

ICANDY INTERACTIVE LIMITED
ABN 87 604 871 712
APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	\$	355,238
Loss from ordinary activities attributable to members	\$	18,067
Net loss for the period attributable to members	\$	18,067

The Company was incorporated on 20 March 2015. The current reporting period is the first period of business activity and therefore no comparative figures or previous corresponding period data is available for disclosure within this report.

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

Revenue from ordinary activities \$355,238

Net loss attributable to members \$18,067

Loss per share of (0.010407 cents)

Diluted loss per share of (0.01 cents)

REVIEW OF OPERATIONS

The Company's business plan is to develop and publish 'freemium' games for smartphones, which are free-to-download and free-to-play for players. The 'freemium' game model is proven to be a successful business model employed by many global mobile game companies. The Company plans to generate revenue through the following approaches:

- **In-game purchases** - players can purchase virtual items or currencies which are used within the Company's games to improve character levels, speed up the game progress and/or enhance playing experience;
- **Mobile advertising** - which allows iCandy to advertise third-party products and service in the Company's games; and
- **Game merchandise sales** - players can purchase game related merchandise branded with the logos and artwork of the Company's various games.

To entice in-game monetisation via players purchasing virtual items, the Company employs the following two monetisation strategies:

- **Time Sink** - rather than spending long periods of time playing one of the Company's video games in order to advance and unlock higher game levels (where the games could be more interesting), the players are given the option of purchasing virtual items that will expedite their progress to higher game levels.
Connected to this, the Company can implement restrictions on gameplay on its games to create demand for in-game purchases (for example by slowing the progress of players once a certain game level is reached by requiring them to request a 'level-pass ticket' from friends to unlock new levels or by giving players limited 'lives' to play a game in a given period of time). Players who wish to continue playing games without these restrictions are encouraged to make an in-game purchase of a 'special pass ticket' and/or extra 'life' to unlock the next level of the game.
- **Unique Items** - players can purchase special virtual items which are normally not available during normal gameplay (for example, in the Company's Mobfish Hunter game, players are enticed to purchase special 'baits' which have unique properties which allow players to enjoy difference capabilities in the gameplay).
The Company can add achievement items to its games which reward players for perfecting each game level. To perfect a level, the players are generally required to play more and refine their gameplay strategies. This requirement in turn generates a demand for in-game 'boosters' and 'power ups', which are available for in-game purchase and assist players in their quest to perfect each level and earn the achievement item.
The Company can also offer special items which can help players overcome game obstacles and challenges which they find difficulty to pass. With the in-game purchase of these special items, the players can clear difficult levels more easily and quickly, which in turn helps them score higher game points and a higher ranking during gameplay.

To implement and drive these monetisation strategies, it is imperative that the Company focuses on the development of highly engaging and challenging mobile games. The Group's games are available worldwide although the majority of downloads of the Group's games have occurred in the Asia Pacific region. The Group's immediate focus for growth will be on the Asia Pacific region followed by other regions worldwide.

To date, Appxplore's mobile games have achieved an estimated 10 million downloads worldwide. Just recently, Appxplore was awarded a 'Top Developer' badge on the Google Play store.

Awarded by Google Play editorial staff, the Top Developer badge recognizes 'established, respected developers for their commitment to launching high-quality and innovative apps on Android.'

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
FOR THE 9 MONTHS ENDED 31 DECEMBER 2015**

	Consolidated Group 9 Months ending 31 December 2015 \$
Revenue	355,238
Other income	92
Cost of sales	<u>(2,618)</u>
Gross Profit	352,712
Administration expenses	(104,707)
Marketing expenses	(7,802)
Listing and filing fees	(74)
Occupancy expenses	(16,226)
Employee benefits expense	(191,968)
Depreciation	(52,558)
Other income/ (expenses)	5,227
Impairment of goodwill	-
Finance expenses	<u>(2,671)</u>
Loss before income tax	(18,067)
Income tax expense	<u>-</u>
Loss for the year attributable to members of the company	(18,067)
Other comprehensive income:	
Items that will not be reclassified to profit or loss	
Exchange difference on translating foreign controlled entities	<u>12,289</u>
Other comprehensive income for the period, net of tax	<u>12,289</u>
Total comprehensive income for the period	<u><u>12,289</u></u>
Loss attributed to:	
Owners of the parent	(18,067)
Non-controlling interest	<u>-</u>
	<u><u>(18,067)</u></u>
Total comprehensive income attributed to:	
Owners of parent entity	12,289
Non-controlling interest	<u>-</u>
	<u><u>12,289</u></u>
Earnings per share	
Basic loss per share (cents)	(0.010)
Diluted loss per share (cents)	(0.010)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Consolidated Group
	9 Months ending 31 December 2015 \$
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	421,197
Trade and other receivables	173,941
TOTAL CURRENT ASSETS	<u>595,139</u>
NON-CURRENT ASSETS	
Trade and other receivables	388,116
Property, plant and equipment	15,118
Intangible assets	202,461
TOTAL NON-CURRENT ASSETS	<u>605,695</u>
TOTAL ASSETS	<u><u>1,200,834</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	487,412
TOTAL CURRENT LIABILITIES	<u>487,412</u>
NON-CURRENT LIABILITIES	
Trade and other payables	678,247
TOTAL CURRENT LIABILITIES	<u>678,247</u>
TOTAL LIABILITIES	<u><u>1,165,659</u></u>
NET ASSETS	<u><u>35,175</u></u>
EQUITY	
Issued capital	20,362,076
Reserves	(20,308,834)
Accumulated losses	(18,067)
TOTAL EQUITY	<u><u>35,175</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2015**

		Issued Capital	Accumulate d Losses	Foreign Currency Translation Reserve	Other Components of Equity	Total
	Notes	\$	\$	\$	\$	\$
Consolidated Group						
Balance at 20 March 2015 (incorporation		-	-	-	-	-
Comprehensive Income						
Loss for the year		-	(18,067)	-	-	(18,067)
Other comprehensive income for the year		-	-	(12,370)	-	(12,370)
Total comprehensive income for the year		-	(18,067)	(12,370)	-	(30,437)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the year		20,362,076				20,362,076
Issue of options					-	-
Premium on assets acquired	1				(20,296,464)	(20,296,464)
Total transactions with owners and other transfers		20,362,076	(18,067)	(12,370)	(20,296,464)	35,175
Balance at 31 December 2015		<u>20,362,076</u>	<u>(18,067)</u>	<u>(12,370)</u>	<u>(20,296,464)</u>	<u>35,175</u>

Notes

1 The purchase of iCandy's subsidiaries has been assessed as a transaction involving entities under common control. Under AASB 3.B18, a new entity formed to effect a business combination that has issued equity interests cannot be the acquirer; one of the entities that existed before the business combination shall be identified as the accounting acquirer. In this instance, iCandy's subsidiary High Joyful International Limited, a company incorporated in British Virgin Islands, was identified as the accounting acquirer.

The subsequent accounting treatment does not permit fair value adjustments (including new intangibles) or goodwill to be recognised. Any difference between the fair value of the consideration paid and book value of the net assets acquired is debited to a category of equity, in this case "premium on assets acquired".

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

Consolidated Group

**9 Months
ending 31
December 2015**

Net cash flows from operating activities

Receipts from customers	193,340
Payments to suppliers & employees	(151,860)
Interest income	1,583
Net cash inflow/ (outflow) from operating activities	<u>43,062</u>

Cash flows from investing activities

Proceeds from sale of property, plant and equipment	(3,069)
Net cash inflow/ (outflow) from investing activities	<u>(3,069)</u>

Cash flows from financing activities

Proceeds from borrowings - related party	188,865
Proceeds from Pre-IPO funds received	363,016
Payments for capital raising costs	(294,575)
Net cash inflow/ (outflow) from financing activities	<u>257,306</u>

Net increase in cash and cash equivalents

	297,300
Cash and cash equivalents at beginning of financial year	136,182
Effects of exchange rate changes on the balance of cash and cash	(12,284)
Cash and cash equivalents at the end of the financial year	<u>421,197</u>

Notes to the condensed consolidated statement of cash flows

Reconciliation of cash

Cash on hand and at bank	<u>421,197</u>
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SEGMENT INFORMATION

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

ACCUMULATED LOSSES

	Consolidated Group 9 Months ending 31 December 2015 \$
Accumulated losses at beginning of the financial period	-
Net loss attributable to members	(18,067)
Accumulated losses at end of financial period	<u>(18,067)</u>

EARNINGS PER SHARE

Loss used to calculate basic and dilutive EPS	(18,067)
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	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	173,598,723
Weighted average number of dilutive options outstanding	-
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	<u>173,598,723</u>
Basic earnings/(loss) per share (cents)	(0.01)
Diluted earnings/(loss) per share (cents)	(0.01)

Potential ordinary shares not considered dilutive

As at 31 December 2015, the Company had no options, either listed or unlisted on issue.

NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary share at 31 December 2015, (0.096 cents).

ACQUISITIONS AND DISPOSALS OF BUSINESS ENTITIES

Name of Entity	Date of control
High Joyful International Limited	4 May 2015
Kensington Ventures Pte Ltd	4 May 2015

EVENTS SUBSEQUENT TO REPORTING DATE

On 4 February 2016, iCandy Interactive Limited was officially admitted into the Australian Securities Exchange.

COMPLIANCE STATEMENT

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

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

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

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

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



Signed:

Donald H Low
Director

29 February 2016