



ANIMOCA BRANDS CORPORATION LIMITED

ABN 29 122 921 813

Interim financial statements For the half-year ended 30 June 2015



Appendix 4D

Interim financial report

For the half-year ended 30 June 2015

Animoca Brands Corporation Limited

ABN 29 122 921 813

This interim financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Animoca Brands Corporation Limited

ABN 29 122 921 813

Reporting period

Half-year ended 30 June 2015

Comparative period

Year ended 30 June 2014

Results for announcement to the market

	<i>Percentage change %</i>	<i>Amount \$'000</i>
Revenue from ordinary activities	N/A to	3,098,927
Loss from ordinary activities after tax	N/A to	(222,564)
Net loss attributable to members of Animoca Brands Corporation Limited	N/A to	(222,564)

No prior year comparatives were available as the Company did not trade during the period 1 January 2014 to 30 June 2014.

There have been no changes in the entities within the group during the reporting period.

Dividend information

No dividend payable for the period ended 30 June 2015 or the comparative period

Net Tangible Assets Per Security

	<i>30 June 2015</i>	<i>31 December 2014</i>
	\$	\$
Net tangible assets per security*	(0.027)	(0.025)

*Note this includes the fair value of the Performance Shares treated as a financial liability. Refer to the notes to the attached abridged financial statements for further details.

Other information

This report is based on the consolidated financial statements which have been reviewed by Grant Thornton Audit Pty Ltd.

For a brief explanation of the figures above please refer the Announcement on the results for the half-year ended 30 June 2015 and the notes to the financial statements.

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Directors' Report

The Directors of Animoca Brands Corporation Limited ('Animoca Brands') present their report together with the financial statements of the Consolidated Entity, being Animoca Brands Corporation Limited ('the Company') and its Controlled Entities ('the Group') for the half-year ended 30 June 2015.

Director details

The following persons were Directors of Animoca Brands during or since the end of the financial half-year:

- Mr David Kim (Chairman)
- Mr Robert Yung (Managing Director)
- Mr Yat Siu
- Mr David Brickler
- Mr Richard Kuo
- Mr Martin Green
- Mr Bin (Steven) Hu (appointed 18 August 2015)

Functional currency

Effective 1 January 2015, the Company elected to change the presentation currency in its financial statements from US Dollars to Australian Dollars. All amounts, including comparative amounts disclosed in US Dollars in previous reports, have been restated into Australian Dollars. This change is discussed in more detail in the notes to the financial statements included in this report.

Review of operations and financial results

During the half-year ended 30 June 2015, the Group recognised revenues of \$3,098,927 and a net loss after income tax expense of \$222,564 inclusive of a \$1,877,058 gain on the revaluation of the Company's Performance Shares to fair value. No prior year comparatives were available as the Company did not trade during the period 1 January 2014 to 30 June 2014.

Following is a summary of significant activities and milestones for the half-year ended 30 June 2015:

- As of the end of June 2015, the company achieved 141.0 million cumulative downloads. 45 games were published during the half-year, bringing the Company's portfolio to a total of 385 games;

- Average monthly active users of 7.2 million during the half-year;
- In March 2015 the Company acquired the rights to license the name and image of global celebrity Paris Hilton for use in the Company's mobile apps worldwide;
- In May 2015 the Company signed an agreement with Mattel, Inc. ('Mattel') to create mobile games based on Mattel's portfolio of current and future brands. As part of the agreement, the Company and Mattel will jointly invest in the development and marketing and promotion of mobile and tablet games for worldwide distribution;
- The Company recorded revenues for the half-year period of \$3,098,927, in part due to the success of *Doraemon Gadget Rush*, which topped charts on the App Store and Google Play platform upon launch in February 2015.

Events Subsequent to Reporting Date

On 6 July 2015, the Company announced it had entered into an agreement with Ourpalm Co. Ltd ('Ourpalm'), China's leading listed social web and mobile game developer, to invest \$3.1 million in cash into the Company in consideration for 14,785,714 fully paid ordinary shares, representing 11.11% of the Company's expanded share capital. Ourpalm was also granted an option to further invest up to US\$5.0 million equivalent when the volume weighted average price of the Company's shares reach \$0.315 per share. On 6 August 2015, the Company announced that it had entered into a share subscription agreement with FingerFun (HK) Ltd ('FingerFun'), a subsidiary of Ourpalm and the investment became unconditional. The investment was closed on 18 August 2015.

Other than the matters raised above there have been no other material subsequent events.

Auditor's Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 6 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the Directors.



Mr David Kim
Chairman

26 August 2015



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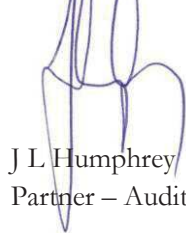
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ANIMOCA BRANDS CORPORATION LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Animoca Brands Corporation Limited for the period ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 26 August 2015

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2015

	Notes	30 June 2015	30 June 2014
		\$	\$
Revenue from operating activities		3,098,927	-
Cost of revenue from operating activities		(1,212,206)	-
Gross profit		1,886,721	-
Other income		81,050	-
Selling and distribution expenses		(1,775,081)	-
Administrative expenses		(1,466,534)	-
Research and development expenses		(785,434)	-
Fair value gain on revaluation of Performance Shares	8	1,877,058	-
Loss before income tax expense		(182,220)	-
Income tax expense		(40,344)	-
Loss attributable to members of the parent entity		(222,564)	-
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		20,549	-
Total comprehensive loss for the period		(202,015)	-
Loss per share			
Basic earnings per share (cents)	6	(0.19)	-
Diluted earnings per share (cents)	6	(0.19)	-

No prior year comparatives were available as the Company did not trade during the period 1 January 2014 to 30 June 2014. The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	30 June 2015 \$	31 December 2014 \$
CURRENT ASSETS			
Cash and cash equivalents	7	217,030	2,855,443
Trade and other receivables		181,387	39,057
Other current assets		49,554	1,524
TOTAL CURRENT ASSETS		447,971	2,896,024
NON-CURRENT ASSETS			
Property, plant and equipment		4,765	-
TOTAL NON-CURRENT ASSETS		4,765	-
TOTAL ASSETS		452,736	2,896,024
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,287,361	1,914,542
Provisions		40,071	37,522
Other current liabilities		260,417	-
TOTAL CURRENT LIABILITIES		1,587,849	1,952,064
NON-CURRENT LIABILITIES			
Other non-current liabilities	8	2,040,000	3,917,058
TOTAL NON-CURRENT LIABILITIES		2,040,000	3,917,058
TOTAL LIABILITIES		3,627,849	5,869,122
NET ASSETS/(LIABILITIES)		(3,175,113)	(2,973,098)

Consolidated Statement of Financial Position (cont.)

As at 30 June 2015

	Notes	30 June 2015	31 December 2014
EQUITY		\$	\$
Contributed equity		8,496,742	8,496,742
Reserves	9	(3,750,176)	(3,770,725)
Accumulated losses		(7,921,679)	(7,699,115)
TOTAL EQUITY		(3,175,113)	(2,973,098)

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2015

	Issued capital ordinary \$	Share based payments reserve \$	Foreign currency translation reserve \$	Other components of equity \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2015	8,496,742	248,345	(102,012)	(3,917,058)	(7,699,115)	(2,973,098)
<i>Comprehensive income</i>						
Loss for the period	-	-	-	-	(222,564)	(222,564)
Other comprehensive income/(expense)	-	-	20,549	-	-	20,549
Total comprehensive income for the period	-	-	20,549	-	(222,564)	(202,015)
Balance at 30 June 2015	8,496,742	248,345	(81,463)	(3,917,058)	(7,921,679)	(3,175,113)

No prior year comparatives were available as the Company did not trade during the period 1 January 2014 to 30 June 2014.

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2015

	Notes	30 June 2015 \$	30 June 2014 \$
Operating activities			
Receipts from customers		2,603,567	-
Payments to suppliers and employees		(4,432,905)	-
Interest received		5,197	-
Net cash (used in) operating activities		(1,824,141)	-
Investing activities			
Purchase of property, plant and equipment		(4,994)	-
Net cash (used in) investing activities		(4,994)	-
Financing activities			
Repayments of related party borrowings	10	(908,350)	-
Net cash (used in) financing activities		(908,350)	-
Net change in cash and cash equivalents		(2,737,485)	-
Cash and cash equivalents, beginning of period		2,855,443	-
Exchange differences on cash and cash equivalents		99,072	-
Cash and cash equivalents, end of period		217,030	-

The accompanying notes form part of these financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1 Nature of operations

Animoca Brands Corporation Limited and Subsidiaries' ('the Group') principal activities include the development and marketing of a broad portfolio of mobile games for smartphones and tablets.

Refer to Note 5 for further information about the Group's operating segments.

2 General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 30 June 2015 and are presented in Australian Dollars (AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 26 August 2015.

Changes in presentation currency

From 1 January 2015, Animoca Brands changed the currency in which it presents its Group and Parent Company financial statements from US Dollars (USD) to Australian Dollars. This change has no impact on the net loss of the Consolidated Entity other than presentation in AUD instead of USD.

A change in presentation currency is a change in accounting policy which is accounted for retrospectively. Statutory financial information included in this report that had been previously reported in USD has been restated into AUD using the procedures outlined below:

- Assets and liabilities denominated in non-AUD currencies were translated into AUD at the closing rates of exchange. Non-AUD trading results were translated into AUD at average rates of exchange. Differences resulting from the retranslation of the opening net assets and results for the half-year have been taken to equity;
- Share capital and other reserves were translated at the historic rates prevailing at the dates of transactions; and
- All exchange rates were extracted from the Group's underlying financial records.

The exchange rates of USD to AUD over the periods included in this half-year report and accounts are as follows:

	6 months to 30 June 2015	6 months to 31 December 2014	6 months to 30 June 2014
USD to AUD			
Closing rate	1.3021	1.2192	1.0616
Average rate	1.2773	1.1217	1.0932

Significant events and transactions

In preparing the financial report, the Directors have made an assessment of the ability of the Group to continue as a going concern.

The Group remains in the development phase of operations and is forecast to operate at an operating loss and cash deficit for the immediate forecast period. In considering their position, the Directors have had regard to the current cash reserves, the level of forecast cash expenditure, the subsequent capital raise outlined in Note 13. The Directors have concluded there are reasonable grounds to believe the Company is a going concern and will be able to continue to pay its debts as and when they become due and payable.

3 Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2014.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

4 Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2014.

5 Segment reporting

Management identifies its operating segments based on the Group's internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group only operates in one operating segment being the development and marketing of mobile app games. Therefore, all segment assets and liabilities, and the segment result, relate to the one business segment and consequentially no detailed segment analysis has been prepared.

The Group has no individual customer concentration risk. The underlying users are located globally, with its main markets in the United States, China and Hong Kong, Japan and Korea.

The Group distributes its mobile app games globally on platforms including the Apple App Store, Google Play and Amazon, amongst others.

6 Earnings per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Parent Company (Animoca Brands Corporation Limited) as the numerator, i.e. no adjustments to profits were necessary during the six (6) month period to 30 June 2015.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Six (6) months to 30 June 2015	Six (6) months to 30 June 2014
Weighted average number of shares used in basic earnings per share	118,301,253	N/A
Weighted average number of shares used in diluted earnings per share	118,301,253	N/A

7 Cash and cash equivalents

	30 June 2015 \$	31 December 2014 \$
Cash in bank and on hand	2,040,000	3,917,058

A reconciliation of net loss after tax to net cash used in operating activities is as follows:

	30 June 2015 \$	31 December 2014 \$
Accounting loss after income tax	(222,564)	-
<i>Adjustments for:</i>		
Fair value (gain)/loss on Performance Shares	(1,877,058)	-

	30 June 2015	31 December 2014
	\$	\$
Depreciation & amortisation	230	-
Foreign exchange (gain)/loss	(78,521)	-
<i>Changes in assets and liabilities:</i>		
(Increase) in trade and other receivables	(190,362)	-
Increase in trade and other payables	422,557	-
Increase in provisions	2,551	-
Increase in related party payables (net)	119,026	-
Net cash (used in) operating activities	(1,824,141)	-

8 Other non-current liabilities

	30 June 2015	31 December 2014
	\$	\$
Performance Shares	2,040,000	3,917,058

The Company as part consideration for the acquisition of Animoca Brands Corporation BVI (in addition to the 75,000,000 fully paid ordinary shares) issued 30,000,000 Class A Performance Shares and 15,000,000 Class B Performance Shares. As the Performance Shares potentially convert into a variable number of fully paid ordinary shares in the Company, in accordance with Australian Accounting Standards the Performance Shares have been treated as a liability.

Under AASB139, subsequent movements in the liability are to be taken to the statement of profit and loss. For the period ended 30 June 2015, the fair value movement of \$1,877,058 has been recognised in the statement of profit and loss. The gain represents the movement in the fair value and number of Performance Shares which are expected to vest based on current estimates. The Performance Shares contain both revenue and EBIT (Earnings before interest and tax) milestones, with a final calculation to be performed as soon as practicable after 30 June 2016, but no later than 31 October 2016. Refer to the full terms and conditions of the Performance Shares disclosed to the ASX on 21 January 2016 for further details.

9 Other components of equity

The balance consists of:

	30 June 2015	31 December 2014
	\$	\$
The balance consists of:		
• Share based payments reserve	248,345	248,345
• Foreign currency translation reserve	(81,463)	(102,012)
• Other components of equity	(3,917,058)	(3,917,058)
Total	(3,750,176)	(3,770,725)

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees and consultants, including key management personnel, as part of their remuneration. No options were issued during the half-year period ended 30 June 2015.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of Animoca Brands Limited, the group's operations domiciled in Hong Kong which has a functional currency of USD (rather than the Group's presentation currency of AUD).

Other components of equity

Other components of equity represent the initial recognition of the 30,000,000 Class A and 15,000,000 Class B Performance Shares issued.

10 Related party disclosures

HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, taxation, secretarial and transactional services provided during the period amounting to \$48,018 including GST. A total of \$58,330 including GST was outstanding at 30 June 2015. Donald Stephens, the Company Secretary of Animoca Brands Corporation Ltd, is a consultant with HLB Mann Judd (SA) Pty Ltd.

Outblaze Ventures Holdings Ltd (an entity registered in Hong Kong and a wholly owned subsidiary of Appionics Holdings Ltd) has in accordance with a Mobile App Advertising Services earned commissions during the half-year ended 30 June 2015 totalling \$147,075. Messrs David Kim, Robert Yung and Yat Siu are all directors of Outblaze Ventures Holdings Ltd.

Outblaze Ltd (an entity registered in Hong Kong and a wholly-owned subsidiary of Appionics Holdings Ltd) has in accordance with an Office Services and Management Services Agreement earned service fees during the half-year ended 30 June 2015 totalling \$144,629. Messr Yat Siu is a director of Outblaze Ltd.

Totally Apps Holdings Ltd (an entity incorporated in the British Virgin Islands and a wholly-owned subsidiary of Appionics Holdings Limited) has in accordance with Deeds of Assignment the right to receive revenues or proceeds and the obligation to pay certain debts and other expenses in respect to the commercialisation of Apps assigned to the Company. During the half-year ended 30 June 2015, Totally Apps Holdings Limited collected net revenues on behalf of the Company totalling \$1,713,322. Messr Yat Siu is a sole director of Totally Apps Holdings Ltd.

The Company also repaid funds of \$195,996 during the half-year ended 30 June 2015, lent to it by Appionics Holdings Ltd to fund operating expenses prior to the completion of the Company's offer under its replacement prospectus dated 4 December 2014. Messrs David Kim, Robert Yung and Yat Siu are all directors of Appionics Holdings Ltd.

At the reporting date, the total amounts due from (to) related parties included in trade and other payables (net) are as follows:

	30 June 2015	31 December 2014
	\$	\$
Outblaze Ventures Holdings Ltd	(816,843)	(908,350)
Outblaze Ltd	(204,856)	(44,643)
Totally Apps Holdings Ltd	815,149	168,734
Appionics Holdings Ltd	-	(195,996)
Other related party receivables	9,890	3,625
Total	(196,660)	(976,630)

11 Commitments

At the reporting date, the total future minimum lease payments payable by the Company under non-cancellable operating leases in respect of properties is as follows:

	30 June 2015
	\$
Within one year	159,471
Within two to five years	318,942
Total comprehensive loss of the parent entity	478,413

The Company has leased the office premises jointly with a related company under an arm's length operating lease. The commitment represents the maximum amount that the Company is required to pay based on the leased agreement. The lease does not include contingent rentals.

12 Contingent liabilities

At the date of signing this report, the Company is not aware of any Contingent Asset or Liability that should be disclosed in accordance with AASB 137.

13 Events after the reporting date

Investment by Ourpalm Co. Ltd

On 6 July 2015, the Company announced that Ourpalm Co. Ltd ('Ourpalm') would invest \$3.1 million cash in consideration for 14,785,714 fully paid ordinary shares (representing 11.11% of the Company's expanded share capital), subject to certain closing conditions. On 8 August 2015, the Company announced that the share subscription agreement in relation to the investment was signed between the Company and FingerFun (HK) Ltd, a subsidiary of Ourpalm.

The investment by Ourpalm closed on 18 August 2015 and the Company will issue shares in accordance with a resolution passed at the Company's Annual General Meeting held on 30 June 2015. The shares will be voluntarily escrowed for a period of twelve months from the date of issue.

The Company also granted Ourpalm an option (the 'Option') to further invest up to US\$5.0 million equivalent at a price equal to 150% of the Subscription Price (\$0.21) when the volume weighted average price of the Company's shares over a five day period reaches 150% of the Subscription Price. Ourpalm will have a period of 30 days to exercise the Option after the date upon which that price has been reached. Any shares exercised under the Option will be voluntarily escrowed for a period of twelve months from the date of issue of the exercised shares.

Directors' Declaration

- 1 In the opinion of the Directors of Animoca Brands Corporation Limited:
 - a The consolidated financial statements and notes of Animoca Brands Corporation Limited are in accordance with the Corporations Act 2001, including:
 - i Giving a true and fair view of its financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
 - ii Complying with Accounting Standard AASB 134 Interim Financial Reporting; and
 - b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, consisting of several fluid, overlapping strokes.

Chairman
David Kim

Dated the 26th day of August 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ANIMOCA BRANDS CORPORATION LIMITED

We have reviewed the accompanying half-year financial report of Animoca Brands Corporation Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Animoca Brands Corporation Limited 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Animoca Brands Corporation Limited consolidated entity's financial position as at 30 June 2015 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 Animoca Brands Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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.

Independence

In conducting our review, we 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 Animoca Brands Corporation Limited 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 2015 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 26 August 2015