision in previous financial years:		
- current tax	22	523
- deferred tax	10	-
Income tax expense/(benefit) for the financial year	88	(221)

5. LOSS PER SHARE

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
(Loss)/Profit after taxation	(269)	588
Non-controlling interest	(515)	(870)
Loss after taxation attributable to the owners of the parent	(784)	(282)

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**NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****5. LOSS PER SHARE (CONT'D)**

	The Group	
	2018 Number	2017 Number
<u>Basic loss per share</u>		
Weighted average number of ordinary shares used in calculating basic loss per share	183,989,966	180,907,049
	Cents	Cents
Basic loss per share	<u>(0.43)</u>	<u>(0.16)</u>
<u>Diluted loss per share</u>		
Weighted average number of ordinary shares used in calculating basic loss per share	184,523,116	180,907,049
	Cents	Cents
Diluted loss per share	<u>(0.42)</u>	<u>(0.16)</u>

6. INVENTORIES

	The Group	
	2018 AUD\$'000	2017 AUD\$'000
At cost:-		
Merchandise held for sale	<u>18</u>	<u>17</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	<u>37</u>	<u>53</u>

None of the inventories are stated at net realisable value.

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**NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****7. TRADE RECEIVABLES**

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
Trade receivables	598	435
Allowance for impairment losses	(223)	(205)
	<u>375</u>	<u>230</u>
Allowances for impairment losses:		
At 1.1 2018/2017	(205)	(143)
Addition during the financial year	-	(78)
Written off during the financial year	-	21
Foreign exchange translation differences	(18)	(5)
At 31.12.2018/2017	<u>(223)</u>	<u>(205)</u>

The Group's normal trade credit terms range from 30 to 60 (2017 - 30 to 60) days.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
Other receivables	250	262
Deposits	279	309
Prepayments	374	258
	<u>903</u>	<u>829</u>

9. CASH AND CASH EQUIVALENTS

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
Short-term investments with financial institutions, at fair value	7,382	8,933
Cash and bank balances	2,571	3,960
	<u>9,953</u>	<u>12,893</u>
Market value of short-term investments	<u>7,382</u>	<u>8,933</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.

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**NOTES TO THE PRELIMINARY FINAL REPORT
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	At 1.1.2018 AUD\$'000	Additions AUD\$'000	Written Off AUD\$'000	Depreciation Charges AUD\$'000	Foreign Currency Translation Difference AUD\$'000	At 31.12.2018 AUD\$'000
The Group						
2018						
Computers, handphone and printer	115	8	-	(44)	10	89
Furniture and fittings	48	15	-	(8)	4	59
Merchant equipment	124	-	-	(13)	10	121
Motor vehicles	266	184	-	(105)	25	370
Office equipment	99	22	-	(14)	7	114
Renovation	580	52	(6)	(76)	50	600
Signboard	19	3	-	(3)	2	21
	1,251	284	(6)	(263)	108	1,374

	At 1.1.2017 AUD\$'000	Additions AUD\$'000	Disposals AUD\$'000	Depreciation Charges AUD\$'000	Foreign Currency Translation Differences AUD\$'000	At 31.12.2017 AUD\$'000
2017						
Computers, handphone and printer	104	44	-	(36)	3	115
Furniture and fittings	48	6	-	(7)	1	48
Merchant equipment	122	14	-	(14)	2	124
Motor vehicles	300	106	(62)	(82)	4	266
Office equipment	98	16	(4)	(12)	1	99
Renovation	545	88	-	(65)	12	580
Signboard	14	6	-	(2)	1	19
	1,231	280	(66)	(218)	24	1,251

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**NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****10. EQUIPMENT (CONT'D)**

The Group	At Cost AUD\$'000	Accumulated Depreciation AUD\$'000	Net Book Value AUD\$'000
2018			
Computers, handphone and printer	273	(184)	89
Furniture and fittings	91	(32)	59
Merchant equipment	138	(17)	121
Motor vehicles	534	(164)	370
Office equipment	155	(41)	114
Renovation	801	(201)	600
Signboard	27	(6)	21
	2,019	(645)	1,374
2017			
Computers, handphone and printer	241	(126)	115
Furniture and fittings	70	(22)	48
Merchant equipment	127	(3)	124
Motor vehicles	317	(51)	266
Office equipment	124	(25)	99
Renovation	694	(114)	580
Signboard	22	(3)	19
	1,595	(344)	1,251

Included in the net book value of equipment of the Group at the end of the reporting period were motor vehicles with a total net book value of AUD\$368,000 (2017 - AUD\$254,000), which was acquired under hire purchases terms.

The motor vehicles with a total net book value of AUD\$368,000 (2017 - AUD\$254,000) are held in trust by a director of the Company.

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NOTES TO THE PRELIMINARY FINAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. DEFERRED TAX ASSETS

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
At 1.1.2018/2017	865	-
Recognised in profit or loss (Note 4)	54	831
Foreign currency translation differences	77	34
At 31.12.2018/2017	996	865

The deferred tax assets represented by:-

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
Deductible temporary differences arising from tax paid in advance on the software platform license fees received in advance from affiliates	1,018	876
Accelerated capital allowance over depreciation	(22)	(11)
	996	865

12. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (2017 - 30 to 60) days.

13. OTHER PAYABLES AND ACCRUALS

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
Other payables	1,179	1,115
Deposits received	86	133
Accruals	106	495
	1,371	1,743

Included in other payables of the Group is commission payable to affiliates amounting to approximately AUD\$434,000 (2017 – AUD\$458,000).

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**NOTES TO THE PRELIMINARY FINAL REPORT
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	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
Amount owing to a related party	-	3

The amount in the previous financial year was owing to a related party, I Synergy Holdings Berhad (the former holding company of the Group). The amount was non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

15. HIRE PURCHASE PAYABLES

	The Group	
	2018	2017
	AUD\$'000	AUD\$'000
Minimum hire purchase payments:		
- not later than one year	194	76
- later than one year and not later than five years	209	219
	403	295
Less: Future finance charges	(37)	(29)
Present value of hire purchase payables	366	266
<u>Current</u>		
Not later than one year	177	64
<u>Non-Current</u>		
Later than one year and not later than five years	189	202
	366	266

- (a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 14 to the financial statements.
- (b) The hire purchase payable bore effective interest rates ranging from 4.37% to 8.24% (2017 - 4.29% to 8.24%) as at the end of the reporting period. The interest rates are fixed at the inception of the hire purchase arrangements.

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**NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****16. DEFERRED REVENUE**

	The Group	
	2018 AUD\$'000	2017 AUD\$'000
Current liabilities	1,189	1,151
Non-current liabilities	6,790	6,584
	<u>7,979</u>	<u>7,735</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.

17. SHARE CAPITAL

	The Group/The Company			
	2018 Number Of Shares	2017	2018 AUD\$'000	2017 AUD\$'000
Fully Paid-Up Ordinary Shares				
At 1.1.2018/2017	184,719,945	166,556,292	2,665	70
Issuance of new shares	-	19,037,351	-	2,732
Shares buy-back	(1,651,857)	(873,698)	(223)	(137)
At 31.12.2018/2017	<u>183,068,088</u>	<u>184,719,945</u>	<u>2,442</u>	<u>2,665</u>

The detailed movements in fully paid-up ordinary shares during the financial year are as follows:-

Details	Date	Shares	Issue price AUD\$	AUD\$'000
At 1.1.2018		184,719,945		2,665
Share buy-back and subsequently cancelled	10.1.2018	(802)	0.1501	*
Share buy-back and subsequently cancelled	25.1.2018	(78,703)	0.1452	(11)
Share buy-back and subsequently cancelled	6.2.2018	(45,126)	0.1453	(7)
Share buy-back and subsequently cancelled	8.2.2018	(41,021)	0.1453	(6)
Share buy-back and subsequently cancelled	12.2.2018	(68,650)	0.1452	(10)
Share buy-back and subsequently cancelled	27.2.2018	(5,000)	0.1478	(1)
Share buy-back and subsequently cancelled	5.3.2018	(10,000)	0.1514	(1)
Share buy-back and subsequently cancelled	6.3.2018	(5,000)	0.1528	(1)
Share buy-back and subsequently cancelled	7.3.2018	(20,000)	0.1507	(3)
Share buy-back and subsequently cancelled	9.3.2018	(25,000)	0.1506	(4)
Share buy-back and subsequently cancelled	7.8.2018	(74,890)	0.1300	(10)
Share buy-back and subsequently cancelled	9.8.2018	(200,000)	0.1300	(26)
Share buy-back and subsequently cancelled	10.8.2018	(160,000)	0.1250	(20)
Share buy-back and subsequently cancelled	23.8.2018	(259,165)	0.1331	(35)
Share buy-back and subsequently cancelled	29.8.2018	(10,500)	0.1300	(1)
Share buy-back and subsequently cancelled	10.9.2018	(80,000)	0.1400	(11)
Share buy-back and subsequently cancelled	12.9.2018	(170,000)	0.1350	(23)
Share buy-back and subsequently cancelled	14.9.2018	(320,000)	0.1350	(43)
Share buy-back and subsequently cancelled	17.9.2018	(78,000)	0.1300	(10)
At 31.12.2018		<u>183,068,088</u>		<u>2,442</u>

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17. SHARE CAPITAL (CONT'D)

During the financial year, the Company has purchased 1,651,857 (2017 – 873,698) of its issued ordinary shares from the open market and total consideration paid for the purchases was AUD\$223,000 (2017 – AUD\$137,000) including transaction costs. The entire ordinary shares purchased were cancelled during the financial year.

18. 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.

19. FOREIGN EXCHANGE TRANSLATION RESERVE

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

20. OPTION RESERVE

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

The Employee Incentive Plan of the Company ("EIP") is governed by the EIP Applicable Laws and was approved by shareholders on 22 September 2016.

The total equity-settled option expense for the financial year was AUD\$77,000 (2017 – Nil).

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

<----- Number Of Options Over Ordinary Shares ----->									
Date of Offer	Number Of Options Granted	Exercise Price	Vesting And Exercise Date	Expiry Date	At 1.1.2018	Vested	Exercised	Lapsed	At 31.12.2018
30.3. 2017	1,950,000	AUD\$0.30	Over 3 Years	5 years	-	500,000	-	-	500,000
					-	500,000	-	-	500,000

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of the any other company.

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20. OPTION RESERVE (CONT'D)

The number of options exercisable as at the end of the reporting period was 500,000 (2017 – Nil) and have an exercise price of AUD\$0.30 and a remaining contractual life of approximately 3 years.

There is no equity-settled option granted during the financial year (2017 – 1,950,000 options granted).

The fair values of the share options vested were estimated using a binomial model, taking into account the terms and conditions upon which the options were vested. The fair value of the share options measured at vesting date and the assumptions used are as follows:-

	The Group/ The Company	
	2018	2017
Fair value of share options at the grant date (AUD\$)	0.11	-
Weighted average ordinary share price (AUD\$)	0.17	-
Exercise price of share option (AUD\$)	0.30	-
Expected volatility (%)	95.25	-
Expected life (years)	5	-
Risk free rate (%)	2.36	-
Expected dividend yield (%)	1.76	-

21. DIVIDEND

	The Company	
	2018 AUD\$'000	2017 AUD\$'000
An unfranked interim dividend of 0.40 (2017 – 0.30) cents per ordinary share in respect of the financial year ended 31 December 2018	735	557

22. CAPITAL COMMITMENT

	The Group	
	2018 AUD\$'000	2017 AUD\$'000
Purchase of equipment	50	42

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23. OPERATING LEASE COMMITMENT

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2018 AUD\$'000	2017 AUD\$'000
Not more than one year	444	386
Later than one year but not later than five year	90	276
	<u>534</u>	<u>662</u>

24. OPERATING SEGMENTS

24.1 BUSINESS SEGMENT AND GEOGRAPHICAL INFORMATION

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

24.2 GEOGRAPHICAL INFORMATION

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

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

Group	Revenue		Non-current Assets	
	2018 AUD\$'000	2017 AUD\$'000	2018 AUD\$'000	2017 AUD\$'000
Indonesia	301	79	38	13
Malaysia	9,250	10,524	2,332	2,103
	<u>9,551</u>	<u>10,603</u>	<u>2,370</u>	<u>2,116</u>

24.3 MAJOR CUSTOMERS

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