ACN 122 921 813

Interim Financial Statements
For the Half-Year ended 30 June 2017

Contents to the Half-Year 2017 Financial Report

APPENDIX 4D

Interim financial report for the half-year ended 30 June 2017

Reporting period

Half-year ended 30 June 2017

Comparative period

Half-year ended 30 June 2016

Results for announcement to the market

	Percentage change %		Amount A$ '000
Revenue from ordinary activities	(6%)	to	3,739
Loss from ordinary activities after tax	30%	to	(4,167)
Net loss attributable to members of Animoca Brands Corporation Limited	30%	to	(4,167)

Changes in controlled entities

On 4 July 2016, the Company completed the acquisition of the entire 100% equity interest in TicBits Oy from Mr Fredrik Wahrman and Mr Niklas Wahrman (collectively, the "Founders" or the "Sellers"). The acquisition was made to enhance the Group's position in the mobile games industry.

Name	Principal Activities	Country of incorporation	% Equity interest	
			30 June 2017	30 June 2016
Animoca Brands Corporation	Mobile app game maker	British Virgin Islands	100%	100%
Animoca Brands Ltd	Mobile app game maker	Hong Kong	100%	100%
TicBits Oy	Mobile app game maker	Finland	100%	-

Dividend information

No dividend was paid or declared by the Company for the period ended 30 June 2017 or the comparative period.

Net Tangible Assets Per Security

	30 June 2017 $	30 June 2016 $
Net tangible assets per security	0.006	0.030*

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

Other information

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

For a brief explanation of the figures above, please refer to the Announcement about the results for the half-year ended 30 June 2017 and the notes to the financial statements.

CORPORATE INFORMATION

ABN 29 122 921 813

Directors
Mr David Kim (Chairman)
Mr Yat Siu
Mr David Brickler
Dr Nigel Finch
Mr Robert Yung (Managing Director), resigned 6 June 2017 to become CEO only
Mr Bin Hu, resigned 6 June 2017

Company Secretary
Ms Alyn Tai, appointed 20 March 2017
Ms Jillian McGregor, resigned 20 March 2017

Registered office
Level 1, 61 Spring Street, Melbourne, VIC, Australia, 3000, from 20 March 2017

Share Register
Security Transfers Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Phone: +61 8 9315 2333

Animoca Brand Corporation Limited's shares are listed on the Australian Securities Exchange (ASX) under the stock code 'AB1'. Its presentation and functional currency is Australian dollars and, unless otherwise stated, amounts referred to in this report are stated in this currency.

Auditors
Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
Adelaide, South Australia, Australia

Grant Thornton Hong Kong
Level 12, 28 Hennessey Road
Wan Chai, Hong Kong

Website
http://www.animocabrands.com/

DIRECTOR'S REPORT

The Directors of Animoca Brands Corporation Limited ('Animoca' or 'the Company') present their Report together with the financial statements of the Consolidated Entity, being Animoca and its Controlled Entities ('the Group') for the half-year ended 30 June 2017.

Directors

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

Mr David Kim (Chairman)
Mr Yat Siu
Mr David Brickler
Dr Nigel Finch
Mr Robert Yung (Managing Director), resigned 6 June 2017 to become CEO only
Mr Bin Hu, resigned 6 June 2017

Company Secretary

Ms Alyn Tai, appointed 20 March 2017
Ms Jillian McGregor, resigned 20 March 2017

Principal activities

The Group's principal activities are the development and marketing of a broad portfolio of mobile games and apps for smartphones and tablets all over the world. Mobile games and apps developed and/or published by the Group are made available for customers on different App stores including Apple's App Store and Google's Google Play. The Group monetizes its games and apps through In-App purchases and advertising offered to the consumers within games and apps for smartphones and tablets.

In addition to mobile games, the Group launched in the 2016 financial year additional products orientated to educational learning, including e-books and a book app, which are the first two new products and are likely to develop further in the coming year.

Presentation currency

All amounts, including comparative amounts, are stated in Australian Dollars.

Review of operations

Game Portfolio and User Growth

In the first half of 2017, Animoca Brands launched 26 new mobile games and apps bringing the total number of mobile games and apps in its portfolio to 507. Cumulative total downloads continued to grow, reaching 293.3m at 30 June 2017, up 33% compared to 30 June 2016.

Key Metrics

	1H16	1H17	% Change YoY
Average Monthly Active Users	11.5m	9.5m	(17%)
Average New Monthly Users	7.6m	5.5m	(28%)
Total Apps	441	507	+15%
New Apps	30	26	(13%)
New downloads	45.2m	28.6m	(37%)
Total Downloads	219.9 m	293.3 m	+33%

Brand portfolio expansion

Over the last 6 months, the Company added new brands to its brand portfolio including the popular brands *Star Stable Online* and *Tokyo Casino Project* through partnership agreements with Star Stable Entertainment AB (for Star Stable Online) and leading Japanese game developer, COLOPL (for Tokyo Casino Project).

New mobile health product and renewal of Garfield brand license

In March 2017, the Company launched its first mobile health app, Garfield Fit, a sophisticated pedometer with tailored fitness functions for children and adults providing motivation for them to move more and adopt healthier lifestyles. Garfield is one of the most best performing brands in the Company's portfolio, with over 65m downloads across several apps.

Pleasingly, the Company also renewed its licensing agreement with Paws Inc for the Garfield brand for a further six years. The extension of the license and launch of the new product demonstrates the Company's continue ability to build secure, long-term partnerships with leading global brands.

Expansion of e-Learning portfolio

The Company continued to expand its portfolio of education-based, subscription products with the addition of educational mobile app, BrainyTap. BrainyTap enables the Company to offer educational content by leveraging its portfolio of licensed brands, and offers a range of over 1,200 e-books. The expansion is in line with the Company's focus on exploring additional distribution channels to access the high value education market.

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Review of financial results and position

Revenues and expenses

Operating revenue for 1H17 reached $3.7m, representing a decrease of approximately 6% over the previous corresponding period. Revenues from in-app purchases (IAPs) and advertising continued to perform broadly in-line with the Company's expectations.

Service revenues were below budget due to the Company's decision following the business review (announced on 28 April 2017) to suspend certain lower-margin projects and reduce the Company's cost base accordingly. In addition, a reduction of staffing levels (implemented as part of the Company's cost base restructure) resulted in some projects slated for release within 1H17 to be pushed into 2H17.

Expenses for employee benefits and other expenses were 58% and 74% higher respectively than in 1H16, as a result of an increase in headcount in line with significant development activity related to the launch of e-books undertaken in 2H16 and because of provision for earn-out payments related to TicBits acquisition. Following the completion of the recent development phase, these expenses are expected to moderate in 2H17.

Receivables and cash outlook

Cash receipts from customers totaled $3.7m, a slight increase on 1H16 ($3.3m). Receivables were $3.0m reflecting lower than expected cash collections during the half year. The majority of the outstanding receivables balance comprises three major accounts with whom the Company has long-standing business relationships and reliable credit histories. In particular, the Company expects to collect a large receivable amount of approximately $1.2m early in the second half of 2017 and the balance during 2H17.

The Company ended 1H17 with a cash balance of $1.0m, a decrease of approximately $5.1m from 1H16. This was driven primarily by completion of a major development phase, one-off restructuring costs as well as lower than expected collections. The Company expects its cash collections to improve in 2H17. In addition, following the restructuring of the business, cash operating costs are expected to be lower in 2H17 than in 1H17.

Significant changes in the state of affairs

Accelerated non-renounceable entitlement offer

In February 2017, the Company successfully raised $5.2 million, at an issue price of $0.03 per share on a 4 for 5 shares basis in an underwritten accelerated non-renounceable entitlement offer to institutional and retail investors.

The funds raised from the entitlement offer were used to meet working capital requirements and strategic growth opportunities, including enhancing the Company's valuable portfolio of games and e-book engines, and accelerating its rate of new game/app releases with higher quality and more developed engines.

Material cost rationalization

In April 2017, the Company announced a significant review of its cost base with the aim of increasing its operating leverage, streamlining costs and delivering profitability by the end of 2H17.

As part of this review, the Company implemented a number of changes to the Board's composition including:

- Resignation of Mr Bin Hu as Non-Executive Director
- Mr Robby Yung's transition from Managing Director to CEO only

The Company also announced changes to its remuneration framework, including:

- A voluntary reduction of Mr Robby Yung's executive remuneration from ~$260k p.a. to ~$125k p.a, representing a 52% reduction;
- Mr David Kim (Non-Executive Chairman) and Mr Yat Siu (Non-Executive Director) have waived their Directors' fees; and
- Mr David Brickler (Non-Executive Director) voluntarily reduced his Directors' remuneration by 50% from $30k to $15k p.a.

The Company also completed a major reset of its cost base following the completion of a major phase of title development, with the Company reducing its staffing levels accordingly. Annualized cost savings from headcount reduction are expected to exceed $3.0m, with such savings expected to be released in full by the end of the year.

Significant events after the reporting date

On 28 August 2017, the Company announced the completion of a transaction to sell 13 games titles (**Games**) for US$1.12million, with the option to divest a further 2 Apps to Maple Media LLC for additional of US$50,000. All Games to be sold as part of the transaction comprise the non-core component of the Company's TicBits acquisition (completed in 2016). Collectively, these games contributed approximately ~$0.4m (~10%) of total 1H17 revenue.

The transaction follows a comprehensive review of the Company's portfolio, and is in line with its renewed strategy of leveraging and streamlining its portfolio of mid to hard-core gaming titles to achieve a more sustainable business in the future.

The Company will receive an upfront cash consideration of US$1.12m, and further deferred payments of up to a total ~$2.2m are payable subject to revenue hurdles in 2018 and 2019.

The sale of the Games provides the Company with a material inflow of cash and significantly strengthens its balance sheet, enabling it to focus on its strategic goal of profitable growth following the Company's recent cost reduction programme.

The Company is also planning to launch 22 new titles early in 2H17, which should support revenue growth in the upcoming half of 2017.

Going forward, the Company is focused on further optimization of its valuable portfolio and the realization of the cost reductions, with the overriding strategic objective of achieving profitability by the end of 2H17.

Dividends

No dividend was paid or declared by the Company in the half-year 2017 or the comparative period.

Environmental regulation and performance

The Group's operations are not subject to any significant environmental regulations in Australia and Hong Kong.

Share options

At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

Issue Date	Expiry Date	Exercise Price	Balance at 1 Jan 2017	Net Issued/(exercised or expired) during year	Balance at 30 June 2017
24/12/2014	23/01/2018	$0.20	2,366,025	-	2,366,025
			2,366,025	-	2,366,025

In accordance with the Company's replacement prospectus dated 4 December 2014, a total of 2,366,025 unlisted options were issued to the brokers of the Company in connection with the acquisition of Animoca Brands Corporation.

Auditor

Grant Thornton Audit Pty Ltd is in office in accordance with section 327 of the Corporations Act (Cwth) 2001. A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 12 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the Directors.

Mr. David Kim
Chairman
31 August 2017

Grant Thornton

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Animoca Brands Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Justin Humphrey
Partner - Audit & Assurance

Adelaide, 31 August 2017

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 30 June 2017	Note	30 June 2017	30 June 2016
Revenue from operating activities	7	3,738,865	3,985,621
Cost of revenue from operating activities		(1,617,902)	(1,702,062)
Gross profit		**2,120,963**	**2,283,559**
Interest Income		6,028	9,436
Gain on fair value adjustment – Performance Shares		-	206,250
Bad debt reversal		563,322	-
Employee benefits expenses		(1,069,215)	(677,010)
Marketing expenses		(1,443,122)	(1,586,043)
Occupancy expenses		(420,343)	(372,296)
Research and Development expenses		(2,817,788)	(2,387,015)
Other expenses	8	(1,092,689)	(627,638)
Loss before income tax expense		**(4,152,844)**	**(3,150,757)**
Tax benefit/(expense)		(14,520)	(51,944)
Loss from continuing operations		**(4,167,364)**	**(3,202,701)**
Loss attributable to members of the parent entity		**(4,167,364)**	**(3,202,701)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(109,007)	(93,921)
Total comprehensive loss for the year		**(4,276,371)**	**(3,296,622)**
Loss per share:		*Cents*	*Cents*
Basic loss per share	15	1.19	1.73
Diluted loss per share	15	1.19	1.73

The accompanying notes form part of these financial statements

Consolidated statement of financial position

As at 30 June 2017	Note	30 June 2017	31 December 2016
CURRENT ASSETS			
Cash and cash equivalents		1,015,532	1,526,919
Trade and other receivables	**9**	3,015,952	2,197,005
Financial assets	**10**	603,357	434,083
Other assets	**11**	1,495,063	160,256
TOTAL CURRENT ASSETS		**6,129,904**	**4,318,263**
NON CURRENT ASSETS			
Plant and equipment		137,655	140,139
Goodwill		1,621,993	1,724,208
TOTAL NON CURRENT ASSETS		**1,759,648**	**1,864,347**
TOTAL ASSETS		**7,889,552**	**6,182,610**
CURRENT LIABILITIES			
Trade and other payables		3,305,959	2,465,861
Short-term provisions		124,813	122,056
Other financial liabilities	**5**	567,811	292,841
TOTAL CURRENT LIABILITIES		**3,998,583**	**2,880,758**
TOTAL LIABILITIES		**3,998,583**	**2,880,758**
NET ASSETS		**3,890,969**	**3,301,852**
EQUITY			
Contributed equity	**12**	30,556,231	25,690,743
Reserves	**13**	(22,001)	87,006
Accumulated losses		(26,643,261)	(22,475,897)
TOTAL EQUITY		**3,890,969**	**3,301,852**

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity

For the period ended 30 June 2017

	Note	Issued Capital	Share based Payments reserve	Foreign currency translation reserve	Other components of Equity	Accumulated losses	Total equity
Balance at 1 January 2017		25,690,743	248,345	(161,339)	-	(22,475,897)	3,301,852
Comprehensive income							
Loss for the period		-	-	-	-	(4,167,364)	(4,167,364)
Other comprehensive income/(expense)		-	-	(109,007)	-	-	(109,007)
Total comprehensive income for the period		-	-	(109,007)	-	(4,167,364)	(4,276,371)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued	**12**	5,208,497	-	-	-	-	5,208,497
Transaction costs in issuing shares	**12**	(343,009)	-	-	-	-	(343,009)
Total transactions with owners and other transfers		4,865,488	-	-	-	-	4,865,488
Balance at 30 June 2017		30,556,231	248,345	(270,346)	-	(26,643,261)	3,890,969

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity

For the period ended 30 June 2016

	Note	Issued Capital	Share based Payments reserve	Foreign currency translation reserve	Other components of Equity	Accumulated losses	Total equity
Balance at 1 January 2016		16,192,964	248,345	(124,905)	(3,917,057)	(10,633,574)	1,765,773
Comprehensive income							
Loss for the period		-	-	-	-	(3,202,701)	(3,202,701)
Other comprehensive income/(expense)		-	-	(93,921)	-	-	(93,921)
Total comprehensive income for the period		-	-	(93,921)	-	(3,202,701)	(3,296,662)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued		7,500,000	-	-	-	-	7,500,000
Transaction costs in issuing shares		(402,222)	-	-	-	-	(402,222)
Total transactions with owners and other transfers		7,097,778	-	-	-	-	7,097,778
Balance at 30 June 2016		23,290,742	248,345	(218,826)	(3,917,057)	(13,836,275)	5,566,929

The accompanying notes form part of these financial statements

Consolidated statement of cash flows

For the half-year ended 30 June 2017	30 June 2017	30 June 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,734,521	3,329,631
Interest received	6,028	9,436
Payments to suppliers and employees	(8,998,529)	(8,812,657)
NET CASH (USED IN) OPERATING ACTIVITIES	**(5,257,980)**	**(5,473,590)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,889)	(82,953)
Purchase of financial assets	-	(217,666)
NET CASH (USED IN) INVESTING ACTIVITIES	**(9,889)**	**(300,619)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	5,208,497	7,500,000
Payment of transaction costs for issue of shares	(343,009)	(402,222)
NET CASH PROVIDED BY/ (USED IN) FINANCING ACTIVITIES	**4,865,488**	**7,097,778**
Net increase/ (decrease) in cash and cash equivalents	(402,381)	1,323,569
Exchange rate adjustments	(109,007)	(93,921)
Cash at the beginning of the period	1,526,919	4,935,747
CASH AT THE END OF THE PERIOD	**1,015,531**	**6,165,395**

The accompanying notes form part of these financial statements

Notes to the interim consolidated financial statements

For the half-year ended 30 June 2017

1. Corporate information

The consolidated financial statements of Animoca Brands Corporation Limited and its subsidiaries (collectively, the Group) for the half-year ended 30 June 2017 were authorized for issue in accordance with a resolution of the directors on 31 August 2017.

Animoca Brands Corporation Limited is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The Group's principal activities are described in the director's report.

2. Summary of significant accounting policies

2.1. Basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements'), which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board are for the six (6) months ended 30 June 2017. The financial report has also been prepared on a historical cost basis.

These general-purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards. They should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016 and any public announcements made by the Group during the first semester 2017 in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The consolidated financial statements provide comparative information in respect of the previous period. The financial report is presented in Australian dollars, being the presentation currency for the Group.

The financial report has been prepared on the basis of a going concern.

2.2. Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last financial statements for the year ended 31 December 2016.

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

2.3. Changes in accounting policy, disclosures, standards and interpretations

(i) Changes in accounting policies

The accounting policies adopted in the preparation of this Interim Report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended that potentially impact the Group but are not yet effective and have not been adopted by the Group for the interim reporting period ended 30 June 2017 are outlined below:

2.4. New and revised standards that are effective for these financial statements

(i) New and revised standards that are effective for these financial statements

The Group applied a number of amendments to accounting standards applicable for the first time for the financial year beginning 1 January 2017.

The amendments below did not impact the consolidated financial statements and disclosures of the Group:

- *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

In addition, several other standard amendments and interpretations were applicable for the first time in 2017, but were not relevant to the Group and do not impact the Group's consolidated financial statements.

(ii) Accounting Standards issued but not yet effective and not been adopted early by the Group

Australian Accounting Standards and Interpretations that have been recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the half-year reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, as set out below.

AASB 9 Financial Instruments (December 2014) (Application date: 1 January 2018)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting. The group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 15 Revenue from Contracts with Customers (Application date: 1 January 2018)

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The group is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 16 Leases (Application date: 1 January 2019)

- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2019.

3. Operating Segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group has two (2) operating segments: Europe and Asia. In identifying its operating segments, management generally follows the Group's office territories. Both operating segments develop and market mobile app games.

Europe segment consists of TicBits Oy's activities. TicBits was acquired on 4 July 2016. TicBits has its own management team, it engages in business activities from which it may earn revenue and incur expenses, its operating results are reviewed by the Company management to make decisions and its discrete financial information is available.

The Asia segment consists of Animoca Brands Limited's activities. Animoca Brands Limited is the historical operating entity of the Company.

Each of these operating segments is managed separately as each of these segments requires different technologies and resources as well as marketing strategies. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements, except that:

- gains from movement in fair value are not included in arriving at the operating profit of the operating segments.
- corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. In the interim period under review, this primarily applies to the Group's headquarters' assets.

Segment information for the reporting period is as follows:

In $'000	Europe 30 June 2017	Asia 30 June 2017	Total 30 June 2017
Revenue:			
From external customers	-	3,801	3,801
From other segments	369	-	369
Segment revenues	**369**	**3,801**	**4,171**
Less elimination			**(432)**
Net segment revenues			**3,738**
Segment operating profit/(loss)	**(424)**	**(3,494)**	**(3,918)**
Segment assets	**370**	**5,806**	**6,176**

In $'000	Total 30 June 2017
Segment operating profit/(loss)	**(3,918)**
- Professional fees	(139)
- Directors fees	(49)
- Regulatory fees	(23)
- Administration fees	(23)
Group loss before tax	**(4,153)**

There was no separate segment in the prior period.

Customers

The Groups has no individual customer concentration risk. The underlying users are located mainly throughout the Asia Pacific and European regions.

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

4. Information about Subsidiaries

The consolidated financial statements of Animoca Brands Corporation Limited include:

Name	Principal Activities	Country of incorporation	% Equity interest	
			30 June 2017	31 December 2016
Animoca Brands Corporation	Mobile app game maker	British Virgin Islands	100%	100%
Animoca Brands Ltd	Mobile app game maker	Hong Kong	100%	100%
TicBits Oy	Mobile app game maker	Finland	100%	100%

5. Business combinations and goodwill

Pursuant to the share sale and purchase agreement (the "Agreement") dated 4 July 2016, the Company completed the acquisition of the entire 100% equity interest in TicBits Oy from Mr Fredrik Wahrman and Mr Niklas Wahrman (collectively, the "Founders" or the "Sellers") during the year ended 31 December 2016. The acquisition was made to enhance the Group's position in the mobile games industry. TicBits is a significant business in the Group's targeted market.

The goodwill recognized on acquisition represented the expected synergies to be achieved from combining the operations and other intangible assets that did not qualify for separate identification.

Consideration transferred

The acquisition of TicBits was satisfied by:

- a cash payment of $3,614,960 (EUR2,350,000) which was paid during the year ended 31 December 2016;
- Earn Out Payments; and
- Milestone Payments

During the period ended 30 June 2017 and as at the end of the reporting period, no Earn Out Payment or Milestone Payment were paid to the Sellers as the required performance targets were not met.

As at 30 June 2017, no provision for Earn Out Payments have been provided as the directors have determined the performance targets were not met.

As at 31 December 2016, the directors were of the view that it was probable that TicBits would be able to publish two or more new games on or before 31 December 2018. Accordingly, the Company recognised a total share-based payment expense of $275,481 for the year ended 31 December 2016 in relation to the Milestone Payments, with a corresponding adjustment to provision shown in the statement of financial position. A Further provision of $292,330 was provided during the period ending 30 June 2017. The total financial liability at 30 June is $567,811 (2016 - $292,841)

6. Financial Assets and Financial Liabilities

6.1 Fair value

AASB 7 Financial Instruments - Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

All financial instruments were valued using these valuation techniques. There is no change in valuation techniques for financial instruments in the year.

6.2 Financial risk management objectives and policies

The Group's principal financial liabilities comprise of performance shares and trade and other payables. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include trade and other receivables and cash and short-term deposits that are derived directly from its operations.

The Group is not exposed materially to market risk, credit risk or liquidity risk. The Board takes ultimate responsibility for managing the financial risks of the Group.

Foreign exchange

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Trade receivables

The Group has trade receivables due from the App Store (owned by Apple Inc.) and the Google Play Store (owned by Google Inc.) in relation to in app purchases in game apps. In this respect, the Group does have a concentration of receivables with these counterparties. Given the credit worthiness of these parties however, the Group believes it is not exposed to material to credit risk in relation to receivables.

7. Revenue from Operating Activities

	30 June 2017	30 June 2016
App Advertising revenue	1,070,944	916,500
In App Purchases revenue	1,542,071	1,987,292
Service revenue	1,125,850	1,081,829
	3,738,865	**3,985,621**

8. Other expenses

	30 June 2017	30 June 2016
Share registry	23,318	21,336
Travel	143,797	128,267
Insurance	105,918	61,932
Professional fees	331,828	182,389
Other expenses	487,828	233,714
	1,092,689	**627,638**

9. Trade and Other Receivables

	30 June 2017	31 December 2016
Trade Receivables	2,747,935	1,739,770
Related party receivables (i)	268,017	457,235
	3,015,952	**2,197,005**

(i) Related party receivables are non-interest bearing and are generally received within 30-days.

(ii) Top 3 debtors contributed to 62% of total Trade and Other Receivables as at 30 June 2017.

10. Financial assets

	30 June 2017	31 December 2016
Unlisted convertible loan designated at fair value through profit or loss	520,017	345,495
Unlisted Preference shares held and designated at fair value through profit and loss	83,340	88,588
	603,357	**434,083**

The convertible loans bear interest at an annual rate of 6% and matured on 7 May 2017.

The Company designated the entire Convertible Loan as financial assets at fair value through profit or loss at initial recognition. The directors of the Company considered that the fair value of the Convertible Loan is not materially different from its carrying amount at the end of the reporting period.

TinyTap unlisted convertible loan will be converted to ordinary shares in September 2017.

11. Other assets

	30 June 2017	31 December 2016
Prepayments	1,487,306	152,010
Deposits	7,757	8,246
	1,495,063	**160,256**

12. Share Capital

	30 June 2017	31 December 2016
Fully paid ordinary shares	30,556,231	25,690,743
	30,556,231	**25,690,743**

	Number	$
Ordinary shares		
Balance at beginning of reporting period	217,020,708	25,690,743
Shares issued during the year	173,558,751	5,208,497
Transaction costs on shares issued	-	(343,009)
Balance at 30 June 2017	**390,579,459**	**30,556,231**

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared).

13. Reserves

	30 June 2017	31 December 2016
Share based payments reserve	248,345	248,345
Foreign currency translation reserve	(270,346)	(161,339)
	(22,001)	**87,006**

Share-based payments

The share-based payments reserve is used to recognize the value of equity-settled share-based payments provided to employees and consultants, including key management personnel, as part of their remuneration.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiaries of Animoca Brands Corporation Ltd that have a different functional currency than Australian Dollars.

14. Related Party Disclosures

On 1 August 2014, the Company entered an **Office Services and Management Services Agreement** with Outblaze Limited, a company in which Mr Siu is a director. This agreement procures that Outblaze Limited provides office services including:

- use of computer workstations, information system, furniture, fixtures, fittings, office equipment and pantry supplies provided at the Premises;
- use of telephones, fax machines, broadband internet connection, photocopiers and printers at the Premises;
- arrangements for reception, pantry and conference rooms for Client’s staff and visitors; and

- other office facilities, amenities, convenience and services as Provider at its discretion considers necessary to provide to Client for its business purposes from time to time.

In consideration of office services, the Company shall pay to Outblaze Limited as and by way of service charges HK$2,300 per workstation per month.

During the half year ended 30 June 2017, the Company has paid office service fees of $250,530 to Outblaze Limited pursuant to this agreement.

On 1 August 2014, the Company entered a **Mobile App Advertising Services Agreement** with Outblaze Ventures Holdings Limited, a wholly owned subsidiary of Appionics Holdings Ltd. Messrs Kim, Yung and Siu are all directors of Appionics Holdings Ltd. This agreement procures that Outblaze Ventures Holdings Limited provide, maintain and operate the following services:

- using the Muneris technology services platform to integrate the Muneris SDK and the Animoca Brands SDK into the Apps,

- using such technology to provide advertising, marketing and distribution services in relation to the Apps, and

- hosting and serving services (including customer support and community management services) for the Apps

The Muneris SDK allows Animoca Brands to distribute the apps and sell ads in the apps. In consideration of the provision of the services, Outblaze Ventures Holdings limited shall be entitled to the commissions of 20% of net revenue. Animoca Brands benefits from a discounted 20% commission rate of net revenue on distribution and sold ads (market average around 30% commission rate of net revenues) due to the volume of business.

During the half year ended 30 June 2017, the Company has paid mobile app advertising services for $386,347.

Set out below is a summary of related party companies trade receivables/(payables) at reporting date:

Name of the company	Relationship	30 June 2017	31 December 2016
Totally Apps Holdings Limited	Mr Siu is a director	196,654	457,228
Baby Cortex Holdings Limited	Mr Kim is a director	39	6
Family Fit Limited	Mr Siu is a director	15,247	-
Outblaze Ventures Holdings Limited	Messrs Kim, Siu and Yung are directors	56,077	(174,479)
Outblaze Limited	Mr Siu is a director	(231,778)	(251)

In addition to the contracted related party transactions detailed above, receivables and payables include amounts that are due (receivable in relation to app revenues collected on behalf of Animoca Brands and reimbursements of marketing and promotional expenses payables paid on behalf of the company.

15. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.
The following reflects the income and share data used in the basic and diluted earnings per share computations:

	30 June 2017	30 June 2016
Net loss attributable to ordinary equity holders of the parent entity:		
Continuing operations	**4,167,364**	**3,202,701**
Weighted average number of ordinary shares for basic earnings per share	350,696,515	184,604,041

Pursuant to AASB 133 – there is no dilutive securities on issue.

16. Subsequent Events

On 28 August 2017, the Company announced the completion of a transaction to sell 13 games titles (Games), with the option to divest a further 2 Apps to Maple Media LLC. All Games to be sold as part of the transaction comprise the non-core component of the Company's TicBits acquisition (completed in 2016). Collectively, these games contributed approximately ~$0.4m (~10%) of total 1H17 revenue.

The transaction follows a comprehensive review of the Company's portfolio, and is in line with its renewed strategy of leveraging and streamlining its portfolio of mid to hard-core gaming titles to achieve a more sustainable business in the future. The Company will receive an upfront cash consideration of ~$1.4m in August / September 2017, and further deferred payments of up to a total ~$2.2m are payable subject to revenue hurdles in 2018 and 2019.

The sale of the Games provides the Company with a material inflow of cash and significantly strengthens its balance sheet, enabling it to focus on its strategic goal of profitable growth following the Company's recent cost reduction programme.

17. Contingent Liabilities

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

18. Going concern

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

The Group incurred a loss of $4,167,364 and also generated a cash outflow of $5,257,980 from operating activities for the six months ending 30 June 2017.

The Group remains in the development phase of operations and is forecast to operate at an operating loss and cash deficit for the immediate forecast period. In considering their position, the Directors have had regard to the current cash reserves, the level of forecast cash expenditure, the successful implementation of the cost rationalisation plan, receipt of the Maple Media LLC app sale agreement and the Company's ability to raise cash from new investors, should the need arise. The Directors have concluded there are reasonable grounds to believe the Company is a going concern and will be able to continue to pay its debts as and when they become due and payable.

Should the Group not achieve its forecast trading result, successfully implement the cost rationalisation plan, receipt the Maple Media LLC proceeds or not raise funds of a level or timing as required, there is material uncertainty as to whether the group will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

Directors' declaration

In the opinion of the directors of Animoca Brands Corporation Limited:

a) The consolidated financial statements and notes of Animoca Brands Corporation Limited are in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and

   ii. complying with Accounting Standards AASB 134 Interim Financial Reporting;

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Mr David Kim
Chairman

31 August 2017

Grant Thornton

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report
To the Members of Animoca Brands Corporation Limited

Report on the Review of the Financial Report

Conclusion

We have reviewed the accompanying 30 June 2017 financial report of Animoca Brands Corporation Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the period ended on that date, a description of accounting policies, other selected explanatory notes, and the directors declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the 30 June 2017 financial report of Animoca Brands Corporation Limited does not give a true and fair view of the financial position of the Group as at 30 June 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the Corporations Act 2001, including complying with Accounting Standard AASB 128 *Interim Financial reporting*.

Material Uncertainty Related to Going Concern

We draw attention to Note 18 in the half year financial statements, which indicate that the consolidated entity incurred a net loss of $4,167,364 for the half year ended 30 June 2017 and incurred a net cash outflow of $5,257,980 from operating activities. The consolidated entity continues to be reliant upon the successful implementation of the cost rationalisation plan, receipt of the Maple Media LLC app sale agreement and the Company's ability to raise cash from new investors, should the need arise. As stated in Note 18, these events or conditions, along with other matters as set forth in Note 18, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

GrantThornton

Directors Responsibility for the Half Year Financial Report

The directors of Animoca Brands Corporation Limited are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial reporting is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of Animoca Brands Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 31 August 2017