I SYNERGY GROUP LIMITED

ACN: 613 927 361

CONSOLIDATED INTERIM REPORT

for the half-year ended 30 June 2019

I SYNERGY GROUP LIMITED
ACN: 613 927 361

APPENDIX 4D
HALF-YEAR REPORT

1. Company details

Name of entity:	I Synergy Group Limited
ABN:	51 613 927 361
Reporting period:	For the half-year ended 30 June 2019
Previous period:	For the half-year ended 30 June 2018

2. Results for announcement to the market

				AUD$'000
Revenue from ordinary activities	down	21.28%	to	4,165
Loss from ordinary activities after tax attributable to the owners of I Synergy Group Limited	down	878.13%	to	(498)
Loss for the year attributable to the owners of I Synergy Group Limited	down	457.53%	to	(522)

Dividend

No dividend was recommended by the directors for the half-year ended 30 June 2019.

Brief explanation of any figures reported above

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary share	1.33	2.44

4. Control gained over entities

Not applicable.

5. Loss of 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 qualification or review

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

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

9. Attachments

Details of attachments (if any):

The Interim Report of I Synergy Group Limited for the half-year ended 30 June 2019 is attached.

10. Signed

Signed ____________________________ Date: 30 August 2019

Dato' Teo Chee Hong
Director

I SYNERGY GROUP LIMITED

ACN: 613 927 361

CONSOLIDATED INTERIM REPORT

for the half-year ended 30 June 2019

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CORPORATE DIRECTORY

Directors	Ilmars Draudins Dato' Teo Chee Hong Morgan Barron
Company Secretary	Harry Miller
Registered office	Ground Floor 16 Ord Street West Perth WA 6005 Phone: +618 9482 0500
Principal place of business	Malaysia Unit 20-10, Tower A The Vertical Business Suite Avenue 3, Bangsar South No. 8 Jalan Kerinchi 59200 Kuala Lumpur Malaysia Phone: +603 2242 1333 Indonesia THE EAST Tower Unit 17-03 Jl. Dr. Ide Anak Agung Gde Agung Kav. E3.2 No.1 Kuningan Timur, Setiabudi Jakarta Selatan 12950 Indonesia Phone: +62 21 2952 7135
Share register	Automic Pty Ltd GPO Box 5193, Sydney NSW 2001
Auditor	Crowe Level 5, 45 St Georges Terrace Perth WA 6000
Stock exchange listing	I Synergy Group Limited shares are listed on the Australian Securities Exchange (ASX code: IS3)
Website	www.i-synergygroup.com

The directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Consolidated entity'), for the half-year ended 30 June 2019.

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:

Ilmars Draudins (Non-executive Chairman)
Dato' Teo Chee Hong (Managing Director)
Morgan Barron (Non-executive Director)

Company Secretary

Harry Miller

Principal activities

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

Share buy-back

There is no share buy-back taken place during the financial period.

Review of operations

For the half-year ended 30 June 2019, the revenue experienced a decline of 21% compared to the previous half-year to AUD$4.165 million from AUD$5.291 million. This also resulted in the 878% decline of the Company's loss after taxation to AUD$498,000 from profit after taxation AUD$64,000.

The decline in revenue is primarily due to lower transaction from the Group's core business stream which is the software activation, license right, and program fee from new affiliates sign up. The decrease in new affiliates sign up also affected the generation of income from other connected sources such as the training and affiliate event fees.

Despite the performance observed above, the Group's achievement in obtaining MS1900:2014 Shariah Based Quality Management Systems certification which authenticates that the Group is in compliance with internationally recognised Shariah requirements for their primary business activities in Jan 2018. Operating in Malaysia and Indonesia where the majority of the population are Muslims, the Shariah compliance certification has strengthened the acceptance of the Group's products and services. The Management has been optimistic that the performance from the two countries would contribute positively for the time coming.

In addition, data collected shows that affiliate base has increased from 28,584 to 31,439 comparing Q2 2019 to Q2 2018; advertiser base increased from 1,682 to 2,781; user base increased from 2.9million to 3.1million. These are encouraging and exciting push on the business.

Significant changes in the state of affairs

No other matter or circumstances has arisen since the end of the half-year ended 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) and where noted ($'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 30 June 2019 has been received and can be found on page 7 of the Interim 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

Dato' Teo Chee Hong
Director

30 August 2019

Crowe

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Perth WA 6000
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Perth WA 6844
Australia
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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 2019, 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 Perth

Sean McGurk
Partner

Signed at Perth, 30 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Note	The Group 30 Jun 2019 AUD$'000	The Group 30 Jun 2018 AUD$'000
Revenue	5	4,165	5,291
Cost of sales		(2,631)	(3,623)
Gross profit		1,534	1,668
Other income		109	286
Selling and distribution expenses		(321)	(65)
Administrative expenses		(1,623)	(1,402)
Finance cost		(42)	(6)
(Loss)/Profit before taxation	6	(343)	481
Income tax expense	7	(2)	(1)
(Loss)/Profit after taxation		(345)	480
Other comprehensive (expenses)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(14)	208
Total comprehensive (expenses)/income for the period		(359)	688
(Loss)/Profit after taxation attributable to:			
Non-controlling interest		153	416
Owners of the Company		(498)	64
		(345)	480
Total comprehensive (expenses)/income for the period attributable to:			
Non-controlling interest		163	542
Owners of the Company		(522)	146
		(359)	688
		Cents	Cents
Basic earnings per share	8	(0.27)	0.03
Diluted earnings per share	8	(0.27)	0.03

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Note	The Group 30 Jun 2019 AUD$'000	31 Dec 2018 AUD$'000 Restated
ASSETS			
Current Assets			
Inventories	9	20	19
Trade receivables	10	404	375
Other receivables, deposits and prepayments	11	1,140	960
Current tax asset		181	27
Cash and cash equivalents	12	8,427	9,953
		10,172	11,334
Non-Current Assets			
Equipment	13	1,507	1,374
Deferred tax asset	14	1,001	996
Right-of-use assets	17	680	-
		3,188	2,370
TOTAL ASSETS		13,360	13,704
LIABILITIES			
Current Liabilities			
Trade payables	15	351	106
Other payables and accruals	16	1,127	1,436
Hire purchase payables		-	177
Current tax liability		122	43
Deferred revenue	18	1,322	1,316
Lease liabilities	17	678	-
		3,600	3,078
Non-Current Liabilities			
Hire purchase payables		-	189
Deferred revenue	18	6,025	6,664
Lease liabilities	17	309	-
		6,334	6,853
TOTAL LIABILITIES		9,934	9,931
NET ASSETS		3,426	3,773
EQUITY			
Share capital	19	2,442	2,442
Merger deficit	20	(1,042)	(1,042)
Foreign exchange translation reserve	21	13	37
Option reserve	22	513	501
Retained earnings		(567)	(69)
Equity attributable to owners of the Company		1,359	1,869
Non-controlling interest		2,067	1,904
TOTAL EQUITY		3,426	3,773

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2019

The Group	Share Capital AUD$'000	Merger Deficit * AUD$'000	Foreign Exchange Translation Reserve AUD$'000	Option Reserve AUD$'000	Retained Earnings/ (Accumulated losses) AUD$'000	Attributable To Owners Of The Company AUD$'000	Non-Controlling Interest AUD$'000	Total Equity AUD$'000
Balance at 1.1.2019, audited	2,442	(1,042)	37	77	355	1,869	1,904	3,773
Prior year adjustment (N27)	-	-	-	424	(424)	-	-	-
Balance at 1.1.2019, Adjusted	2,442	(1,042)	37	501	(69)	1,869	1,904	3,773
(Loss)/Profit after taxation for the financial period	-	-	-	-	(498)	(498)	153	(345)
Other comprehensive income for the financial period, net of tax:								
- Foreign currency translation differences	-	-	(24)	-	-	(24)	10	(14)
Total comprehensive income for the financial period	-	-	(24)	-	(498)	(522)	163	(359)
Contributions by and distributions to owners of the Company:								
- Shares buy-back	-	-	-	-	-	-	-	-
- Share options to employees	-	-	-	12	-	12	-	12
- Dividend by a subsidiary to non-controlling interest	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	12	-	12	-	12
Balance at 30.6.2019	2,442	(1,042)	13	513	(567)	1,359	2,067	3,426

Note:
** - arising from merger accounting.*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2019 (CONT'D)

The Group	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
Prior year adjustment (N27)	-	-	-	424	(424)	-	-	-
	2,665	(1,042)	(31)	424	1,457	3,473	2,207	5,680
Profit after taxation for the financial period	-	-	-	-	64	64	416	480
Other comprehensive income for the financial period, net of tax:								
- Foreign currency translation differences	-	-	82	-	-	82	126	208
Total comprehensive income for the financial period	-	-	82	-	64	146	542	688
Contributions by and distributions to owners of the Company:								
- Shares buy-back	(44)	-	-	-	-	(44)	-	(44)
- Share options to employees	-	-	-	77	-	77	-	77
- Dividend by a subsidiary to non-controlling interest	-	-	-	-	-	-	(987)	(987)
Total transactions with owners	(44)	-	-	77	-	33	(987)	(954)
Balance at 30.6.2018	2,621	(1,042)	51	501	1,521	3,652	1,762	5,414

Note:
** - arising from merger accounting.*

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2019

	The Group	
	30 Jun 2019 AUD$'000	30 Jun 2018 AUD$'000
CASH FLOWS USED IN OPERATING ACTIVITIES		
Sale from customers	3,322	5,811
Payments to suppliers and employees	(4,266)	(5,409)
Cash (used in)/generated from operations	(944)	402
Interest paid	(42)	(6)
Income tax paid	(77)	(545)
Net cash used in operating activities	(1,063)	(149)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Interest received	110	43
Proceeds from disposal of equipment	43	-
Purchase of equipment	(292)	(40)
Net cash (used in)/from investing activities	(139)	3
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividend paid by a subsidiary to non-controlling interest	-	(987)
Payment of lease liabilities	(323)	-
Purchase of own shares, net of expenses	-	(44)
Repayment of hire purchase obligations	-	(19)
Repayment to a related party	-	(3)
Net cash used in financing activities	(323)	(1,053)
Net decrease in cash and cash equivalents	(1,525)	(1,199)
Effects of exchange rate changes on cash and cash equivalents	(1)	80
Cash and cash equivalents at the beginning of the financial period	9,953	12,893
Cash and cash equivalents at the end of the financial period	8,427	11,774

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

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Corporation Act 2001. The domicile of the Company is Australia. The registered office and principal place of business are as follows:-

Registered office	:	Ground Floor, 16 Ord Street, West Perth, WA 6005.
Principal place of business	:	Unit 20-10, Tower A, The Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 August 2019.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements cover I Synergy Group Limited as a consolidated entity ("the Group") consisting of I Synergy Group Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2019.

These general purpose financial statements for the interim half-year reporting period ended 30 June 2019 ("Consolidated Interim Financial Report") have been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001. International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board ('AASB'). The Consolidated Interim Financial Report also comply with International Accounting Standards IAS 34: Interim Financial Reporting.

The Consolidated Interim Financial Report does not include all of the information required for an annual financial report and should be read in conjunction with the Consolidated Annual Financial Report of the I Synergy Group Limited for the financial year ended 31 December 2018. This report should also be read in conjunction with any public announcements made by the Company in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency. For the purposes of the Consolidated Interim Financial Report, the presentation currency used is Australian Dollars ("AUD$") and has been rounded to the nearest thousand, unless otherwise stated.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in this Consolidated Interim Financial Report are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Comparative information and retained earnings is not restated at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4 at the date of initial application. The Group also elected to recognise a right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application

The Group recognises right-of-use assets totalling AUD931,000 representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments with exemptions for short-term leases and leases of low-value items. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at 8%. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The following is a reconciliation of total operating lease commitments as at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

	AUD$'000
Total operating lease commitments disclosed as at 31 December 2018	**534**
Recognition exemptions:	
- Leases of low value assets	-
- Leases with remaining lease term of less than 12 months	-
Variable lease payments not recognised	241
Operating lease liabilities before discounting	775
Discounted using incremental borrowing rate	(72)
Operating lease liabilities	704
Reasonably certain extension options	228
Finance lease obligations	366
Total lease liabilities recognised under AASB 16 at 1 January 2019	**1,297**

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

5. REVENUE

	The Group	
	30 Jun 2019 AUD$'000	30 Jun 2018 AUD$'000
Revenue	4,165	5,291

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.

6. PROFIT BEFORE TAXATION

	The Group	
	30 Jun 2019 AUD$'000	30 Jun 2018 AUD$'000
Profit before taxation is arrived at after charging/(crediting):-		
Audit fee	15	15
Depreciation of equipment	140	124
Depreciation of rights of use	252	-
Directors' remuneration:		
- salaries, bonuses, commissions and allowances	191	225
- defined contribution plan	10	10
Interest expense on financial liability not at Fair Value Through Profit of Loss ("FVTPL"):		
- hire purchase	11	6
(Gain)/Loss on disposal of equipment	(43)	-

6. PROFIT BEFORE TAXATION (CONT'D)

	The Group	
	30 Jun 2019 AUD$'000	30 Jun 2018 AUD$'000
Profit before taxation is arrived at after charging/(crediting):-		
Rental of equipment	4	25
Rental of premises	-	292
Staff costs:		
- salaries, bonuses, commissions and allowances	585	351
- defined contribution plan	52	37
- others	21	53
Interest income on financial assets that are:		
- at FVTPL	(11)	(25)
- not at FVTPL	-	(18)
Fair value gain on short-term investments	(99)	(126)
Rental income	-	(117)

7. INCOME TAX EXPENSE

	The Group	
	30 Jun 2019 AUD$'000	30 Jun 2018 AUD$'000
Income tax expense:		
- for the financial period	2	3
- overprovision in previous financial years	-	(2)
	2	1

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

7. INCOME TAX EXPENSE (CONT'D)

	The Group	
	30 Jun 2019 AUD$'000	30 Jun 2018 AUD$'000
(Loss)/ Profit before taxation	(343)	481
Tax at the statutory tax rates	(82)	108
Tax effects of:-		
Tax incentive for pioneer products	-	(312)
Non-deductible expenses	84	177
Non-taxable income	-	(32)
Deferred tax assets not recognised	-	74
Utilisation of deferred tax assets previously not recognised	-	(12)
Overprovision in previous financial years:		
- current tax	-	(2)
Income tax expense for the financial period	2	1

8. EARNINGS PER SHARE

	The Group	
	30 Jun 2019 AUD$'000	30 Jun 2018 AUD$'000
(Loss)/Profit after taxation	(345)	480
Less: Non-controlling interest portion	(153)	(416)
(Loss)/Profit after taxation attributable to the owners of the parent	(498)	64

	The Group	
	30 Jun 2019 Number	30 Jun 2018 Number
<u>Basic earnings per share</u>		
Weighted average number of ordinary shares used in calculating basic (losses)/earnings per share	183,068,088	184,487,896
	Cents	Cents
Basic (losses)/earnings per share	(0.27)	0.03
<u>Diluted earnings per share</u>		
Weighted average number of ordinary shares used in calculating basic (losses)/earnings per share	183,068,088	184,851,432
	Cents	Cents
Diluted (losses)/earnings per share	(0.27)	0.03

9. INVENTORIES

	The Group	
	30 Jun 2019 AUD$'000	31 Dec 2018 AUD$'000
At cost:-		
Merchandise held for sale	20	19
Recognised in profit or loss:		
Inventories recognised as cost of sales	-	37

None of the inventories are stated at net realisable value.

10. TRADE RECEIVABLES

	The Group 30 Jun 2019 AUD$'000	The Group 31 Dec 2018 AUD$'000
Trade receivables	492	598
Allowance for impairment losses	(88)	(223)
	404	375
Allowances for impairment losses:		
At 1.1 2019/2018	(223)	(205)
Addition during the financial period/year	(88)	-
Written off during the financial period/year	223	-
Foreign exchange translation differences	-	(18)
At 30.6.2019/31.12.2018	(88)	(223)

The Group's normal trade credit terms range from 30 to 60 (31.12.2018 - 30 to 60) days.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group 30 Jun 2019 AUD$'000	The Group 31 Dec 2018 AUD$'000
Other receivables	297	310
Deposits	305	278
Prepayments	538	372
	1,140	960

12. CASH AND CASH EQUIVALENTS

	The Group 30 Jun 2019 AUD$'000	The Group 31 Dec 2018 AUD$'000
Short-term investments with licensed financial institutions, at fair value	6,532	7,382
Cash and bank balances	1,895	2,571
	8,427	9,953
Market value of short-term investments	6,532	7,382

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.

13. EQUIPMENT

The Group	At 1.1.2019 AUD$'000	Additions AUD$'000	Disposal/ Written off AUD$'000	Depreciation Charges AUD$'000	Foreign Currency Translation Differences AUD$'000	At 30.6.2019 AUD$'000
Computers, handphone and printer	89	172	-	(19)	(1)	241
Furniture and fittings	59	9	-	(5)	(5)	58
Merchant equipment	121	-	-	(9)	-	112
Motor vehicles	370	10	-	(54)	2	328
Office equipment	114	16	-	(8)	(4)	118
Renovation	600	84	(1)	(44)	(10)	629
Signboard	21	1	-	(1)	-	21
	1,374	292	(1)	(140)	(18)	1,507

The Group	At 1.1.2018 AUD$'000	Additions AUD$'000	Disposal/ Written off AUD$'000	Depreciation Charges AUD$'000	Foreign Currency Translation Differences AUD$'000	At 31.12.2018 AUD$'000
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

The Group 30.6.2019	At Cost AUD$'000	Accumulated Depreciation AUD$'000	Net Book Value AUD$'000
Computers, handphone and printer	441	(200)	241
Furniture and fittings	95	(37)	58
Merchant equipment	121	(9)	112
Motor vehicles	519	(191)	328
Office equipment	167	(49)	118
Renovation	871	(242)	629
Signboard	28	(7)	21
	2,242	(735)	1,507

13. EQUIPMENT (CONT'D)

The Group 31.12.2018	At Cost AUD$'000	Accumulated Depreciation AUD$'000	Net Book Value AUD$'000
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

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$328,000 (31.12.2018 – AUD$368,000), which was acquired under hire purchases terms.

The motor vehicles with a total net book value of AUD$328,000 (31.12.2018 – AUD$368,000) are held in trust by a director of the Company.

14. DEFERRED TAX ASSETS

	The Group	
	30 Jun 2019 AUD$'000	31 Dec 2018 AUD$'000
At 1.1.2019/2018	996	865
Recognised in profit or loss	-	54
Foreign currency translation differences	5	77
At 30.6.2019/31.12.2018	1,001	996

The deferred tax assets represented by:-

	The Group	
	30 Jun 2019 AUD$'000	31 Dec 2018 AUD$'000
Deductible temporary differences arising from tax paid in advance on the software platform license fees received in advance from affiliates	1,023	1,018
Accelerated capital allowance over depreciation	(22)	(22)
	1,001	996

15. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (31.12.2018 - 30 to 60) days.

16. OTHER PAYABLES AND ACCRUALS

	The Group	
	30 Jun 2019 AUD$'000	31 Dec 2018 AUD$'000
Other payables	825	1,241
Deposits received	86	86
Accruals	216	109
	1,127	1,436

Included in other payables of the Group is commission payable to affiliates amounting to approximately AUD$298,000 (31.12.2018 – AUD$485,000).

17. LEASING

	30 Jun 2019 AUD$'000
Right-of-use assets	
Property leases	680

Additions to the right-of-use assets during the financial period were $359,000.

	30 Jun 2019 AUD$'000
Lease liabilities	
Current	678
Non-current	309
	987

Amounts recognised in the statement of profit or loss:

	30 Jun 2019 AUD$'000
Depreciation charge of Right-of-use assets	
Property leases	252
Expenses relating to Lease Liabilities	
Interest expense	31

18. DEFERRED REVENUE

	The Group	
	30 Jun 2019 AUD$'000	31 Dec 2018 AUD$'000
Current liabilities	1,322	1,316
Non-current liabilities	6,025	6,664
	7,347	7,980

Deferred revenue represents the amount of transaction price received upfront and allocated to performance obligation in respect of software platform licenses 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. Licenses 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.

19. SHARE CAPITAL

	The Group/The Company			
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	Number Of Shares		AUD$'000	AUD$'000
Fully Paid-Up Ordinary Shares	183,068,088	183,068,088	2,442	2,442

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

Details	Date	Shares	Issue price AUD$	AUD$'000
At 1.1.2019/ 30.6.2019		183,068,088		2,442

Note:
** - Amount less than AUD$1,000.*

During the financial period, the Company has purchased nil (31.12.2018 – 1,651,897) of its issued ordinary shares from the open market and total consideration paid for the purchases was nil (31.12.2018 – AUD$223,000) including transaction costs. The entire ordinary shares purchased were cancelled during the previous financial period.

20. 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.

21. FOREIGN EXCHANGE TRANSLATION RESERVE

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

22. OPTION RESERVE

The option reserve represents the equity-settled share-based payment 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 share-based payment, and is reduced by the expiry or exercise of the share options and performance rights.

The Group provides benefits to employees of the Group in the form of share-based payments, whereby the employees render services in exchange for share options and performance rights over shares. The total equity-settled share-based payment expense for the financial period was AUD$12,000 (31.12.2018 - AUD$77,000).

Option

The option price and the details in the movement of the options granted 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 1.1.2019	Granted	Vested	Lapsed	At 30.6.2019
30.3.2017	1,100,000	AUD$0.30	3 years	AUD$0.30	1,100,000	-	-	-	1,100,000
30.3.2017	5,540,109	AUD$0.30	3 years	AUD$0.30	5,540,109	-	-	-	5,540,109
15.1.2019	4,810,000	AUD$0.30	3 years	AUD$0.30	-	4,810,000	-	-	4,810,000
29.5.2019	300,000	AUD$0.30	3 years	AUD$0.30	-	300,000	-	-	300,000
	11,750,109				6,640,109	5,110,000	-	-	11,750,109

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 1.1.2019	Vested	Exercised	Lapsed	At 30.6.2019
30.3.2017	1,100,000	AUD$0.30	3 years	AUD$0.30	500,000	300,000	-	-	800,000
30.3.2017	5,540,109	AUD$0.30	3 years	AUD$0.30	5,540,109	-	-	-	5,540,109
15.1.2019	4,810,000	AUD$0.30	3 years	AUD$0.30	-	-	-	-	-
29.5.2019	300,000	AUD$0.30	3 years	AUD$0.30	-	-	-	-	-
	11,750,109				6,040,109	-	-	-	6,340,109

Performance Right

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

				← Number of Options Over Ordinary Shares →				
Date of Offer	Class	Number of Performance Right Granted	Terms	At 1.1.2019	Granted	Vested	Lapsed	At 30.6.2019
30.3.2017	A	200,000	1	200,000	-	-	(200,000)	-
30.3.2017	B	200,000	2	200,000	-	(200,000)	-	-
30.3.2017	C	200,000	3	200,000	-	-	-	200,000
				600,000	-	(200,000)	(200,000)	200,000

22. OPTION RESERVE (CONT'D)

Performance Right (cont'd)

Note:
1- The holder remains engaged by the Company for 1 year from 30 March 2017
2- The holder remains engaged by the Company for 2 years from 30 March 2017
3- The holder remains engaged by the Company for 3 years from 30 March 2017

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

Date of Offer	Class	Number of Performance Right Granted	At 1.1.2019	Vested	Exercised	Lapsed	At 30.6.2019
			← Number of Options Over Ordinary Shares →				
30.3.2017	A	200,000	-	-	-	-	-
30.3.2017	B	200,000	-	200,000	-	-	200,000

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

The number of options exercisable as at the end of the reporting period was 800,000 (2018-500,000) 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 period.

The fair values of the share options and performance rights granted were estimated using a Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options and performance rights measured at grant date and the assumptions used are as follows:-

	The Group/ The Company 30 Jun 2019
Fair value of share options and performance rights at the grant date (AUD$)	0.14
Weighted average ordinary share price (AUD$)	0.19
Exercise price of share option (AUD$)	0.30
Expected volatility (%)	58
Expected life (years)	5
Risk free rate (%)	1.07
Expected dividend yield (%)	2.22

The fair value of the options adjusted in the financial period is estimated as at the date of grant with reference to the IPO price, discounted at 30% for lack of marketability and non-controlling interest.

23. CAPITAL COMMITMENT

	The Group	
	30 Jun 2019 AUD$'000	30 Jun 2018 AUD$'000
Purchase of equipment	-	61

24. OPERATING SEGMENTS

24.1 BUSINESS SEGMENT

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).

	Revenue		Non-current Assets	
	30 Jun 2019 AUD$'000	30 Jun 2018 AUD$'000	30 Jun 2019 AUD$'000	30 Jun 2018 AUD$'000
Group				
Indonesia	369	168	88	38
Malaysia	3,796	5,123	2,420	2,332
	4,165	5,291	2,508	2,370

24.3 MAJOR CUSTOMERS

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

25. SIGNIFICANT RELATED PARTY DISCLOSURE

The Group carried out the following transactions with the related parties during the financial period:-

	The Group	
	30 Jun 2019 AUD$'000	**30 Jun 2018 AUD$'000**
Triple Gem Sdn Bhd (Director-related entity of Dato' Teo Chee Hong) - Office rental	91	87

26. CONTROLLED ENTITIES

Details of the subsidiaries are as follows:-

	Country of Incorporation	Effective Equity Interest 30.6.2019 %	31.12.2018 %	Principal Activities
I Synergy (Singapore) Pte Ltd ("ISS")	Singapore	100	100	Investment holding.
Held by ISS				
I Synergy Consolidated Sdn Bhd ("ISC")	Malaysia	100	100	Investment holding and provision of management services to its subsidiaries.
PT Inovatif Sinergi Internasional ("PTISI")	Indonesia	100	100	Business of affiliate marketing and related affiliate management services for commercial industry.
Held by ISC				
I Synergy International (M) Sdn Bhd ("ISI")	Malaysia	100	100	Business of affiliate marketing and related affiliate management services for commercial industry.
I Synergy Universal Sdn Bhd ("ISU")	Malaysia	70	70	Research, development, maintenance and commercialisation of proprietary affiliate marketing platform.

26. CONTROLLED ENTITIES (CONT'D)

Details of the subsidiaries are as follows (cont'd):-

	Country of Incorporation	Effective Equity Interest 30.6.2019 %	31.12.2018 %	Principal Activities
Held by ISC (Cont'd)				
I Synergy Edutech Sdn Bhd ("ISE")	Malaysia	100	100	Research, development, maintenance and commercialisation of proprietary learning management system.
I Synergy Rewards Sdn Bhd ("ISR")	Malaysia	100	100	Business of retail affiliate marketing and related affiliate services for commercial industry.
I Synergy Connect Sdn Bhd ("ISN")	Malaysia	100	100	Business of affiliate marketing and related affiliate services for commercial industry.

27. PRIOR YEAR ADJUSTMENTS

During the financial period, the Group made prior year adjustments in relation to the option reserve.

The financial effects arising from the Group's prior year adjustments are as follows:

	Previously reported AUD$'000	Prior year adjustments AUD$'000	As restated AUD$'000
At 31 December 2018			
Statement of financial position			
Retained Earnings/ (Accumulated losses)	355	(424)	(69)
Option Reserves	77	424	501
At 1 January 2019			
Statement of financial position			
Retained Earnings/ (Accumulated losses)	355	(424)	(69)
Option Reserves	77	424	501
At 1 January 2018			
Statement of financial position			
Retained Earnings/ (Accumulated losses)	1,881	(424)	1,457
Option Reserves	-	424	424

DIRECTORS' DECLARATION

In the directors' opinion:

1. the Consolidated Interim Financial Report and notes are in accordance with the Corporations Act 2001, including:

    (a) comply with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

    (b) give a true and fair view of the financial position as at 30 June 2019 and of its performance for the half-year ended on that date.

2. there are reasonable grounds to believe that the Group 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

Dato' Teo Chee Hong
Director

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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 comprising the consolidated statement of financial position as at 30 June 2019, 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 Half- Year 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 2019 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 2019 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*.

Crowe Perth

Crowe Perth

Sean McGurk
Partner

Signed at Perth, 30 August 2019