

Candy Club Holdings Limited

ACN 629 598 778

Interim Financial Report - 31 October 2018

Candy Club Holdings Limited
Directors' report
31 October 2018

The directors present their report, together with the financial statements, on the company for the period ended 31 October 2018.

Directors

The following persons were directors of the company during the whole of the financial period and up to the date of this report, unless otherwise stated:

Keith Cohn
Robert Hines
Chi Kan Tang
Zachry David Rosenberg

Principal activities

The principal activity of Candy Club Holdings Limited during the financial period was to apply for admission to the official list of the Australian Securities Exchange ("ASX") and to raise funds in order to meet its business objectives.

Review of operations

The loss for the company after providing for income tax amounted to \$5,680.

Significant changes in the state of affairs

The company was incorporated on 24 October 2018.

There were no other significant changes in the state of affairs of the company during the financial period.

Matters subsequent to the end of the financial period

In November 2018, the company issued 75,303,017 fully paid ordinary shares as consideration for the acquisition of 100% of the issued capital of Candy Club Holdings Inc.

In November 2018, the company issued 17,744,881 fully paid ordinary shares on the conversion of convertible notes valued at \$US 4,275,883 recognised as liabilities in the accounts of its 100% owned subsidiary Candy Club Holdings Inc.

No other matter or circumstance has arisen since 31 October 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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



Keith Cohn
Executive Director

19 November 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Candy Club Holdings Limited for the period from 24 October 2018 to 31 October 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



HLB Mann Judd
Chartered Accountants



Jude Lau
Partner

Melbourne
19 November 2018

HLB Mann Judd (VIC Partnership)

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Candy Club Holdings Limited

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General information

The financial statements cover Candy Club Holdings Limited as an individual entity. The financial statements are presented in Australian dollars, which is Candy Club Holdings Limited's functional and presentation currency.

Candy Club Holdings Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Moray and Agnew
Level 6, 505 Little Collins Street
Melbourne VIC 3000

Principal place of business

Unit 1B, Level 1
205 Johnson Street
Fitzroy VIC 3065

A description of the nature of the company'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 19 November 2018.

Candy Club Holdings Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 October 2018

	24 Oct to 31 Oct 2018 \$
Expenses	
Administration and corporate expenses	(5,680)
Loss before income tax expense	(5,680)
Income tax expense	-
Loss after income tax expense for the period attributable to the owners of Candy Club Holdings Limited	(5,680)
Other comprehensive income for the period, net of tax	-
Total comprehensive income for the period attributable to the owners of Candy Club Holdings Limited	<u>(5,680)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Candy Club Holdings Limited
Statement of financial position
As at 31 October 2018

	Note	31 October 2018 \$
Assets		
Current assets		
Cash and cash equivalents		200
Total current assets		<u>200</u>
Total assets		<u>200</u>
Liabilities		
Current liabilities		
Other		5,680
Total current liabilities		<u>5,680</u>
Total liabilities		<u>5,680</u>
Net liabilities		<u><u>(5,480)</u></u>
Equity		
Issued capital	2	200
Accumulated losses		<u>(5,680)</u>
Total deficiency in equity		<u><u>(5,480)</u></u>

The above statement of financial position should be read in conjunction with the accompanying notes

Candy Club Holdings Limited
Statement of changes in equity
For the period ended 31 October 2018

	Issued capital \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 24 October 2018	-	-	-
Loss after income tax expense for the period	-	(5,680)	(5,680)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	(5,680)	(5,680)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 2)	200	-	200
Balance at 31 October 2018	<u>200</u>	<u>(5,680)</u>	<u>(5,480)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Candy Club Holdings Limited
Statement of cash flows
For the period ended 31 October 2018

	24 Oct to 31 Oct 2018 \$
Cash flows from operating activities	_____
Net cash from operating activities	_____ -
Cash flows from investing activities	_____
Net cash from investing activities	_____ -
Cash flows from financing activities	
Proceeds from issue of shares	_____ 200
Net cash from financing activities	_____ 200
Net increase in cash and cash equivalents	_____ 200
Cash and cash equivalents at the beginning of the financial period	_____ -
Cash and cash equivalents at the end of the financial period	_____ <u>200</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim reporting period ended 31 October 2018 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'.

Reporting period

The company was incorporated on 24 October 2018. This financial report covers the period from that date until 31 October 2018. For this reason the report does not include any comparative information. The company has a balance date of 31 December and these financial statements have been prepared solely to assist with the initial public offering ("IPO") process.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The company incurred a loss from ordinary activities of \$5,680 for the period ended 31 October 2018, and had a net working capital deficiency of \$5,480.

In spite of the above, the directors are satisfied with the company's current financing position and are of the view that the continued application of the going concern basis of accounting is appropriate. This is because the company is in the process of completing its IPO to the Australian Securities Exchange and is seeking to raise between \$6 million and \$8 million before costs.

In the event that the company is unsuccessful in its proposed IPO, a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern and therefore whether it will realise assets and discharge liabilities in the normal course of business and at the amounts shown in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the company not continue as a going concern.

Candy Club Holdings Limited
Notes to the financial statements
31 October 2018

Note 2. Equity - issued capital

	31 October 2018	
	Shares	\$
Ordinary shares - fully paid	<u>20,001</u>	<u>200</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 3. Equity - dividends

There were no dividends paid, recommended or declared during the current financial period.

Note 4. Contingent liabilities

The company had no contingent liabilities at 31 October 2018.

Note 5. Related party transactions

Transactions with related parties

There were no transactions with related parties during the financial period.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the reporting date.

Loans to/from related parties

There were no loans to or from related parties at the reporting date.

Note 6. Events after the reporting period

In November 2018, the company issued 75,303,017 fully paid ordinary shares as consideration for the acquisition of 100% of the issued capital of Candy Club Holdings Inc.

In November 2018, the company issued 17,744,881 fully paid ordinary shares on the conversion of convertible notes valued at \$US 4,275,883 recognised as liabilities in the accounts of its 100% owned subsidiary Candy Club Holdings Inc.

No other matter or circumstance has arisen since 31 October 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 7. Operating segments

The directors have considered the requirements of AASB 8 Operating Segments and have concluded at this time that there are no separately identifiable operating segments.

Candy Club Holdings Limited
Directors' declaration
31 October 2018

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 company's financial position as at 31 October 2018 and of its performance for the financial period 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, based on the factors outlined in Note 1 Going Concern.

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



Keith Cohn
Executive Director

19 November 2018

Independent auditor's review report to the members of Candy Club Holdings Limited**Report on the Interim Financial Report**

We have reviewed the accompanying interim financial report of Candy Club Holdings Limited ("the company"), which comprises the statement of financial position as at 31 October 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 24 October 2018 to 31 October 2018, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of the company is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 October 2018 and of its performance for the period from 24 October 2018 to 31 October 2018; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of \$5,680 during the period ended 31 October 2018 and, as of that date, the Company's current liabilities exceeded its total assets by \$5,480. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim 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 Performed by the Independent Auditor of the Entity* 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 October 2018 and its performance for the period from 24 October 2018 to 31 October 2018; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



HLB Mann Judd
Chartered Accountants

Melbourne, Victoria
19 November 2018



Jude Lau
Partner