

ICANDY INTERACTIVE LIMITED
ABN 87 604 871 712
APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	Up	3%	to	\$ 1,656,454
Loss from ordinary activities	Up	337%	to	\$ (1,844,328)
Net loss for the period attributable to members	Up	337%	to	\$ (1,844,328)

The Company was incorporated on 20 March 2015.

No dividend has been paid during the financial year. No dividend has been proposed or declared since the end of the financial year end.

Revenue from ordinary activities \$1,656,454 compared to last year's revenue of \$1,615,094.

Net loss attributable to members \$1,844,328 compared to last year's loss of \$422,090.

Loss per share of (0.73 cents) compared with last year's loss of (0.19 cents).

Diluted loss per share of (0.73 cents) compared with last years loss of (0.19 cents).

REVIEW OF OPERATIONS

For this second year the Group entered into the Early Access program of Google Play app-store, a global program that sees selected game developers working closely with the Google Play team to test and experiment soon-to-be-launched game titles and apps to a global app-store community. The Group's latest game title, Light A Way, was selected to be in the Early Access program. Light A Way is the first fantasy-themed game that the Group develops and publishes. It has received good response the Early Access program and all indications point to an eventual successful full-fledged launch expected to be carried out through-out the first quarter period of 2018.

Appxplore, a game studio of the Group, a Excellence in Gameplay Award of the coveted Internatioanl Mobile Gaming Awards (IMGA) Southeast Asia. The prestigious IMGA award recognises the Group's creativity and capability in the art of making high-quality entertainment products. The Group has also expanded its operation in Malaysia by setting up a dedicated Marketing and Analytics department to better analyse behaviours of its gaming community and take a proactive stance in designing better game titles and game mechanics that gamers will be inclined to like. The Group has continue to build up its creativity resources and pipeline during the period and through that the process the Group has invested into a talent pool that is now able to provide for a larger creativity and productivity throughput for the coming year of 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated Group	
	2017	2016
	\$	\$
Revenue	1,656,454	1,615,094
Other income	16,931	-
Cost of sales	(939,533)	(896,632)
Gross Profit	733,852	718,462
Marketing expenses	(65,269)	(261,091)
Audit fees	(42,161)	(38,552)
Legal and Professional fees	(1,020,362)	(364,048)
Occupancy expenses	(37,834)	(17,075)
Employee benefits expense	(509,418)	(114,026)
Depreciation and amortisation expense	(664,196)	(162,951)
Computer expenses	(11,274)	(6,169)
Other expenses	(113,084)	(150,927)
Travel expenses	(120,698)	(8,542)
Finance expenses	-	(3,849)
Loss before income tax	(1,850,444)	(408,768)
Tax (benefit)/expense	6,116	(13,322)
Loss for the year attributable to members of the company	(1,844,328)	(422,090)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Fair value losses on available-for-sale financial assets, net of tax	(417,207)	-
	(417,207)	-
Items that may be reclassified subsequently to profit or loss when specific conditions are met		
Exchange differences on translating foreign operations, net of tax	(107,748)	(132,697)
	(107,748)	(132,697)
Total other comprehensive income/(loss) for the year	(524,955)	(132,697)
Total comprehensive income for the year	(2,369,283)	(554,787)
Earnings per share		
Basic loss per share (cents)	(0.73)	(0.19)
Diluted loss per share (cents)	(0.73)	(0.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Consolidated Group	
	2017	2016
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	142,241	645,505
Trade and other receivables	308,548	204,570
Other financial assets	1,410,410	1,268,550
Other assets	268,501	-
TOTAL CURRENT ASSETS	2,129,700	2,118,625
NON-CURRENT ASSETS		
Other financial assets	-	37,509
Property, plant and equipment	97,910	20,827
Intangible assets	3,187,250	1,283,606
Other non-current assets	323,554	303,693
TOTAL NON-CURRENT ASSETS	3,608,714	1,645,635
TOTAL ASSETS	5,738,414	3,764,260
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	125,594	161,279
Other financial liabilities	832,696	520,191
Current tax liabilities	-	10,962
TOTAL CURRENT LIABILITIES	958,290	692,432
NON-CURRENT LIABILITIES		
Other financial liabilities	-	9,049
Deferred tax liabilities	305,222	1,689
TOTAL NON-CURRENT LIABILITIES	305,222	10,738
TOTAL LIABILITIES	1,263,512	703,170
NET ASSETS	4,474,902	3,061,090
EQUITY		
Issued capital	27,056,445	24,159,330
Reserves	(20,064,871)	(20,425,896)
Retained earnings	(2,516,672)	(672,344)
TOTAL EQUITY	4,474,902	3,061,090

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Issued Capital	Accumulated Losses	Reserves			Other components of Equity	Total
			Foreign Currency Translation Reserve	Financial assets Reserve	Option Reserve		
	\$	\$	\$	\$	\$	\$	\$
Consolidated Group							
Balance at 1 January 2016	20,061,697	(250,254)	(3,200)	-	-	(20,289,999)	(481,756)
Comprehensive income							
Loss for the year	-	(422,090)	-	-	-	-	(422,090)
Other comprehensive income for the year	-	-	(132,697)	-	-	-	(132,697)
Total comprehensive income for the year	-	(422,090)	(132,697)	-	-	-	(554,787)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the year	4,500,000	-	-	-	-	-	4,500,000
Transaction costs	(402,367)	-	-	-	-	-	(402,367)
Total transactions with owners and other transfers	4,097,633	-	-	-	-	-	4,097,633
Balance at 31 December 2016	24,159,330	(672,344)	(135,897)	-	-	(20,289,999)	3,061,090
Balance at 1 January 2017	24,159,330	(672,344)	(135,897)	-	-	(20,289,999)	3,061,090
Comprehensive income							
Loss for the year	-	(1,844,328)	-	-	-	-	(1,844,328)
Other comprehensive income for the year	-	-	(107,748)	(417,207)	-	-	(524,955)
Total comprehensive income for the year	-	(1,844,328)	(107,748)	(417,207)	-	-	(2,369,283)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the year	2,977,065	-	-	-	-	-	2,977,065
Transaction costs	(79,950)	-	-	-	-	-	(79,950)
Options issued during the year	-	-	-	-	885,980	-	885,980
Total transactions with owners and other transfers	2,897,115	-	-	-	885,980	-	3,783,095
Balance at 31 December 2017	27,056,445	(2,516,672)	(243,645)	(417,207)	885,980	(20,289,999)	4,474,902

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Consolidated Group
2017 2016
\$ \$

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	1,553,137	818,284
Payments to suppliers and employees	(2,166,699)	(1,777,134)
Net cash provided by (used in) operating activities	<u>(613,562)</u>	<u>(958,850)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	60,323	53,200
Net cash acquired with the acquisition of Inzen Studio Pte Ltd	631	-
Purchase of property, plant and equipment	(89,802)	(14,281)
Purchase of intangible assets	(412,920)	(1,235,524)
Deposit paid for acquisition of investment	(250,000)	(302,533)
Payments for investments	(601,390)	-
Payments for research and development	(51,665)	-
Loans to related parties:		
- payments made	-	(1,223,729)
- proceeds from repayments	(104,351)	196,328
Net cash provided by (used in) investing activities	<u>(1,449,174)</u>	<u>(2,526,539)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of shares	1,332,500	4,121,584
Payments for capital raising costs	(87,945)	(406,367)
Loans from related parties		
- payments made	-	(20,797)
- proceeds from borrowings	314,490	10,986
Net cash provided by (used in) financing activities	<u>1,559,045</u>	<u>3,705,406</u>
Net increase in cash held	(503,691)	220,017
Cash and cash equivalents at beginning of financial year	645,505	427,197
Effect of exchange rates on cash holdings in foreign currencies	427	(1,709)
Cash and cash equivalents at end of financial year	<u>142,241</u>	<u>645,505</u>

SEGMENT INFORMATION

The Group operates in three geographical segments, Australia, Singapore and Malaysia.

ACCUMULATED LOSSES

	Consolidated Group	
	2017	2016
	\$	\$
Accumulated losses at beginning of the financial period	(672,344)	(250,254)
Net loss attributable to members	(1,844,328)	(422,090)
Accumulated losses at end of financial period	<u>(2,516,672)</u>	<u>(672,344)</u>

EARNINGS PER SHARE

Loss used to calculate basic and dilutive EPS	(1,844,328)	(422,090)
---	-------------	-----------

	Number	
	2017	2016
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	253,761,838	227,377,596
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	<u>253,761,838</u>	<u>227,377,596</u>
Basic earnings/(loss) per share (cents)	(0.73)	(0.19)
Diluted earnings/(loss) per share (cents)	(0.73)	(0.19)

Potential ordinary shares not considered dilutive

Listed below are the options on issue as at 31 December 2017.

Class of Options	Issue Date	Number of shares	Exercise Price	Expiry Date
Listed Options	10 June 2015	8,033,333	\$0.210	4 February 2020
Listed Options	1 February 2016	22,500,000	\$0.210	4 February 2020
Unlisted Options	9 October 2017	20,500,000	\$0.100	9 October 2019
Unlisted Options	9 October 2017	10,000,000	\$0.065	9 October 2018

NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary share at 31 December 2017, (0.465 cents), and at previous corresponding period, (0.781 cents).

EVENTS SUBSEQUENT TO REPORTING DATE

At 31 December 2017, the Group held 1,449,696 NOX tokens, which were carried at no value as the tokens had yet to be traded on any exchange. At the date of this report, NOX is being traded with a value of AUD \$0.26773 per token (USD \$0.210357). The fair value of the tokens held as at the date of this report is AUD \$388,1272 (USD \$304,958)

At the date of this report, the matter regarding the Company's application to the Federal Court of Australia for orders providing for the retrospective curing of the offers for sale, or sale, by the subscribers of shares issued on 9 October 2017 has been listed to be heard by the Federal Court on 26 March 2018.

ASX has advised that it would be likely to reinstate the Company's shares to quotation upon receipt of an application by the Company requesting reinstatement and confirming compliance with its continuous disclosure obligations, and in the absence of a court order declaring that the issue or sale of the Placement Shares was invalid. At the date of this report, the Company has yet to request for reinstatement and as such, remains in voluntary suspension.

At the date of this report, the transaction to purchase the Casual Games Portfolio from Animoca Brands Corporation Limited ("AB1") has yet to be completed. The transaction is expected to complete within the first quarter of the 2018 year subject to the Company getting shareholder approval and fulfillment of customary closing conditions, after which the Company will pay AB1 an upfront consideration of AUD 1 million in cash and AUD 4 million in the Company's shares at a fixed valuation of AUD 0.16 per share (25,000,000 shares). To the date of this report, a total deposit of AUD 250,000 has been paid to AB1. The total remaining cash consideration left to be paid is AUD 750,000.

In addition to the upfront consideration described above, AB1 will also receive deferred payments of up to AUD 3 million in 2018 and 2019, subject to revenue hurdles and payable in the Company's shares, as well as earn-out payments on profit generated by the games sold for a period of five years after the closing of the Transaction.

COMPLIANCE STATEMENT

The financial information provided in the Appendix 4E is based on the annual financial report, which is being prepared in accordance with Australian accounting standards or standards acceptable to ASX.

This report and the accounts upon which the report is based use the same accounting policies.

In the Directors Opinion this report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The financial report is not likely to be the subject of dispute or qualification.



Signed:

Donald H Low
Director

28 February 2018