

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

**Financial Report For The Year Ended
31 December 2015**

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

Financial Report For The Year Ended 31 December 2015

CONTENTS	Page
Corporate Governance Statement	1
Directors' Report	16
Remuneration Report	20
Auditor's Independence Declaration	22
Consolidated Statement of Profit or Loss and Other Comprehensive Income	23
Consolidated Statement of Financial Position	24
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Cash Flows	27
Notes to the Financial Statements	28
Directors' Declaration	44
Independent Auditor's Report	45
Additional Information for Listed Public Companies	47

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

ICandy Interactive Limited is listed on the Australian Securities Exchange (ASX). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council as well as current standards of best practice. The corporate governance statement is current as at the date of this report and has been approved by the Board.

Our approach to corporate governance

(a) Framework and approach to corporate governance and responsibility

The Board of ICandy Interactive Limited ("the Company") is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company's everyday activities - values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight.

In pursuing its commitment to best practice governance standards, the Board will continue to:

- review and improve its governance practices; and
- monitor global developments in best practice corporate governance.

The Board's approach has been to be guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements.

(b) Compliance with the ASX Corporate Governance Principles and Recommendations

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations in the reporting period.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision and can be found on pages 8 - 14.

This Governance Statement describes ICandy Interactive Limited's governance practices and notes where they do not comply with the ASX Corporate Governance Principles and Recommendations.

The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website (www.icandy.io).

Date of this statement

This statement reflects our corporate governance policies and procedures as at 31 March 2016.

The Board of Directors

(a) Membership and expertise of the Board

The Board has a broad range of relevant financial and other skills, experience and expertise to meet its objectives. The current Board composition, with details of individual Director's backgrounds, is set out in the Directors Report which is included in this Annual Report.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

(b) Board role and responsibility

The Board is accountable to shareholders for ICandy Interactive Limited's performance. In summary, the Board's responsibilities include:

- providing strategic direction and approving corporate strategic initiatives;
- planning for Board and executive succession;
- selecting and evaluating future Directors, the Chief Executive Officer ("CEO");
- setting CEO and Director remuneration within shareholder approved limits;
- approving budget and monitoring management and financial performance;
- considering and approving the Annual Financial Report (including the Directors' Declaration) and the interim and final financial statements;
- approving ICandy Interactive Limited's risk management strategy, monitoring its effectiveness and maintaining a direct and ongoing dialogue with ICandy Interactive Limited's auditors and regulators' and
- considering and reviewing the social and ethical impact of ICandy Interactive Limited's activities, setting standards for social and ethical practices and monitoring compliance with ICandy Interactive Limited's social responsibility policies and practices.

The Board would normally delegate to management responsibility for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing ICandy Interactive Limited's annual budget, recommending it to the Board for approval and managing day-to-day operations within the budget; and
- managing day-to-day operations in accordance with standards for social and ethical practices which have been set by the Board.

The current circumstances, however, require all these functions to be exercised by the Board members or the Company Secretary. The company does not currently have a performance evaluation method due to the current size and limited nature of operations.

The Company has adopted a Board Charter which sets out the specific responsibilities of the Board, the requirements as to the Board's composition, the roles and responsibilities of the Chairman, Company Secretary and management, the establishment, operations and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is contained in the Company's Corporate Governance Plan which is available on the Company's website.

(c) Board size and composition

The Board determines its size and composition, subject to the limits imposed by ICandy Interactive Limited's Constitution. The Constitution requires a minimum of three and a maximum of twenty Directors. In addition, at least two of the Directors shall ordinarily reside within Australia. Currently the Board consists of three directors. The Board supports the principles of diversity; however, due to the size and scale of the company's operations it has no female representative on the board at the present time.

Election of Board members is substantially the province of the Shareholders in general meeting.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

(d) The selection and role of the Chairman

The Chairman is selected by the Board from the non-executive Directors. The Chairman's role includes:

- providing effective leadership on formulating the Board's strategy;
- representing the views of the Board to the public;
- ensuring that, when all Board members take office, they are fully briefed on the terms of their appointment, their duties and responsibilities;
- ensuring that the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- guiding the agenda and conduct of all Board meetings; and
- reviewing the performance of the Board of Directors.

The Board Charter provides that where practical the Chairman of the Board will be a non-executive director. The Chairman, Kin Wai Lau is a non-executive director but is not considered by the Board to be independent.

The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Directors.

(e) Directors' independence

The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgement. Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than general materiality thresholds. In assessing independence, the Board considers whether the Director has a business or other relationship with ICandy Interactive Limited, either directly, or as a partner, shareholder or officer of a company or other Company that has an interest, or a business or other relationship, with ICandy Interactive Limited or another ICandy Interactive Limited group member. Presently the only independent Director is Robert Kolodziej. The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Directors.

(f) Avoidance of conflicts of interest by a Director

In accordance with the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter.

(g) Meetings of the Board and their conduct

Meetings of the Board happen when and as appropriate. Details of Board meetings held and attended are tabled in the Directors' Report, which forms part of this Annual Report.

(h) Succession planning

The Board plans succession of its own members taking into account the skills, experience and expertise required and currently represented, and ICandy Interactive Limited's future direction. The Board is also responsible for CEO succession planning.

(i) Review of Board performance

The Board of ICandy Interactive Limited is responsible for evaluating the performance of the Board and individual Directors will be evaluated on an annual basis, with the aid of an independent advisor, if deemed required. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan.

The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Reports.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

(j) Nomination and appointment of new Directors

ICandy Interactive Limited has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director.

All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect such Director will be voted on.

(k) Retirement and re-election of Directors

ICandy Interactive Limited's Constitution states that one-third of our Directors must retire each year. The maximum time that each Director can serve in any single term is three years. Any Director who has been appointed during the year must retire at the next annual general meeting. Eligible Directors who retire each year may offer themselves for re-election by shareholders at the next annual general meeting.

(l) Compulsory retirement of Directors

The Board has no limit on the number of terms of office which any Director may serve.

(m) Board access to information and advice

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational report. The Company Secretary provides Directors with ongoing guidance on issues such as corporate governance, ICandy Interactive Limited's Constitution and the law. The Board collectively, and each Director individually has the right to seek independent professional advice at ICandy Interactive Limited's expense to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in its absence, Board approval may be sought.

(n) Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives. The Diversity Policy of ICandy Interactive is available on the Company's website.

31 December 2015		
	No.	%
Women in the Board	-	-
Women in senior management roles	-	-
Women employees in the Company	-	-

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

(o) Securities trading policy

Directors and employees are subject to the Corporations Act restrictions on trading securities in the Company if they are in possession of inside information. This is regarded as any information that is non-public and, if it were public that a reasonable person would expect to have a material effect on the price of the Company's securities.

In addition, the company has established a policy on the trading in ICandy Interactive Limited's securities, which applies to all Directors and employees. Key aspects of this policy are as follows:

- Directors and employees are encouraged to be long-term holders of the company securities and are discouraged from any short-term trading;
- Directors and employees may trade shares for 4 weeks following announcements of the annual results, half year results and the annual general meeting, provided the market has been fully informed. However, a trading embargo of 2 days applies immediately after any significant announcement;
- Directors and employees need to ensure that the market is fully informed before they can trade and to protect themselves should discuss the intended share trading with the Chairman or Company Secretary; and
- Trading outside the four-week period is required to be approved by the Chairman, prior to any transaction occurring. Generally, if the market is fully informed, the approval will be granted.

Directors are required to notify the Company Secretary within 2 days of a change in their beneficial interest in the company's shares.

Directors are also required to obtain a written acknowledgement of the Chairman (or the Board in the case of the Chairman) prior to trading.

Directors' interest in the company's securities have not changed materially in the last 12 months.

Board committees

- (a) Board committees and membership**
- (b) Audit Committee**
- (c) Board Risk Oversight Committee**
- (d) Board Nominations Committee**
- (e) Board Remuneration Committee**

Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have the committees listed above. Pursuant to clause 5(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the above Committees under the written terms of reference for those committees.

Audit governance and independence

(a) Approach to audit governance

The Board is committed to these basic principles:

- ICandy Interactive Limited must produce true and fair financial reports; and
- Its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies

(b) Engagement and rotation of external auditor

ICandy Interactive Limited's independent external auditor is Grant Thornton Audit Pty Ltd.

(c) Discussions with external auditor on Independence

The Board requires the external auditor to confirm that they have maintained their independence.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

(d) Relationship with auditor

- the audit partners and any audit firm employee on the ICandy Interactive Limited audit are prohibited from being an officer of ICandy Interactive Limited;
- an immediate family member of an audit partner or any audit firm employee on the ICandy Interactive Limited audit is prohibited from being a Director or an officer in a significant position at ICandy Interactive Limited;
- a former audit firm partner or employee on the ICandy Interactive Limited audit is prohibited from becoming a Director or officer in a significant position at ICandy Interactive Limited for at least five years and after the five years, can have no continuing financial relationship with the audit firm;
- members of the audit team and firm are prohibited from having a business relationship with ICandy Interactive Limited or any officer of ICandy Interactive Limited unless the relationship is clearly insignificant to both parties;
- the audit firm, its partners, its employees on the ICandy Interactive Limited audit and their immediate family members are prohibited from having a direct or material indirect investment in ICandy Interactive Limited;
- officers of ICandy Interactive Limited are prohibited from receiving any remuneration from the audit firm ; the audit firm is prohibited from having a financial interest in any Company with a controlling interest in ICandy Interactive Limited; and
- the audit firm engagement team in any given year cannot include a person who had been an officer of ICandy Interactive Limited during that year.

(e) Restrictions on non-audit services by the external auditor

The external auditor is not restricted in the provision of non-audit services to ICandy Interactive Limited except as required by the Corporations Act or the ASX Listing Rules.

(f) Attendance at Annual General Meeting

ICandy Interactive Limited's external auditor attends the annual general meeting and is available to answer shareholder questions.

Controlling and managing risk

(a) Approach to risk management

Taking and managing risk are central to business and to building shareholder value. ICandy Interactive Limited's approach is to identify, assess and control the risks which affect its business. The intention is to enable risks to be balanced against appropriate rewards. The risk management approach links ICandy Interactive Limited's vision and values, objectives and strategies, and procedures and training.

(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing ICandy Interactive Limited's risk management strategy and policy. The Risk Oversight Committee is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of ICandy Interactive Limited's activities.

ICandy Interactive Limited does not comply with ASX recommendations on these issues as it does not have a formal verifiable system of risk management or any employees to implement such a system as it does not view this to be appropriate at the current time. It relies on the oversight of the Directors and the various committees, together with the periodic verification of the external auditor.

(c) Company Secretarial assurance

The Board received periodic reports about the financial condition and operational results of ICandy Interactive Limited. The CEO periodically provide formal statements to the Board that in all material respects:

- the company's periodic financial statements present and true and fair view of ICandy Interactive Limited's financial condition and operational results for those reporting periods; and
- that risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

Remuneration framework

(a) Overview

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of Non-Executive Directors is initially set by the Directors and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$150,000 per annum.

In addition, a Director may be paid fees or other amounts, (e.g. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(b) Employee Share Options Scheme

There are no Employee Share Options Schemes (ESOS) granted over un-issued shares to directors or executives as part of their remuneration. The issue of any options would require approval by Shareholders.

Corporate responsibility and sustainability

(a) Approach to corporate responsibility and sustainability

ICandy Interactive Limited's approach to corporate responsibility and sustainability ICandy Interactive Limited's aim is to manage its business in a way that produces positive outcomes for all stakeholders and maximizes economic, social and environmental value simultaneously. In doing so, ICandy Interactive Limited accepts that the responsibilities flowing from this go beyond both strict legal obligations and just the financial bottom line. Transparency, the desire for fair dealing, and positive links into the community underpin our everyday activities and corporate responsibility practices.

(b) Code of conduct

ICandy Interactive Limited currently does not have in operation a formerly adopted Code of Conduct that applies to all Directors, Executives and employees without expectation. The intention of such a Code is to govern workplace and human resource practices, risk management and legal compliance, and ensure alignment to the Shareholders' interests.

The Directors of ICandy Interactive Limited believe their core values of teamwork, integrity and performance ensure ethical outcomes and the alignment of the shareholders and Boards' interests.

The ASX recommendations require that the Code of Conduct is reviewed periodically, specifically to reflect the ASX Corporate Governance Principles and Recommendations.

ICandy Interactive Limited does not comply with ASX recommendations on this issue as the Board does not believe that a formal Code of Conduct is appropriate for the company at the current time. The Board however, endeavours to act ethically at all times, in line with its obligations under the Corporations Act and the ASX Listing Rules.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

(c) Insider trading policy and trading in ICandy Interactive Limited shares

The Company Secretary has responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules, and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

ICandy Interactive Limited is committed to giving all shareholders comprehensive and equal access to information about our activities, and to fulfil continuous disclosure obligations to the broader market. ICandy Interactive Limited's policy is designed to ensure compliance with ASX Listing Rules continuous disclosure requirements. It ensures any information that a reasonable person would expect to have a material effect on the price of ICandy Interactive Limited's securities is disclosed.

ICandy Interactive Limited currently maintains its own website and relies on communication in this medium on the ASX Company Announcements platform carrying all the relevant information.

Compliance with ASX Corporate Governance Council Good Practice Recommendations

The table below outlines each of the ASX Best practice Recommendations and the Company's compliance with those recommendations. Where the Company has met the relevant recommendation during the reporting period, this is indicated by a "Yes" in the relevant column. Where the Company has not met or complied with a recommendation this is indicated by a "No" and an accompanying note explaining the reasons why the Company has not met the recommendation.

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, the requirements as to the Board's composition, the roles and responsibilities of the Chairman, Company Secretary and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is contained in the Company's Corporate Governance Plan which is available on the Company's website.
Recommendation 1.2 A listed entity should disclose: (a) undertake appropriate checks before appointing a person, or putting forward a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	YES	(a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. (b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect such Director will be voted on.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company's Corporate Governance Plan requires the Board to ensure that each director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Board Charter outlines the role, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the Chair, on all matters relating to the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy. (ii) either: (A) the respective portions of men and women on board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	YES	(a) The Company has adopted a Diversity Policy. (i) The Diversity Policy provides a framework for the Company to set and achieve measurable objectives that encompass gender equality. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy will be available on the Company's website. (i) The measurable objectives set by the Board will be included in the annual key performance indicators for senior executives. In addition, the Board will review progress against the objectives in its annual performance The Board will include in its Annual Report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board Level.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) Currently the roles of the Nomination Committee is undertaken by the full Board. The Company intends to establish a separate Nomination Committee once the Company's operations are of a significant magnitude. (b) The Board is responsible for evaluating the performance of the Board and individual Directors will be evaluated on an annual basis, with the aid of an independent advisor, if deemed required. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. (c) The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Reports.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

<p>Recommendation 1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>YES</p>	<p>(a) The Board, as a whole, is responsible for evaluating the performance of senior executives and arranging performance evaluations.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 requires disclosure as to whether or not performance evaluations were conducted during the relevant reporting period and details of the performance evaluations conducted to be contained in the Company's annual reports.</p>
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and</p>	<p>NO</p>	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have a Nomination Committee. Pursuant to clause 5(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee.</p> <p>The duties of the Nomination Committee are outlined in the Nomination Committee Charter contained in Schedule 5 of the Company's Corporate Governance Plan.</p> <p>The Board devotes time on an annual basis to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p> <p>The Board regularly updates the Company's board skills matrix (in accordance with Recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.</p>
<p>Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>YES</p>	<p>The Board is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve). The composition of the Board is to be reviewed regularly against the Company's Board skill matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. This role will be performed by the Nomination Committee once established. The Company will disclose the Board skill matrix in, or in conjunction with, its Annual Reports.</p>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

<p>Recommendation 2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director</p>	<p style="text-align: center;">YES</p>	<p>(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. The only current independent Director is Robert Kolodziej. The names of the Directors considered by the Board to be independent will be disclosed in the Company's Annual Reports.</p> <p>(b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interest disclosed by Directors. Details of the Directors interest, positions, associations and relationship are provided in this report.</p> <p>(c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. Each Director, other than Robert Kolodziej (appointed on 27 May 2015), was appointed on incorporation of the Company (20 March 2015).</p>
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	<p style="text-align: center;">NO</p>	<p>The Board Charter requires that where practical the majority of the Board will be independent.</p> <p>Details of each Director's independence are provided in this report. The only current independent Director is Kin Wai Lau. The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Directors</p>
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p style="text-align: center;">NO</p>	<p>The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director. The Chairman, Kin Wai Lau is a non-executive director but is not considered by the Board to be independent.</p> <p>The Company may seek to appoint additional independent Directors in the future to address the lack of independence of its Directors.</p>
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	<p style="text-align: center;">YES</p>	<p>The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Nomination Committee is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</p> <p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have a Nomination Committee. Pursuant to clause 5(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee.</p>
<p>Recommendation 3.1 A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it</p>	<p style="text-align: center;">YES</p>	<p>(a) The Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct is contained in the Corporate Governance Plan available on the Company's website.</p>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

<p>Recommendation 4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board. and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of</p>	<p>No</p>	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have an Audit and Risk Committee. Pursuant to clause 5(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devotes time annually to fulfilling the roles and responsibilities associated with maintain the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>
<p>Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>YES</p>	<p>The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before the Board approves the entity's financial statements for a financial period, the CEO/MD and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. Where there is no CEO/MD or CFO (as at present), the full Board will carry out the duties that would ordinarily be assigned to the CEO/MD and CFO under the Audit and Risk Committee Charter.</p>
<p>Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant</p>	<p>YES</p>	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>
<p>Recommendation 5.1 (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it</p>	<p>YES</p>	<p>(a) Schedule 7 of the Company's Corporate Governance Plan is entitled 'Disclosure Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Corporate Governance Plan is available on the Company's website</p>
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website</p>	<p>YES</p>	<p>Information about the Company and its governance is available in the Corporate Governance Plan which is available on the Company's website.</p>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to Shareholders. The Strategy is contained in Schedule 11 of the Company's Corporate Governance Plan.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The Shareholder Communication Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links will be made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its	YES	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholder queries should be referred to the Company Secretary in the first instance.
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	No	Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have an Audit and Risk Committee. Pursuant to clause 5(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan which is available online on the Company's website. The Board devotes time annually to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

<p>Recommendation 7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p style="text-align: center;">YES</p>	<p>(a) The Company's process for risk management and internal compliance includes a requirement on the Board to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure - Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.</p> <p>(b) Schedule 8 requires the Board to disclose the number of times the Board (or the Audit and Risk Committee once established) met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Reports.</p>
<p>Recommendation 7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control process.</p>	<p style="text-align: center;">No</p>	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have an internal audit function.</p> <p>Schedule 3 (Audit and Risk Committee Charter) of the Company's Corporate Governance Plan provides for a future internal audit function of the Company. The Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.</p>
<p>Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p style="text-align: center;">YES</p>	<p>Schedule 3 of the Company's Corporate Governance Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.</p>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CORPORATE GOVERNANCE STATEMENT

<p>Recommendation 8.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a remuneration committee which <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not 	No	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have an Remuneration Committee. Pursuant to clause 5(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan which is available online on the Company's website.</p> <p>The Board devotes time annually to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>
<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the difference roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their</p>	YES	<p>The Company discloses its policies and practices regarding the remuneration of non-executive and executive directors and other senior employees within the Annual Financial Report.</p>
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it 	YES	<p>Equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders. In addition, the Company has issued equity based remuneration to both Executive and Senior Management which has been approved by shareholders at a general meeting, at which a summary of the incentive plan was provided to shareholders.</p>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of ICandy Interactive Limited and its controlled entities for the financial period ended 31 December 2015.

General Information

Directors

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

Kin Wai Lau	appointed 20 March 2015
Donald Han Low	appointed 20 March 2015
Robert Kolodziej	appointed 27 May 2015
Ivan Perry Wu	resigned 29 February 2016

Kin Wai Lau

Non Executive Director and Chairman
Appointed on 20 March 2015

Kin Wai is an experienced entrepreneur and investor in the technology space in Southeast Asia. He has been the Chief Executive Officer of two listed companies on Bursa Malaysia in the software and digital media space and was instrumental in their expansion across the region.

He is a founding Director and investor of the Cellsafe Biotech Group, a fast growing regional stem cell cryogenic and therapeutic company with operations in four countries and 120 employees. More recently, he founded the Fatfish Internet Group, a venture investment firm headquartered in Singapore and Melbourne that invests in technology companies in Southeast Asia which has completed a successful listing on the ASX. Kin Wai is currently Chief Executive Officer and Director of Fatfish. Mr Lau does not expect that his other directorships will impact his ability to act as Chairman of the Company.

Kin Wai graduated with first class honours in Electronic & Electrical Engineering from the University of Manchester, United Kingdom. He was also a faculty research staff and PhD candidate at the Imperial College London.

Other current directorships of listed companies

Fatfish Internet Group Limited - appointed July 2014

Former directorships of listed companies in last three years

N/A

Donald Han Low

Non-Executive Director
Appointed on 20 March 2015

Donald holds a Bachelor of Economics from the University of Western Australia. He has worked in the corporate advisory and corporate finance sectors with experience covering the whole business cycle, ranging from start-ups, business creation and exits via initial public offerings, reverse takeovers, trade sales and mergers and acquisitions. Donald takes a hands-on approach in the senior management of companies undertaking corporate restructurings, especially in distressed assets and business models.

Donald has served as Chief Executive Officer and Director on the boards of several private and publicly listed companies in Asia, Australia and Europe with interests ranging from traditional businesses such as agriculture (including oil palm plantations), logistics, finance, mining, manufacturing, food and service to new economy businesses in the telecommunication, media and technology space and the fast growing internet environment. Donald is currently a Non Executive Director of Fatfish. Mr Low does not expect that his other directorship will impact his ability to act as a Director of the Company.

Other current directorships of listed companies

Fatfish Internet Group Limited - Appointed 2008

Gladiator Resources Limited - Appointed 2016

Former directorships of listed companies in last three years

N/A

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

DIRECTORS' REPORT

Robert Kolodziej
Non-Executive Director
Appointed on 27 May 2015

Robert is an advisor at Patersons Securities and has over 20 years' experience in investment management. He applies macroeconomic knowledge across many areas of financial markets and specialises in strategic investment advice for high net worth clients, small cap fund managers and family officers.

Robert has expertise with small capitalisation companies especially in the technology and renewable sector and has been arranging transactions in equity capital markets for these companies. Prior to working in stockbroking, Robert worked for Ernst & Young in the property trust area while at the same time running a business specialising in eco-tourism. Since then, he has worked in the property development sector specialising in due diligence and strategy. Separately from his role at Patersons, he is also involved in advisory role to Kollins, a project management firm.

Robert has also acted in the past as a geopolitical advisor to BPW International, a United Nations affiliated non-Governmental organisation. Robert has a broad range of management experience. Mr Kolodziej does not currently hold any other public company directorships.

Other current directorships of listed companies

N/A

Former directorships of listed companies in last three years

N/A

Ivan Perry Wu
Executive Director
Resigned 29 February 2016
Company Secretary (Resigned 1 June 2015)

Ivan is currently a Director of the Company and ICW Capital, a corporate consulting company in Australia. He holds a Bachelor of Science major in Computer Science from Curtin University, Australia and he has more than 20 years' commercial experience in the utility, technology and resource industries, primarily in a corporate role as a developer of business and systems. He was particularly active in the areas of business optimisation, cost efficiency, business process improvements and change management.

Ivan was previously a founding Director of a private corporate management company in Australia. In 2008, he facilitated the successful ASX listing of Legacy Iron Ore Limited, an iron ore and gold exploration company. He was then appointed as the general manager and company secretary of the company. In 2012, he was appointed as an Executive Director of Swift Resources Limited, a Phosphate exploration company. Mr Wu does not currently hold any other public company directorships.

In recent years, he has been involved in corporate advisory roles assisting corporate restructuring, merger & acquisitions, investor relations and capital raisings for ASX listed companies.

Other current directorships of listed companies

N/A

Former directorships of listed companies in last three years

N/A

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

DIRECTORS' REPORT

Company Secretary

Mr Donald H Low is the Company Secretary of the entity. (Mr Ben Donovan - 1 June 2015 to date of resignation 29 February 2016)

Shareholdings of directors and other key management personnel

The interest of each Director and other key management personnel, directly and indirectly, in the shares and options of the Company at the date of this report are as follows:

Director	Ordinary Shares	Share Options
Kin Wai Lau*	192,500,000	-
Donald Han Low*	192,500,000	-
Robert Kolodziej	250,000	-
Ivan Perry Wu	500,000	-

*Shares are held in Fatfish Internet Pte Ltd, a fully owned subsidiary of Fatfish Internet Group Limited, of which Mr Kin Wai Lau and Mr Donald Han Low are directors of.

Meetings of Directors

During the financial year, 8 meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Kin Wai Lau	8	8
Donald Han Low	8	8
Robert Kolodziej	6	6
Ivan Perry Wu	8	8

Principal Activities and Significant Changes in Nature of Activities

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.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

DIRECTORS' REPORT

- **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.'

Operating Results

The consolidated loss of the consolidated entity after providing for income tax amounted to \$250,254.

Dividend Paid or Recommended

It is not recommended that a dividend be declared and no dividends were paid or declared since the end of the financial year.

Review of Operations

During the year, the Company continued to develop and publish 'freemium' games for smartphones, which are free-to-download and free-to-play for players, resulting in a revenue of \$154,246.

Financial Position

The net assets of the consolidated entity is (\$481,756) during the financial period. The entity had a net asset deficit as at the year end.

Matters Subsequent To The End Of The Financial Year

On 4 February 2016, the Company was officially admitted into the Australian Securities Exchange, trading under the ticker code 'ICI'.

Future Developments

The Company plans to implement its business strategy, as outlined above and in its the recent prospectus.

The Company will continue to keep stakeholders informed of any future developments via its compliance with the continuous disclosure requirements.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Audit / Non Audit Services

Auditors' remuneration is disclosed in Note 14. No non-audit services have been provided by the auditor or their related practices.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

DIRECTORS' REPORT

Indemnifying Officers or Auditor

An indemnity has been given by the company in favour of the directors to the extent that the Corporations Act 2001 allows. No payment or agreement has been given in relation to a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

No other insurance premium or indemnity has been paid or provided in respect of any directors or auditors.

Summary of options on issue

Issuing entity	Issue Date	Number of shares under option	Class of shares	Exercise Price	Expiry Date
iCandy Interactive Limited	10 June 2015	8,033,333	Ordinary	\$0.21	04/02/2020

Option holders do not have any rights to participate in any issues or other interest in the company or any other entity.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

There have been no shares issued since the end of the financial year resulting from exercise of options.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is attached on page 22.

Remuneration Report (Audited)

This remuneration report sets out remuneration information for non-executive directors, executive directors and other key management personnel.

Remuneration Policies

Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Board may obtain independent advice on the appropriateness of remuneration packages. No independent advice was sought during or since the end of the period under review with regards to remuneration.

There are no schemes for retirement benefits

The directors are reimbursed for expenses incurred by them in the course of their duties as directors of the company. There is no link between the provision of any non-monetary benefits and performance of the company.

Key management personnel remuneration policy

The key management personnel of the company are represented by the directors and company secretary.

The key management personnel remuneration policy is therefore the same as the directors' remuneration policy.

Directors and executives disclosed in this report

Name (current directors)

Kin Wai Lau
Donald Han Low
Robert Kolodziej
Ivan Perry Wu

Position Held

Non Executive Director and Chairman
Executive Director
Non-Executive Director
Non-Executive Director

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

Remuneration of Directors and other Key Management Personnel (KMP) for the Nine Months Ended 31 December 2015

	Short-term Benefits Salaries, fees	Post employment Superannuation	Share based payments shares	Total
	\$	\$	\$	\$
2015				
Group KMP				
Kin Wai Lau	-	-	-	-
Donald Han Low	-	-	-	-
Robert Kolodziej	-	-	25	25
Ivan Perry Wu - Resigned 29.02.2016	61,500	-	50	61,550
Total	61,500	-	75	61,575

No post-employment benefits were paid to the directors. The directors do not participate in any incentive programs.

Share options granted to directors and executives

No shares or options were granted to Directors or Executives during the year.

Other transactions with key management personnel and their related parties

All transactions were performed at arms length basis. Refer to Note 16(b) in the Notes to financial statements for further information.

This concludes the remuneration report, which has been audited.

This report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Mr Donald Han Low
 Director
 Dated this 31st day of March 2016

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

**Auditor's Independence Declaration
To the Directors of ICandy Interactive Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of ICandy Interactive Limited for the year ended 31 December 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 31 March 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDING 31 DECEMBER 2015

		Consolidated Group
		Nine months ending 31
		December 2015
	Note	\$
Continuing operations		
Revenue	3	154,246
Other income	3	92
Cost of sales		(2,618)
Gross Profit		<u>151,720</u>
Marketing expenses		(7,803)
Accounting fees		(8,000)
Audit fees		(23,882)
Professional fees		(58,161)
Legal fees		(964)
Occupancy expenses		(15,902)
Employee benefits expense		(192,575)
Depreciation		(52,558)
Computer expenses		(5,784)
Other expenses		(13,326)
Travel expenses		(20,528)
Finance expenses		(2,491)
Loss before income tax		<u>(250,254)</u>
Income tax expense	4	-
Loss for the year attributable to members of the company		<u><u>(250,254)</u></u>
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translating foreign controlled entities		(3,200)
Other comprehensive income for the year, net of tax		<u>(3,200)</u>
Total comprehensive income for the year		<u><u>(253,454)</u></u>
Earnings per share		
Basic and diluted loss (cents) per share	15	(0.14)

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER
2015

		Consolidated Group 2015 \$
ASSETS	Note	
CURRENT ASSETS		
Cash and cash equivalents	5	427,197
Trade and other receivables	6	167,970
Other assets	7	98,541
TOTAL CURRENT ASSETS		<u>693,708</u>
NON-CURRENT ASSETS		
Property, plant and equipment	8	15,119
Intangible assets	9	202,461
TOTAL NON-CURRENT ASSETS		<u>217,580</u>
TOTAL ASSETS		<u>911,288</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	10	753,271
TOTAL CURRENT LIABILITIES		<u>753,271</u>
NON-CURRENT LIABILITIES		
Trade and other payables	10	639,773
TOTAL NON-CURRENT LIABILITIES		<u>639,773</u>
TOTAL LIABILITIES		<u>1,393,044</u>
NET ASSETS		<u>(481,756)</u>
EQUITY		
Issued capital	11	20,061,697
Reserves	21	(20,293,199)
Retained earnings		(250,254)
TOTAL EQUITY		<u>(481,756)</u>

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

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

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Other components of Equity	Total
	\$	\$	\$	\$	\$
Consolidated Group					
Balance at 20 March 2015 (incorporation date)	-	-	-	-	-
Comprehensive Income					
Loss for the year	-	(250,254)	-	-	(250,254)
Other comprehensive income for the year	-	-	(3,200)	-	(3,200)
Total comprehensive income for the year	-	(250,254)	(3,200)	-	(253,454)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	20,362,076	-	-	-	20,362,076
Transaction costs	(300,379)	-	-	-	(300,379)
Premium on assets acquired	-	-	-	(20,289,999)	(20,289,999)
Total transactions with owners and other transfers	20,061,697	-	-	(20,289,999)	(228,302)
Balance at 31 December 2015	20,061,697	(250,254)	(3,200)	(20,289,999)	(481,756)

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDING
31 DECEMBER 2015

	Consolidated Group
Note	2015
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	190,210
Payments to suppliers & employees	(156,834)
Interest income	1,329
Net cash provided by (used in) operating activities	16(a) <u>34,705</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of property, plant and equipment	<u>(3,069)</u>
Net cash provided by (used in) investing activities	<u>(3,069)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	-
Proceeds from borrowings - related party	177,012
Proceeds from Pre-IPO funds received	382,416
Payments for capital raising costs	<u>(300,379)</u>
Net cash provided by (used in) financing activities	<u>259,049</u>
Net increase in cash held	290,685
Cash and cash equivalents at beginning of the period	136,182
Effect of exchange rates on cash holdings in foreign currencies	<u>330</u>
Cash and cash equivalents at end of financial year	<u><u>427,197</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 YEAR ENDED 31 DECEMBER 2015

These consolidated financial statements and notes represent those of Icandy Interactive Limited and Controlled Entities (the "consolidated group" or "group").

The financial statements were authorised for issue on 31 March 2016 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred an operating loss of \$250,254 for the year ended 31 December 2015 (2014 loss: \$nil). The net working capital deficit of the Group at 31 December 2015 was \$59,563 (2014: \$nil) and the net cash inflows from operating activities during the financial year was \$34,705 (2014: \$nil).

At reporting date these conditions indicate a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern however events subsequent to the reporting period need to be considered.

Icandy Interactive Limited successfully completed a capital raising via a IPO on 4 February 2016 whereby a total of \$4,500,000 was raised (Refer Note 20). As a result the Directors of the Company are confident that the Group will have sufficient cash resources to meet all commitments and working capital requirements for a 12 month period from the date of signing this report. At the date of this report the Group holds approximately \$2,000,000 in cash and cash equivalents, notwithstanding the Board can authorise a capital raising in the event that additional funding is required.

(b) Principles of Consolidation

Icandy Interactive Limited financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2015. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying assets are also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(c) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(e) Earnings Per Share

Basic earnings per share

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the company, excluding any costs of servicing equity (other than dividends), by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(f) Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue from the sale of virtual items is recognised upon passage of the title to customers which coincides with the delivery to and acceptance of the goods by the customer.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Trade and other receivables and trade and other payables in the balance sheet are shown inclusive of GST. Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(h) Impairment

At the end of each reporting date, the company assesses whether there is objective evidence that individual assets have been impaired. If such an indication of impairment exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(i) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(j) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(k) Intangible assets

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 net identifiable assets acquired.

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.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 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 notes to these 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. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

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 being 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.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of five years.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) 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 (premium on assets acquired – Note 21)

(m) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using 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 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 the profit or loss.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(n) Property, Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10 - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

(o) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations 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.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for 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 as 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 regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 2 Parent Information

2015
\$

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

STATEMENT OF FINANCIAL POSITION

ASSETS	
Current Assets	56,773
Non-current Assets	12,144
TOTAL ASSETS	<u>68,917</u>
LIABILITIES	
Current Liabilities	132,838
Non-current Liabilities	3,018
TOTAL LIABILITIES	<u>135,856</u>
NET ASSETS / (LIABILITIES)	<u>(66,939)</u>
EQUITY	
Issued Capital	260,142
Retained earnings	(357,998)
Currency translation reserve	30,917
TOTAL EQUITY	<u>(66,939)</u>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Loss for the year	(50,371)
Other comprehensive income for the year	(24,979)
Total comprehensive loss for the year	<u>(75,350)</u>

Contingent liabilities

The parent entity did not have any contingent liabilities as at 31 December 2015.

Note 3 Revenue and Other Income

Consolidated Group

**Nine months ending
31 December 2015**
\$

(a) Revenue from continuing operations

Revenue	
— Sale of mobile game applications	150,286
	<u>150,286</u>
Other revenue	
— Interest Income	1,643
— Unrealised foreign exchange gain/(loss)	3,036
— Realised foreign exchange gain/(loss)	(719)
	<u>3,960</u>
Total revenue	<u>154,246</u>
Other income	
	92
Total other income	<u>92</u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 4 Tax Expense

	Consolidated Group Nine months ending 31 December 2015 \$
(a) Numerical reconciliation of income tax expense to prima facie tax expense	
Loss before income tax expense	(250,254)
Prima facie expense at tax rate of 30%	(75,076)
Tax effect of amounts which are not deductible (taxable) in calculating taxable	
Current year tax losses not brought to account	75,076
Income tax expense	-
(b) Deferred tax assets not brought to account	
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 2(b) occur:	
Temporary differences	-
Tax Losses:	
Operating Losses	250,254

Note 5 Cash and Cash Equivalents

	Consolidated Group Nine months ending 31 December 2015 \$
Cash at bank and in hand	427,197
	427,197
Reconciliation of cash	
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:	
Cash and cash equivalents	427,197
	427,197

Note 6 Trade and Other Receivables

	Consolidated Group Nine months ending 31 December 2015 \$
CURRENT	
Trade receivables	155,911
Provision for impairment	-
	155,911
Other receivables	3,515
GST receivables	8,544
Total current trade and other receivables	167,970

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 6. 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, Singapore and 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:

	Consolidated Group Nine months ending 31 December 2015 \$
AUD	
Australia	8,933
Singapore	109,201
Malaysia	49,836
	167,970

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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.

	Gross Amount \$	Past due and impaired \$	Past due but not impaired				Within initial trade terms \$
			<30 \$	31-60 \$	61-90 \$	>90 \$	
2015							
Trade and term receivables	155,911	-	-	-	-	109,201	46,710
Other receivables	12,059	-	-	-	-	-	12,059
Total	167,970	-	-	-	-	109,201	58,769

(a) **Collateral Held as Security**

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

(b) **Financial Assets Classified as Loans and Receivables**

Trade and other Receivables

— Total current

— Total non-current

Financial assets

Consolidated Group
Nine months ending
31 December 2015
\$

167,970

-

167,970

Note 7 Other assets

Consolidated Group
Nine months ending
31 December 2015
\$

CURRENT

Prepayment

98,541

98,541

Note 8 Property, Plant and Equipment

Consolidated Group
Nine months ending
31 December 2015
\$

PLANT AND EQUIPMENT

Plant and equipment:

At cost

30,150

Accumulated depreciation

(19,086)

11,064

LEASEHOLD IMPROVEMENT

Leasehold improvements

At cost

5,964

Accumulated amortisation

(2,283)

3,681

SIGNAGE

At cost

415

Accumulated amortisation

(41)

374

Total property, plant and equipment

15,119

(a) **Movements in Carrying Amounts**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold Improvements \$	Plant and Equipment \$	Signage \$	Total \$
Consolidated Group:				
Balance at 20 March 2015	-	-	-	-
Additions	-	7,130	415	7,545
Disposals	-	-	-	-
Additions through acquisition of entity	4,771	10,338	-	15,109
Depreciation expense	(1,090)	(6,404)	(41)	(7,535)
Balance at 31 December 2015	<u>3,681</u>	<u>11,064</u>	<u>374</u>	<u>15,119</u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 9 Intangible Assets

	Consolidated Group Nine months ending 31 December 2015 \$
Computer software:	
Cost	286,145
Accumulated amortisation and impairment losses	(83,684)
Net carrying amount	<u>202,461</u>
	<u>202,461</u>
Total intangibles	<u><u>202,461</u></u>

Consolidated Group:

	Computer Software \$	Total \$
Nine months ending 31 December 2015		
Balance at 20 March 2015	-	-
Additions through acquisition of entity	247,484	247,484
Amortisation charge	(45,023)	(45,023)
Closing value at 31 December 2015	<u>202,461</u>	<u>202,461</u>

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 and other comprehensive income.

Note 10 Trade and Other Payables

	Consolidated Group Nine months ending 31 December 2015 \$
CURRENT	
Unsecured liabilities	
Trade payables	6
Sundry payables and accrued expenses	177,201
Pre IPO funds	382,416
Unearned income	<u>193,648</u>
	<u><u>753,271</u></u>
NON-CURRENT	
Unsecured liabilities	
— ultimate parent entity	86,418
— subsidiaries of ultimate parent entity	537,056
— other related parties	<u>16,299</u>
	<u><u>639,773</u></u>
	Consolidated Group Nine months ending 31 December 2015 \$
(a) Financial liabilities at amortised cost classified as trade and other payables	
Trade and other payables	
— Total current	753,271
— Total non-current	<u>639,773</u>
	<u><u>1,393,044</u></u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 11 Issued Capital

	Consolidated Group Nine months ending 31 December 2015
	\$
206,783,334 fully paid ordinary shares	20,061,697
	<u>20,061,697</u>

The company has authorised share capital amounting to 206,783,334 ordinary shares.

(a) Ordinary Shares

At the beginning of the reporting period
Shares issued during the year
At the end of the reporting period

Consolidated Group Nine months ending 31 December 2015
No.
-
206,783,334
<u>206,783,334</u>

At incorporation date, 1 fully paid ordinary share was issued to Fatfish Internet Group Limited, the ultimate head company of the consolidated group.

On 28 April 2015, 75,000 fully paid ordinary shares at \$0.001 per share were issued to the directors of the company.

On 4 May 2015, 200,000,000 fully paid ordinary shares were issued at \$0.10 per share in consideration to the acquisition of Kensington Ventures Pte Ltd and High Joyful International Limited.

On 26 May 2015, an extra 6,033,333 fully paid ordinary shares were issued at \$0.06 per share raising \$362,000 net of capital raising costs.

As at 31 December 2015, a total of \$300,379 has been prepaid in relation to capital raising costs for the company's IPO. This amount has been credited against the share capital.

(b) Options

There were no listed options on issue for the nine months ended 31 December 2015.

The following reconciles with the outstanding unlisted options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial year:

	Nine months ending 31 December 2015
	No.
Balance at beginning of the period	-
Granted during the financial year	8,033,333
Balance at the end of the financial year	<u>8,033,333</u>
Exercisable at the end of the financial year	<u>8,033,333</u>

(c) Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Consolidated Group Nine months ending 31 December 2015
	\$
Total borrowings	-
Less cash and cash equivalents	(427,197)
Net debt	<u>(427,197)</u>
Total equity	<u>(481,756)</u>
Total capital	<u>(908,953)</u>
Gearing ratio	47%

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 12 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.

Subsidiaries of iCandy Interactive Limited:	Principal place of business	Ownership interest held by the Group
		2015
		(%)
Kensington Ventures Pte Ltd	Singapore	100%
High Joyful International Limited	British Virgin Island	100%
Appxplore Sdn Bhd (100% owned by High Joyful International Limited)	Malaysia	100%

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.

(b) Significant Restrictions

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

Note 13 Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 December 2015.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	Nine months ending 31 December 2015
	\$
Short-term employee benefits	61,500
Share-based payments	75
Total KMP compensation	<u>61,575</u>
Short-term employee benefits	
– these amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.	
Share-based payments	
– these amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.	

Further information in relation to KMP remuneration can be found in the Director's Remuneration Report.

Note 14 Auditors' Remuneration

	Consolidated Group Nine months ending 31 December 2015 \$
Remuneration of the auditor for:	
– auditing or reviewing the financial report of iCandy Interactive Limited	17,000
– auditing or reviewing the financial report of subsidiaries	<u>6,882</u>
	<u>23,882</u>

Note 15 Earnings per Share

	Consolidated Group Nine months ending 31 December 2015 \$
(a) Reconciliation of earnings to profit or loss	
Loss	(250,254)
Loss used to calculate basic EPS	(250,254)
	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	173,598,723
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>173,598,723</u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 16 Cash Flow Information

	Consolidated Group Nine months ending 31 December 2015 \$
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax	
Profit after income tax	(250,254)
Non-cash flows in loss:	
Depreciation	52,558
Change in operating assets:	
(Increase)/decrease in trade and term receivables	(228,681)
(Increase)/decrease in prepayments	(98,541)
Increase/(decrease) in trade payables and accruals	559,623
Cash flows from operating activities	<u>34,705</u>

Note 17 Related Party Transactions

Related Parties

(a) The Group's main related parties are as follows:

i. Entities exercising control over the Group:

The ultimate parent entity that exercises control over the Group is Fatfish Internet Group Limited, which is incorporated in Australia.

ii. Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 13 - Key Management Personnel Compensation.

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise

The following transactions occurred with related parties:

	Consolidated Group Nine months ending 31 December 2015 \$
i. Director related entities	
- Directors' fees paid to ICW Capital, of which Mr Ivan Perry Wu is a director and shareholder	61,500

(c) Reimbursement Transactions with related parties

	Consolidated Group Nine months ending 31 December 2015 \$
Reimbursement of business expenses incurred by the Company and initially settled by ICW Capital, of which Mr Ivan Perry Wu is a director and shareholder. All expenses were incurred on an arm's length basis.	11,046

(d) Amounts payable to related parties

	Consolidated Group Nine months ending 31 December 2015 \$
i. Loans from the Ultimate Parent Entity	
Beginning of the year	-
Loans advanced	86,418
Loan repayment received	-
End of the year	<u>86,418</u>
ii. Loans from Subsidiaries of Ultimate Parent Entity	
Beginning of the year	-
Loans advanced	537,056
Loan repayment received	-
End of the year	<u>537,056</u>
iii. Loans from Other Related Parties	
Beginning of the year	-
Loans advanced	16,299
Loan repayment received	-
End of the year	<u>16,299</u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 17 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.

Basis of accounting for purposes of reporting by operating segments

- (a) **Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

- (b) **Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

- (c) **Segment liabilities**

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

- (d) **Unallocated items**

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Current tax liabilities
- Other financial liabilities
- Intangible assets

- (e) **Segment information**

- (i) **Segment performance**

	Development of digital media	Development of intellectual properties	All other segments	Total
	\$	\$	\$	\$
Nine months ending 31 December 2015				
REVENUE				
External sales	-	150,378	-	150,378
Other income	-	2,318	-	2,318
Interest revenue	-	28	1,614	1,642
Total segment revenue	-	152,724	1,614	154,338
<i>Reconciliation of segment revenue to group revenue</i>				
Total group revenue				154,338
Segment net profit from continuing operations before tax	(172,903)	(32,522)	(44,829)	(250,254)
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
Net profit before tax from continuing operations				(250,254)

- (ii) **Segment assets**

	Development of digital media	Development of intellectual properties	All other segments	Total
	\$	\$	\$	\$
31 December 2015				
Segment assets	349,012	68,917	493,359	911,288
Segment assets include:				
— Non-current assets (other than financial assets and deferred tax)	205,435	12,144	-	217,579
<i>Reconciliation of segment assets to group assets</i>				
Intersegment eliminations				-
Total group assets				911,288

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(iii) **Segment liabilities**

	Development of digital media	Development of intellectual properties	All other segments	Total
	\$	\$	\$	\$
31 December 2015				
Segment liabilities	726,786	187,380	478,878	1,393,044
Reconciliation of segment liabilities to group liabilities				-
Intersegment eliminations				-
Total group liabilities				1,393,044

The Group has identified its operating segments based on geographical region.

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:

	31 December 2015
	\$
Australia	1,615
Singapore	-
Malaysia	150,406
Total group revenue	152,021

Assets by geographical region

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

	31 December 2015
	\$
Australia	20,523,811
Singapore	349,632
Malaysia	129,443
Total group assets	21,002,886

Note 18 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group 2015
		\$
Financial Assets		
Cash and cash equivalents	5	427,197
Loans and receivables	6	167,970
Total Financial Assets		595,167
Financial Liabilities		
Financial liabilities at amortised cost		
— Trade and other payables	9	1,393,044
Total Financial Liabilities		1,393,044

Financial Risk Management Policies

The directors are responsible for iCandy Interactive Limited's risk management strategy and management is responsible for implementing the directors' strategy. A risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. iCandy Interactive Limited uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and market risk. iCandy Interactive Limited does not use derivatives.

The consolidated entity's financial instruments consist of deposits with banks and accounts receivables and payables. The main purpose of non-derivative financial instruments is to raise finance for group operations.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year-end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

Consolidated Group	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	177,208	-	-	-	-	-	177,208	-
Amounts payable to related parties	-	-	639,773	-	-	-	639,773	-
Total contractual outflows	177,208	-	639,773	-	-	-	816,981	-
Total expected outflows	177,208	-	639,773	-	-	-	816,981	-

Consolidated Group	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	427,197	-	-	-	-	-	427,197	-
Trade, term and loans receivables	323,881	-	-	-	-	-	323,881	-
Total anticipated inflows	751,078	-	-	-	-	-	751,078	-
Net (outflow) / inflow on financial	573,871	-	(639,773)	-	-	-	(65,903)	-

c. Market Risk

i. Interest rate risk

The Group's exposure to market risk primarily consists of financial risks associated with changes in interest rates as detailed below. As the level of risk is low, the Group does not use any derivatives to hedge its exposure.

The Group is not exposed to interest rate risk on its non-current borrowings as the terms of the loan agreement stipulates that no interest is payable.

ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the SGD Dollar and MYR Dollar may impact on the Group's financial results unless those exposures are appropriately hedged.

The following significant exchange rates were applied during the year.

	Average Rate	Spot Rate
\$1 AUD		
Singapore	0.9674	0.9682
Malaysia	0.3294	0.3521

iii. Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Nine months ended 31 December 2015	Consolidated Group	
	Profit	Equity
	\$	\$
+/- 0.75% in interest rates	3,204	3,204
+/- 10% in \$A/\$SGD	(232)	320
+/- 10% in \$A/\$MYR	(1,054)	(1,057)

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group.

	Note	2015 Carrying Amount \$	Fair Value \$
Consolidated Group			
Financial assets			
Cash and cash equivalents	11	427,197	427,197
Trade and other receivables:		98,541	98,541
Total financial assets		525,738	525,738
Financial liabilities			
Trade and other payables		1,393,044	1,393,044
Total financial liabilities		1,393,044	1,393,044

- (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. The fair values of receivables and payables are determined on the basis of an income approach using a discounted cash flow methodology. Discount rates are based on market interest rates for similar instruments and range between 7.8% and 9.3%, depending upon the nature of the instrument.
- (ii) Term receivables reprice to market interest rates every three months, ensuring carrying amounts approximate fair value.

Note 19 Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets as at 31 December 2015 or to the date of this report.

Note 20 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On 4 February 2016, iCandy Interactive Limited was officially admitted into the Australian Stock Exchange, trading under ticker code 'ICI', raising \$4,500,000.

In March 2016, High Joyful International Limited (HJIL) have changed their name to iCandy Ventures Limited.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 21 Reserves

a. Foreign Currency Translation Reserve

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

	Nine months ending 31 December 2015
	\$
Balance at the beginning of the period	-
Foreign currency movements during the year	3,200
	<u>3,200</u>

b. Premium of Assets Acquired

During May 2015 the Company acquired High Joyful Pte Ltd (a company incorporated in British Virgin Island) and Kensington Venture Pte Ltd (incorporated in Singapore), a transaction that 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 could not be the accounting acquirer and is was subsequently determined that High Joyful Pte Ltd would be in the accounting acquirer an entity that was carrying on a business prior to the business combination.

In accordance with the accounting policy adopted, all assets and liabilities will be 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.

	Nine months ending 31 December 2015
	\$
Balance at the beginning of the period	-
Movements during the year	20,289,999
	<u>20,289,999</u>
Total value of shares issued:	
- Acquisition of High Joyful International Limited (150,000,000 shares at \$0.10 per share)	15,000,000
- Acquisition of Kensington Ventures Pte Ltd (50,000,000 shares at \$0.10 per share)	5,000,000
	<u>20,000,000</u>
Net assets acquired:	
- High Joyful International Limited	(47,427)
- Kensington Ventures Pte Ltd	(242,571)
	<u>(289,999)</u>
Premium of assets acquired:	<u>20,289,999</u>
	<u><u>20,289,999</u></u>
	Nine months ending 31 December 2015
	\$
Total Reserves	
Foreign currency translation reserve	3,200
Other components of equity	20,289,999
	<u>20,293,199</u>

Note 22 Company Details

The registered office of the company is:

Icandy Interactive Limited
Level 2/ 395 Collins Street
Melbourne VIC 3000

The principal places of business are:

Icandy Interactive Limited
Level 2/ 395 Collins Street
Melbourne VIC 3000

**ICANDY INTERACTIVE LIMITED ABN: 87 604 871 712
AND CONTROLLED ENTITIES
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 23 to 42, 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 (IFRS); and
 - (b) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the 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.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001.



Director

Mr Donald Low

Dated this 31 March 2016

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

**Independent Auditor's Report
To the Members of ICandy Interactive Limited**

Report on the financial report

We have audited the accompanying financial report of ICandy Interactive Limited (the 'Company'), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion, the financial report of ICandy Interactive Limited is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- iii. the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 20 to 21 of the directors' report for the year ended 31 December 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of ICandy Interactive Limited for the year ended 31 December 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 31 March 2016

**ICANDY INTERACTIVE LIMITED ABN: 87 604 871 712
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

The following information is current as at 30 March 2016:

1. Shareholding

a. Distribution of Shareholders and Option holders

Category (size of holding)	Number	
	Ordinary Shares	Listed Options
1 – 1,000	937	-
1,001 – 5,000	59,655	5,000
5,001 – 10,000	3,355,845	3,760,000
10,001 – 100,000	1,128,830	1,223,286
100,001 – and over	19,764,733	25,545,047
	24,310,000	30,533,333

b. The number of shareholdings held in less than marketable parcels is 41. (2014: nil)

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder	Number	
	No. of Fully Paid Ordinary Shares	% Held of Issued Ordinary Capital
Fatfish Internet Pte Ltd	187,500,001	81.78%

d. The names of the substantial option holders listed in the holding company's register are:

Shareholder	Number	
	No. of Listed Options	% Held of Listed options
Mr Mah Yong Sun	10,006,714	32.77%
Mr Poh Khuan Low	1,833,333	6.00%

e. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Listed Options

- These options have no voting rights.

f. 20 Largest Shareholders — Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Fatfish Internet Pte Ltd	187,500,001	81.78%
2. Mr Mah Yong Sun	10,006,714	4.36%
3. Fatfish Medialab Pte Ltd	5,000,000	2.18%
4. Mr Choy Tze Lee	3,750,000	1.64%
5. Mr Jenn Yu Lim	3,750,000	1.64%
6. Nefco Nominees Pty Ltd	1,520,000	0.66%
7. Ms Lay Chin Moey	1,491,750	0.65%
8. Mr Poh Khuan Low	1,283,333	0.56%
9. Mr Lee Yoke Khai	1,000,000	0.44%
10. RHB Securities Singapore Pte Ltd <Clients A/C>	1,000,000	0.44%
11. CGAM Pty Ltd	933,333	0.41%
12. Ms Poh Khuan Low	825,000	0.36%
13. Planetbiz Investments Limited	816,667	0.36%
14. Mr Seng Tan	783,000	0.34%
15. ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	737,201	0.32%

**ICANDY INTERACTIVE LIMITED ABN: 87 604 871 712
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

16.	Citicorp Nominees Pty Limited	701,130	0.31%
17.	Mrs Lao Soi Fong	500,000	0.22%
18.	Mr The Chong Jin	500,000	0.22%
19.	Mr Ivan Perry Wu	500,000	0.22%
20.	National Nominees Limited	350,000	0.15%
		222,948,129	97.26%

g. 20 Largest Option holders — Listed Options

		Number of Listed	% Held of Listed
Name		Options	Options
1.	Mr Mah Yong Sun	10,006,714	32.77%
2.	Mr Poh Khuan Low	1,833,333	6.00%
3.	Nefco Nominees Pty Ltd	1,525,000	4.99%
4.	Ms Lay Chin Moey	1,480,000	4.85%
5.	CGAM Pty Ltd	1,333,333	4.37%
6.	Planetbiz Investments Limited	1,166,667	3.82%
7.	Mr Lee Yoke Khai	1,000,000	3.28%
8.	Lawley Investments Pty Ltd <Fourth Avenue Superannuation A/C>	1,000,000	3.28%
9.	RHB Securities Singapore Pte Ltd <Clients A/C>	1,000,000	3.28%
10.	Mr Seng Tan	700,000	2.29%
11.	Gazump Resources Pty Ltd	635,000	2.08%
12.	Accent Accounting (WA) Pty Ltd	500,000	1.64%
13.	Elohim Nominees Pty Ltd <Eagle Equity A/C>	500,000	1.64%
14.	Mrs Lao Soi Fong	500,000	1.64%
15.	Mr Yap Pin Ho	500,000	1.64%
16.	Mr The Chong Jin	500,000	1.64%
17.	Ms Poh Khuan Low	275,000	0.90%
18.	Mr Choon Huat Tan	250,000	0.82%
19.	Wong Yin Kee	240,000	0.79%
20.	Accounting Strategists Pty Ltd <Accounting Strategists A/C>	200,000	0.66%
		25,145,047	82.38%

2. The name of the company secretary is Mr Donald Low.
3. The address of the principal registered office in Australia is Level 2, 395 Collins Street, Melbourne Vic 3000.
4. Registers of securities are held at the following addresses
Link Market Services Limited
Level 4, 152 St Georges Terrace
Perth WA 6000
5. **Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.