

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
APPENDIX 4D HALF YEAR REPORT FOR THE PERIOD ENDED 30 JUNE 2018

1. Details of the reporting period and the prior corresponding period

Current period: 1 January 2018 - 30 June 2018
 Prior corresponding period: 1 January 2017 - 30 June 2017

2. Results for announcement to the market

Key Information	Half year ended 30 June 2018 \$	Half year ended 30 June 2017 \$	Up/down	Change %
Revenue from ordinary activities	1,298,407	618,628	Up	110%
Loss from ordinary activities after tax attributable to members	(562,399)	(99,977)	Up	463%
Net loss for the period attributable to members	(562,399)	(99,977)	Up	463%

3. Key Information	Amount per share (cents)	Franked amount per share (cents)
Interim Dividend	-	-
Previous corresponding period	-	-
Record date for determining entitlements to the dividend	N/A	N/A

4. Net Tangible Assets per security	Half year ended 30 June 2018 (cents)	Half year ended 30 June 2017 (cents)
Net tangible assets per security (with the comparative figures for the previous corresponding period)	1.42	0.73

5. Details of entities over which control has been gained

Name of Entity: N/A
 Date of control: N/A

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

**Financial Report For The Half-Year Ended
30 June 2018**

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AND CONTROLLED ENTITIES**

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**Financial Report For The Half-Year Ended
30 June 2018**

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ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
DIRECTORS' REPORT

Your directors of iCandy Interactive Limited ("the Company") present their report on the consolidated entity ("Group"), consisting of iCandy Interactive Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2018.

General Information

Directors

The following persons were directors of iCandy Interactive Limited during or since the end of the half-year up to the date of this report:

Mr Kin Wai Lau

Mr Phillip Lord

Mr Robert Kolodziej

Mr Marcus Ungar (appointed 1 April 2018)

Mr Masahiko Honma (appointed 22 June 2018)

Mr Donald Han Low (resigned 1 April 2018)

DIRECTORS' REPORT

In accordance with continuous disclosure requirements, it is recommended that this half-year report be read in conjunction with any public announcements lodged with the Australian Securities Exchange for the half-year.

Review of Operations

The consolidated loss for the six month period ended 30 June 2018 was \$562,399. (2017 loss: \$99,977)

The net assets of the Group as at 30 June 2018 were \$4,863,693 (31 December 2017: \$3,793,160)

The half year ended 30 June 2018 has been an eventful period for the Company.

In February 2018, the Company has entered into a binding term sheet with Animoca Brands Ltd (ASX:AB1) and Nitro Interactive Ltd to co-develop and co-invest in a global iOS and Android mobile application based on the MasterChef franchise, one of the world's top-rated competitive cooking reality television programs. MasterChef is a series of world-renowned television programs based on competitive cooking. The franchise has an established audience of over 250 million viewers. It is produced in over 50 countries worldwide and broadcast in over 200 territories.

On the 13 of April 2018, the Company was successful in obtaining the orders sought for the retrospective curing of the offers for sale, or sale, by the subscribers of the shares issued on the 9th of October 2017 ("Placement Shares"). In summary, it was declared that any sales or offers of sale of the Placement Shares during the period after their issue on the 9th October 2018 to 11th January 2018, are not invalid by reason of the sellers' failure to comply with the applicable cleansing provisions of the Corporation Act.

Based on this outcome, the Company's requests for voluntary suspension dated 15th of November 2017 and its subsequent requests for extension of voluntary suspension, confirms that it is in compliance with ASX Listing Rule 3.1 and the Company's securities recommenced trading on the 16th of April 2018.

In late April of 2018, the Company announced that it would launch crypto game, Cryptant Crab, based on the Company's award-winning game Crab Wars. Powered by the Ethereum blockchain network compliant to the ARC217 standard, the design of the game allows it to remain a web based game which clears cryptocurrency regulations in most jurisdictions.

Each virtual crab is represented by an ERC721 token, the tamper proof nature of the blockchain technology will ensure gamers cannot cheat without adhering to game rules. The blockchain network would also allow tokens transmitted securely between the Company and gamers, as well as between gamers. Based on a 'Freemium' business model, the game is free to play, however there are in game purchases and other premium features ranging from US\$5 – US\$200, which are sold online.

During the June quarter, the Company had also released a new mobile game, Light A Way, a fantasy themed adventure clicker game, a unique genre which is relatively new and innovative to the international gamer community. Developed by the Company's award winning in house gaming studio, Appxplore, the game generated 800,000 unique installs by the 16th of April 2018 and over the weekend of 14th – 15th of April, the game charted a highest daily revenue of AU \$13,000 per day, the highest the Company had experienced.

On 28 June 2018, the Company completed the full and final share issue to Animoca brands with a total of 25,000,000 iCandy Ordinary shares being issued, with the cash payment of \$250,000 already completed. The remaining \$750,000 will be paid in five equal tranches.

During the June quarter, the Company signed a binding term sheet ("Agreement") with PT Joyseed Berbagi Sukses ("Joyseed") to acquire 70% of the issued capital in Joyseed and its gaming development studio for a maximum value of AUD \$350,000.

In June of 2018, iCandy entered into a legally binding Term Sheet ("Term Sheet") with E-Gaming and Blockchain technology company, ESports.com Group AG ("eSports.com") and Fatfish Internet Group Limited ("Fatfish") (ASX:FFG), whereby ESports.com will invest USD\$1M into iCandy.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's independence declaration is included on page 3 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to S.306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Kin Wai Lau

Director

Dated 30 August 2018

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(WA) Pty Ltd**

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the review of the financial statements of ICandy Interactive Limited for the half year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of August 2018

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENED 30 JUNE 2018**

		Group	
		30 June 2018	30 June 2017
	Note	\$	\$
Continuing operations			
Revenue	2	1,298,407	588,666
Other Income	2	23,218	29,962
Cost of sales		(139,088)	(51,385)
Gross Profit		<u>1,182,537</u>	<u>567,243</u>
Marketing expenses		(102,664)	(161,647)
Audit fees		(11,366)	(8,096)
Legal and Professional fees		(103,043)	(28,401)
Occupancy expenses		(44,450)	(7,540)
Employee benefits expense		(284,888)	(171,814)
Depreciation and amortisation expense		(404,229)	(197,573)
Impairment expense		(165,193)	-
Computer expenses		(10,673)	(7,941)
Other expenses		(88,163)	(45,478)
Travel expenses		(9,779)	(38,730)
Unrealised movement in fair value of intangibles		(578,920)	-
Loss before income tax		<u>(620,831)</u>	<u>(99,977)</u>
Tax (benefit)/expense		58,432	-
Net Loss from continuing operations		<u>(562,399)</u>	<u>(99,977)</u>
Discontinued operations			
Profit/(loss) from discontinued operations after tax		-	-
Net Loss for the year		<u><u>(562,399)</u></u>	<u><u>(99,977)</u></u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		32,916	(30,803)
Total other comprehensive income/(loss) for the year		<u>32,916</u>	<u>(30,803)</u>
Total comprehensive loss for the year		<u><u>(529,483)</u></u>	<u><u>(130,780)</u></u>
Earnings per share			
From continuing and discontinued operations:			
Basic loss per share (cents)		(0.20)	(0.04)
Diluted loss per share (cents)		(0.20)	(0.04)

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		Group	
		30 June 2018	31 December 2017
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		222,868	142,241
Trade and other receivables	5	348,056	287,256
Other financial assets	6	206,539	1,379,023
Other assets	8	19,632	18,501
TOTAL CURRENT ASSETS		<u>797,095</u>	<u>1,827,021</u>
NON-CURRENT ASSETS			
Property, plant and equipment		90,970	97,910
Other financial assets	6	1,239,973	-
Intangible assets	7	1,594,257	1,713,129
Other non-current assets	8	2,164,150	1,184,334
TOTAL NON-CURRENT ASSETS		<u>5,089,350</u>	<u>2,995,373</u>
TOTAL ASSETS		<u>5,886,445</u>	<u>4,822,394</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	168,877	134,139
Other financial liabilities	10	851,747	832,696
Current tax liabilities		2,128	2,006
TOTAL CURRENT LIABILITIES		<u>1,022,752</u>	<u>968,841</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		-	60,393
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>60,393</u>
TOTAL LIABILITIES		<u>1,022,752</u>	<u>1,029,234</u>
NET ASSETS		<u>4,863,693</u>	<u>3,793,160</u>
EQUITY			
Issued capital	11	28,656,461	27,056,445
Reserves	16	(19,444,111)	(19,477,027)
Retained earnings		(4,348,657)	(3,786,258)
TOTAL EQUITY		<u>4,863,693</u>	<u>3,793,160</u>

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Issued Capital	Accumulated Losses	Reserve		Other Components of Equity	Total
			Foreign Currency Translation Reserve	Option Reserve		
	\$	\$	\$	\$	\$	\$
Consolidated Group						
Balance at 1 January 2017	24,159,330	(672,344)	(135,897)	-	(20,289,999)	3,061,090
Comprehensive income						
Loss for the period	-	(99,977)	-	-	-	(99,977)
Other comprehensive income for the period	-	-	(30,803)	-	-	(30,803)
Total comprehensive income for the year	-	(99,977)	(30,803)	-	-	(130,780)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the year	1,644,564	-	-	-	-	1,644,564
Transaction costs	-	-	-	-	-	-
Total transactions with owners and other transfers	1,644,564	-	-	-	-	1,644,564
Balance at 30 June 2017	25,803,894	(772,321)	(166,700)	-	(20,289,999)	4,574,874
Balance at 1 January 2018	27,056,445	(3,786,258)	(73,008)	885,980	(20,289,999)	3,793,160
Comprehensive income						
Loss for the period	-	(562,399)	-	-	-	(562,399)
Other comprehensive income for the period	-	-	32,916	-	-	32,916
Total comprehensive income for the year	-	(562,399)	32,916	-	-	(529,483)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the year	1,600,016	-	-	-	-	1,600,016
Transaction costs	-	-	-	-	-	-
Shares bought back during the year	-	-	-	-	-	-
Total transactions with owners and other transfers	1,600,016	-	-	-	-	1,600,016
Balance at 30 June 2018	28,656,461	(4,348,657)	(40,092)	885,980	(20,289,999)	4,863,693

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Group	
	30 June 2018	30 June 2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	848,341	706,450
Interest received	118	29,962
Payments to suppliers and employees	(747,360)	(764,596)
Net cash generated/(used in) by operating activities	<u>101,099</u>	<u>(28,184)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,904)	(2,684)
Purchase of intangible assets	-	(412,920)
Payments for Research and Development	-	(77,417)
Loans to related parties		
- payments made	(42,235)	(46,944)
- proceeds from repayments	24,351	-
Net cash (used in)/generated by investing activities	<u>(26,788)</u>	<u>(539,965)</u>
Net increase/ (decrease) in cash held	74,311	(568,149)
Cash and cash equivalents at beginning of financial year	142,241	645,505
Effect of exchange rates on cash holdings in foreign currencies	6,316	(1,002)
Cash and cash equivalents at end of financial year	<u><u>222,868</u></u>	<u><u>76,354</u></u>

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

The condensed consolidated financial statements of iCandy Interactive Limited for the six months ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 30 August 2018 and covers the consolidated entity consisting of iCandy Interactive Limited and its controlled entities ("the Group") as required by Corporations Act 2001.

The financial statements were authorised for issue on 30 August 2018 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 31 December 2017 and any public announcements made by the Company since 31 December 2017 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the Group's last reported annual financial statements as at 31 December 2017, unless otherwise stated.

(a) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(b) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

(Note 1: Summary of Significant Accounting Policies (Cont'd))

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASB Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(c) Accounting for Common Control

Where the acquisition of entities that are deemed to be under common control occurs then consideration is required to determine the accounting acquirer. A new entity formed to effect a business combination through the issue of equity interests will not be regarded as the accounting acquirer, rather one of the combining entities that existed prior to the business combination shall be identified as the accounting acquirer.

The pooling of interests method is adopted for business combinations under common control. Existing book values for assets and liabilities at the date of acquisition will be recognised and fair value adjustments including new intangibles or goodwill will not be recognised. Any premium between the fair value of consideration paid and the book value of net assets is debited to a separate category of equity.

(d) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

(e) Digital Currencies

Digital currencies are indefinite life intangible assets initially recognised at cost. The digital currencies are subsequently measured at fair value by reference to the quote price in an active digital currency market.

Any increases or decreases in the fair value of the digital currencies are recognised through the profit and loss, similar to any gains or losses upon the disposals of digital currencies.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

(Note 1: Summary of Significant Accounting Policies (Cont'd))

(f) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(i) Key judgements and estimates - Intellectual Property - Software

In determining the development expenditures to be capitalised, the Group makes estimates and assumptions based on expected future economic benefits generated by products that are the result of these development expenditures. Other important estimates and assumptions in this assessment process are the distinction between R&D and the estimated useful life.

Development costs associated with intangible assets are only capitalised by the Group when it can demonstrate the technical feasibility of completing the asset so that the asset will be available for use or sale, how the asset will generate future economic benefits and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs in respect to software are internally generated, and have a finite useful life. The amortisation method is line over the period of the expected benefit, being 5 years. Impairment testing is undertaken when impairment indicators exist.

(ii) Key judgements and estimates - Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(iii) Key Estimate - Taxation

Deferred tax assets are not brought to account, the benefits will only be realised if it is probable that taxable profit will be available against which the utilised tax losses can be utilised.

(g) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The Group has established an AASB 9 project team and is in the process of completing its impact assessment of AASB 9. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 9 are not expected to have a material effect on the Group.

- AASB 2014-7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014)

AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: Financial Instruments (December 2014). More significantly, additional disclosure requirements have been added to AASB 7: Financial Instruments: Disclosures regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*)

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Group has established an AASB 15 project team and is in the process of completing its impact assessment of AASB 15. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 15 are not expected to have a material effect on the Group.

- AASB 2014-5: *Amendments to Australian Accounting Standards arising from AASB 15*

This Standard is applicable to annual reporting periods beginning on or after 1 January 2017 and makes consequential amendments to various Australian Accounting Standards arising as a result of the issue of AASB 15: Revenue from Contracts with Customers. AASB 2014-5 is not expected to impact the Group's financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

(Note 1: Summary of Significant Accounting Policies (Cont'd))

— **AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15**

This Standard amends the mandatory effective date (application date) of AASB 15: Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. Therefore, this Standard also defers the consequential amendments that were originally set out in AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15. This deferral is achieved in a variety of ways because some of the Standards amended by AASB 2014-5 have been superseded by new principal versions issued in 2015 that apply to annual reporting periods beginning on or after 1 January 2017 or 2018. This Standard amends Interpretation 1052: Tax Consolidation Accounting to update the cross-references to Standards and to remove the references to dividends and other distributions, so that the wording of Int 1052.45 is appropriate for annual reporting periods beginning on or after 1 January 2018. AASB 15 is also reformatted to follow the structure of the new principal versions of other Standards by deleting or moving the Aus-numbered "Application" paragraphs.

— **AASB 2016-7: Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities**

This Standard amends the mandatory effective date (application date) of AASB 15 for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018.

Therefore, this Standard also defers, for not-for-profit entities, the consequential amendments that were originally set out in AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15. This deferral is achieved by restating the effective date of the amendments set out in AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15 as they apply to not-for-profit entities.

Earlier application of AASB 15 is permitted for not-for-profit entities for annual reporting periods beginning before 1 January 2019, provided AASB 1058: Income of Not-for-Profit Entities (Appendix D) is also applied to the same period.

This Standard applies to annual periods beginning on or after 1 January 2017, which was the original mandatory effective date of AASB 15.

— **AASB 2016-3: Amendments to Australian Accounting Standards – Clarifications to AASB 15**

AASB 2016-3 (issued May 2016) makes amendments to AASB 15 to:

- clarify the requirements for assessing whether two or more promises to transfer goods or services to a customer are separately identifiable when identifying performance obligations in accordance with AASB 15.27(b) and the factors indicating this assessment;
- elaborate on the assessment of "control" over goods or services when determining whether an entity is acting as a principal or agent
- clarify the timing of revenue recognition from licensing transactions; and
- extend the application of practical expedients on transition to AASB 15.

— **AASB 2016-3 mandatorily applies to annual reporting periods beginning on or after 1 January 2018, with earlier application permitted.**

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

— **AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).**

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term of 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Group has established an AASB 16 project team and is in the process of completing its impact assessment of AASB 16. Based on a preliminary assessment performed over each line of business and lease type, the effect of AASB 16 is not expected to have a material effect on the Group. It is impracticable at this stage to provide a reasonable estimate of such impact.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

(Note 1: Summary of Significant Accounting Policies (Cont'd))

(h) Going Concern Note

The half year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the period of \$562,399 but had net cash inflows from operating activities of \$101,099.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to manage its cashflow in line with its existing business and to forecast income from new product launches. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

In addition the company announced on 31 July 2018 that it had entered into an investment agreement with eSports.com to issue 16,500,000 shares at A\$0.08 per share to raise \$1,320,000. The funds are to be received in five equal monthly instalments. To the date of this report \$171,292 has been received.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Note 2 Revenue and Other Income

	Group	
	30 June 2018	30 June 2017
	\$	\$
(a) Revenue from continuing operations		
Sales revenue		
— sale of mobile game applications	808,191	588,666
— publishing income	384,883	-
— services	105,333	-
	<u>1,298,407</u>	<u>588,666</u>
Other revenue		
— interest received	30,829	29,962
— realised foreign exchange gain/(loss)	(7,611)	-
	<u>23,218</u>	<u>29,962</u>
Total revenue	<u>1,321,625</u>	<u>618,628</u>

Note 3 Dividends

No dividends have been paid, declared or recommended for payment during the reporting period.

Note 4 Interests in Subsidiaries

(a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group	
		30 June 2018	31 December 2017
iCandy Digital Pte Ltd	Singapore	100%	100%
Appxplore (iCandy) Limited*	British Virgin Island	100%	100%
Appxplore Sdn Bhd (100% owned by Appxplore (iCandy) Limited)	Malaysia	100%	100%
Inzen Studio Pte Ltd	Singapore	100%	100%

*Formerly known as iCandy Ventures Limited.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Voting power in these entities is in proportion to ownership interest. All interest are in the ordinary shares of the subsidiaries.

(b) Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets and settle liabilities, of the Group.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

Note 5 Trade and Other Receivables

	Group	
	30 June 2018	31 December 2017
	\$	\$
CURRENT		
Trade receivables	157,492	165,854
Provision for impairment	-	-
	<u>157,492</u>	<u>165,854</u>
Other receivables	169,965	96,835
GST receivables	20,599	24,567
Total current trade and other receivables	<u>348,056</u>	<u>287,256</u>

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 5. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

On a geographic basis, the Group has significant credit risk exposures in Australia and the Malaysia given the substantial operations in those regions. The Group's exposure to credit risk for receivables at the end of the reporting period in those regions is as follows:

	Group	
	30 June 2018	31 December 2017
	\$	\$
AUD		
Australia	13,911	21,792
Singapore	272,913	88,131
Malaysia	61,232	177,333
	<u>348,056</u>	<u>287,256</u>

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Consolidated Group	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
30 June 2018	\$	\$	\$	\$	\$	\$	\$
Trade and term receivables	157,492	-	-	-	-	-	157,492
Other receivables	190,564	-	-	-	-	-	190,564
Total	348,056	-	-	-	-	-	348,056
Consolidated Group	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
31 December 2017	\$	\$	\$	\$	\$	\$	\$
Trade and term receivables	165,854	-	-	-	-	-	165,854
Other receivables	121,402	-	-	-	-	-	121,402
Total	287,256	-	-	-	-	-	287,256

(a) Collateral Held as Security

No collateral was held as security at balance date or at the date of this report.

	Group	
	30 June 2018	31 December 2017
	\$	\$
(b) Financial Assets Classified as Loans and Receivables		
Trade and other Receivables		
— Total current	348,056	287,256
— Total non-current	-	-
Total financial assets classified as loans and receivables	<u>348,056</u>	<u>287,256</u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

Note 6 Other Financial Assets

	Group	
	30 June 2018	31 December 2017
	\$	\$
CURRENT		
Amounts receivable from :		
— other related parties	130,675	1,328,595
— others	75,864	50,428
Total current assets	206,539	1,379,023
NON-CURRENT		
Amounts receivable from:		
— other related parties	1,239,973	-
Total non-current assets	1,239,973	-
Total Other Financial Assets		
Current	206,539	1,379,023
Non-Current	1,239,973	-
	1,446,512	1,379,023

Terms of Receivables:

All receivables are at call.

There are no securities attached

No interest is charged on receivables.

Note 7 Intangible Assets

	Group	
	30 June 2018	31 December 2017
	\$	\$
Goodwill		
Cost	-	305,300
Accumulated impairment losses	-	(305,300)
Net carrying amount	-	-
Computer software:		
Cost	1,759,275	1,759,275
Accumulated amortisation and impairment losses	(740,003)	(554,499)
Net carrying amount	1,019,272	1,204,776
Research and development		
Cost	2,014,213	2,014,213
Accumulated amortisation and impairment losses	(1,873,933)	(1,505,860)
Net carrying amount	140,280	508,353
Cryptocurrency		
At cost	1,001,629	-
Movement in fair value	(566,924)	-
Net carrying amount	434,705	-
Total intangible assets	1,594,257	1,713,129

Consolidated Group:

	Goodwill	Computer Software	Research & Development	Cryptocurrency	Total
	\$	\$	\$		\$
Year ended 31 December 2017					
Balance at the beginning of the year	-	1,143,355	140,251	-	1,283,606
Additions	-	412,920	53,663	-	466,583
Acquisitions through business combinations	305,300	-	1,785,236	-	2,090,536
Amortisation charge	-	(351,499)	(287,526)	-	(639,025)
Impairment losses	(305,300)	-	(1,183,271)	-	(1,488,571)
Closing value at 31 December 2017	-	1,204,776	508,353	-	1,713,129

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(Note 7: Intangible Assets (Cont'd))

	Goodwill	Computer Software	Research & Development	Cryptocurrency*	Total
	\$	\$	\$		\$
Half-Year ended 30 June 2018					
Balance at the beginning of the year	-	1,204,776	508,353	-	1,713,129
Reclassification from prepayments	-	-	-	610,781	610,781
Additions	-	-	-	390,848	390,848
Disposals	-	-	-	-	-
Amortisation charge	-	(185,504)	(202,880)	-	(388,384)
Impairment losses	-	-	(165,193)	-	(165,193)
Movement in fair value	-	-	-	(578,920)	(578,920)
Movement in foreign currency	-	-	-	11,996	11,996
Closing value at 30 June 2018	-	1,019,272	140,280	434,705	1,594,257

On 9 March 2018, Appxplore (iCandy) Limited received 3,000,000 NOX tokens from Nitro Interactive Limited for publishing services rendered.

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill has an indefinite useful life.

Research and development costs associated with Inzen Studio Pte Ltd has been fully impaired as a result of reduced revenue during the half-year.

Cryptocurrencies are valued at fair value at reporting date. Management has selected the coinmarketcap exchange as it's exchange to gather information on determining the fair value of the cryptocurrency.

Note 8 Other Assets

	Group	
	30 June 2018	31 December 2017
	\$	\$
CURRENT		
Prepayments	19,632	18,501
	<u>19,632</u>	<u>18,501</u>
NON-CURRENT		
Prepayment on acquisition of business*	314,150	323,553
Prepayment on acquisition of games portfolio**	1,850,000	250,000
Prepayment on cryptocurrency***	-	610,781
	<u>2,164,150</u>	<u>1,184,334</u>
Total Other Assets		
Current	19,632	18,501
Non-Current	2,164,150	1,184,334
	<u>2,183,782</u>	<u>1,202,835</u>

* Represents deposit paid of SGD 316,600 for acquisition of PT Maximum.

** As announced on 25 June 2018, the agreement with Animoca Brands Corporation Limited ("AB1") for the purchase of AB1's casual games portfolio was amended.

The initial upfront cash payment of AUD \$250,000 and 16 millions shares issued have been classified as prepayment. The shares were valued at grant date, 22 May 2018 and brought into account at a value of AUD \$1.65 million.

*** During the period, the Group was issued with the cryptocurrency it had prepaid for. This has been classified as an intangible. Refer to Note 7 for further information.

Note 9 Trade and Other Payables

	Group	
	30 June 2018	31 December 2017
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	92,703	58,854
Sundry payables and accrued expenses	76,174	75,285
	<u>168,877</u>	<u>134,139</u>
	Group	
	2018	2017
	\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	168,877	134,139
— Total non-current	-	-
Financial liabilities as trade and other payables	<u>168,877</u>	<u>134,139</u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
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Note 10 Other Financial Liabilities

	Group	
	30 June 2018	31 December 2017
	\$	\$
CURRENT		
Amounts payable to:		
— other related parties	851,747	832,696
	<u>851,747</u>	<u>832,696</u>
Total Other Financial Assets		
Current	851,747	832,696
Non-Current	-	-
	<u>851,747</u>	<u>832,696</u>

Terms of payables

All payables are at call

There are no securities attached

No interest is payable on amounts owing.

Note 11 Issued Capital

	Group	
	30 June 2018	31 December 2017
	\$	\$
302,192,846 fully paid ordinary shares (31 December 2017: 277,192,746)	28,656,461	27,056,445
	<u>28,656,461</u>	<u>27,056,445</u>

The company has authorised share capital amounting to 302,192,846 fully paid ordinary shares.

	Group			
	30 June 2018	30 June 2018	31 December 2017	31 December 2017
	No.	\$	No.	\$
At the beginning of the reporting period	277,192,746	27,056,445	229,283,334	24,159,330
Shares issued during the year	25,000,100	1,600,016	47,909,412	2,977,065
Transaction costs	-	-	-	(79,950)
At the end of the reporting period	<u>302,192,846</u>	<u>28,656,461</u>	<u>277,192,746</u>	<u>27,056,445</u>

On 11 January 2018, 100 fully paid ordinary shares were issued under the Cleansing offer under prospectus dated 10 January 2018. A total of \$16 was raised, net of capital raising costs.

On 28 June 2018, 25,000,000 fully paid ordinary shares were issued as initial consideration shares for the acquisition of portfolio of 318 mobile casual games from Animoca Brands Limited.

(b) Options

There were 30,533,333 listed options and 30,500,000 unlisted options on issue for the half-year ended 30 June 2018. The following reconciles with the outstanding listed options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the reporting period.

	Group	
	30 June 2018	31 December 2017
	No.	No.
Balance at beginning of the year	61,033,333	61,033,333
Granted during the period	-	-
Expired during the period	-	-
At the end of the reporting period	<u>61,033,333</u>	<u>61,033,333</u>

Note 12 Contingent Liabilities and Contingent Assets

There were no contingent liabilities at the date of this report.

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Note 13 Operating Segments

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;

Types of products and services by segment

- (i) *Development and sale of digital media (except games)*

The Group is engaged in the development of software for interactive digital media (except games).

- (ii) *Design and development of intellectual properties for software applications and games*

The Group is also engaged in the design and development of intellectual properties for software applications and games.

OPERATING SEGMENTS

- (i) **Segment performance**

	Development of digital media \$	Development of intellectual properties \$	All Other Segments \$	Total \$
Half-year ended 30 June 2018				
REVENUE				
External sales	7,621	1,283,175	-	1,290,796
Intersegment sales	-	-	-	-
Interest revenue	-	30,710	119	30,829
Total segment revenue	7,621	1,313,885	119	1,321,625
<i>Reconciliation of segment revenue to group revenue</i>				
Total group revenue				<u>1,321,625</u>
Segment result from continuing operations before tax	(426,740)	505,225	(206,741)	(128,256)
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
Intersegment elimination				<u>(434,143)</u>
Net profit before tax from continuing operations				<u><u>(562,399)</u></u>
	Development of digital media \$	Development of intellectual properties \$	All Other Segments \$	Total \$
Half-year ended 30 June 2017				
REVENUE				
External sales	-	588,666	-	588,666
Intersegment sales	-	-	-	-
Interest revenue	-	29,326	636	29,962
Total segment revenue	-	617,992	636	618,628
<i>Reconciliation of segment revenue to group revenue</i>				
Total group revenue				<u>618,628</u>
Segment result from continuing operations before tax	(291,483)	237,526	(90,308)	(144,265)
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
Intersegment elimination				<u>44,288</u>
Net profit before tax from continuing operations				<u><u>(99,977)</u></u>

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(Note 13: Operating Segments (Cont'd))

(ii) Segment assets

	Development of digital media \$	Development of intellectual properties \$	All Other Segments \$	Total \$
30 June 2018				
Segment assets	1,131,013	3,333,929	28,068,489	32,533,431
Segment assets include:				
— Non-current assets (other than financial assets and deferred tax)	1,019,365	545,306	-	1,564,671
Reconciliation of segment assets to group assets				
Intersegment eliminations				(26,646,986)
Total group assets				5,886,445
31 December 2017				
Segment assets	1,627,611	3,241,995	26,646,985	31,516,591
Segment assets include:				
— Non-current assets (other than financial assets and deferred tax)	1,623,921	2,915,803	21,896,758	26,436,482
Reconciliation of segment assets to group assets				
Intersegment eliminations				(26,694,197)
Total group assets				4,822,394

(iii) Segment liabilities

	Development of digital media \$	Development of intellectual properties \$	All Other Segments \$	Total \$
30 June 2018				
Segment liabilities				
Reconciliation of segment liabilities to group liabilities	3,712,833	2,084,202	228,139	6,025,174
Intersegment eliminations				(5,002,422)
Total group liabilities				1,022,752
31 December 2017				
Segment liabilities	3,667,538	2,139,952	199,909	6,007,399
Reconciliation of segment liabilities to group liabilities				
Intersegment eliminations				(4,978,165)
Total group liabilities				1,029,234

(iv) Revenue by geographical region

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:

	30 June 2018 \$	30 June 2017 \$
Australia	119	636
Singapore	406,813	13,610
Malaysia	914,693	604,382
Total revenue	1,321,625	618,628

(v) Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	30 June 2018 \$	31 December 2017 \$
Australia	1,866,193	370,310
Singapore	1,440,049	1,627,611
Malaysia	2,580,203	2,824,473
Total Assets	5,886,445	4,822,394

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

Note 14 Events After the Reporting Period

On 31 July 2018, the Company entered into a definitive agreement with eSports.com that includes the following material terms:

- eSports.com shall subscribe for 16,500,000 new shares in iCandy for a total consideration of AUD \$1.32 million or at a premium price of AUD \$0.08 per share;
- the subscription price would be payable by eSports.com in 5 equal tranches, with the first tranche payable within 3 business days of signing of the agreement, and the remaining tranches to be paid over a four month period commencing 3 September 2018;
- the shares shall be allotted and issued in 5 equal tranches to eSports.com, each within 5 business days from the date of receipt of the respective tranche payments from eSports.com; and
- upon the issuance of the first tranche of the Subscription Shares, eSports.com shall be entitled to nominate a directors to the Board of Directors of iCandy.

Simultaneously, eSports.com had entered into a share exchange agreement with Fatfish Internet Group Limited ("FFG"), whereby FFG shall exchange AUD \$4.56 million worth of its shares in the Company, in the form of 45,656,105 fully paid ordinary shares valued at AUD \$0.10 per share, for 3% of the currency issued share capital in eSports.com.

The above share exchange is conditional upon the Share subscription, and will take place only after the completion of the Share Subscription Agreement.

Upon the completion of the Share Subscription and Share Exchange agreement, eSports.com will own approximately 19.5% of the Company.

To date of this report, AUD \$171,292 has been received.

As announced on 15 August 2018, the process of taking over and integration of Animoca's game portfolio (consisting of 318 mobile games serving 325 million gamers) is progressing smoothly and well and is expected to be completed by the end of 2018.

Note 15 Fair Value Measurements

	30 June 2018		31 December 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Consolidated Group				
Financial assets				
Cash and cash equivalents	222,868	222,868	142,241	142,241
Trade and other receivables:	348,056	348,056	287,256	287,256
Other financial assets	206,539	206,539	1,379,023	1,379,023
Total financial assets	777,463	777,463	1,808,520	1,808,520
Financial liabilities				
Trade and other payables	168,877	168,877	134,139	134,139
Other financial liabilities	851,747	851,747	832,696	832,696
Total financial liabilities	1,020,624	1,020,624	966,835	966,835

- (i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.
- (ii) Term receivables reprice to market interest rates every three months, ensuring carrying amounts approximate fair value.

Note 16 Reserves

a. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	Group	
	30 June 2018	31 December 2017
	\$	\$
Balance at the beginning of the period	73,008	135,897
Foreign currency movements during the year	(32,916)	(62,889)
	<u>40,092</u>	<u>73,008</u>

b. Premium on Assets Acquired

When the Company acquired Appxplore (iCandy) Limited, formerly known as iCandy Ventures Limited, a company incorporated in British Virgin Island and iCandy Digital Pte Ltd, a company incorporated in Singapore, this transaction was assessed as a transaction involving entities under common control. The Company was formed to effect the business combination and consideration was settled via the issue of equity interests. As the Company was incorporated to effect the transactions, it was determined that iCandy Interactive Limited would be the legal acquirer and iCandy Ventures Limited would be the accounting acquirer as it was an entity that was carrying on a business prior to the business combination.

In accordance with the accounting policy adopted, all assets and liabilities were recorded at their book value at the date of acquisition. The remaining difference between the fair value of the consideration paid and the book value of the net assets acquired is allocated to equity.

	Group	
	30 June 2018	31 December 2017
	\$	\$
Balance at the beginning of the period	20,289,999	20,289,999
Foreign currency movements during the period	-	-
	<u>20,289,999</u>	<u>20,289,999</u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

(Note 16: Reserves (Cont'd))

c. Option Reserve

The option reserve records the fair value movement on options.

	Group	
	30 June 2018	31 December 2017
	\$	\$
Balance at the beginning of the period	(885,980)	-
Issue of options during the period	-	(885,980)
	<u>(885,980)</u>	<u>(885,980)</u>

	Group	
	30 June 2018	31 December 2017
	\$	\$
Total Reserves		
Foreign currency translation reserve	40,092	73,008
Other components of equity	20,289,999	20,289,999
Options reserve	(885,980)	(885,980)
	<u>19,444,111</u>	<u>19,477,027</u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 172

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of iCandy Interactive Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 4 to 20, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the half-year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Director



Mr Kin Wai Lau

Dated this

30 August 2018

Independent Auditor's Review Report

To the Members of ICandy Interactive Limited

We have reviewed the accompanying half-year financial report of ICandy Interactive Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

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Directors Responsibility for the Half-Year Financial Report

The directors of 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 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 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 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 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 the Consolidated Entity, 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 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.

Independent Auditor's Review Report

To the Members of iCandy Interactive Limited (Continued)



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 iCandy Interactive Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(h) in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$562,399 during the half year ended 30 June 2018. As stated in Note 1(h), these events or conditions, along with other matters as set forth in Note 1(h), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of August 2018