ACN 122 921 813

INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2018

TABLE OF CONTENTS

APPENDIX 4D

Interim financial report for the half-year ended 30 June 2018

Reporting period	**Comparative period**
Half-year ended 30 June 2018	Half-year ended 30 June 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Percentage change %		Amount A$ '000
Revenue from ordinary activities	51%	to	5,657
Profit from ordinary activities after tax	125%	to	1,030
Net profit attributable to members of Animoca Brands Corporation Limited	126%	to	1,069

CHANGES IN CONTROLLED ENTITIES

On 1 February 2018, the Group completed the acquisition of the entire 100% equity interest in Tribeflame Oy and Benji Bananas Oy (wholly owned subsidiary of Tribeflame Oy) from Mr Torulf Berndt Jernstrom and Mr Marcus Sakari Alanen (collectively, the "Founders") and Lansi-Suomen Paaomarahasto Oy and Mr Petteri Laitala (collectively, the "Investors").

On 1 March 2018, the Group completed the acquisition of 60% equity interest in Fuel Powered Inc from Mr Mikhael Nayeem (the "Founder" or the "Seller").

Both acquisitions were made to enhance the Group's position in the mobile and blockchain game industry.

Name	Principal Activities	Country of incorporation	% Equity interest	
			30 June 2018	30 June 2017
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%
Tribeflame Oy	Mobile app game maker	Finland	100%	-
Benji Bananas Oy	Mobile app game maker	Finland	100%	-
Fuel Powered Inc	Mobile app game maker	Canada	60%	-
Grantoo Inc	Mobile app game maker	Canada	60%	-

DIVIDEND INFORMATION

No dividend was paid or declared by the Company for the period ended 30 June 2018 or the comparative period.

NET TANGIBLE ASSETS PER SECURITY

	30 June 2018 $	30 June 2017 $
Net tangible assets per security	0.010	0.006

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 2018 and the notes to the financial statements.

CHIEF EXECUTIVE OFFICER'S REPORT

The first half of 2018 was a period of transition for Animoca Brands. Having built upon our successful base of games and IP over the past five years, we have seen solid traction in a number of our strategic investments; from the acquisition of TicBits in 2016, who created the hit *Crazy Kings* game franchise, to the partnership with Fuel Powered in 2016 that led to us acquiring a majority stake in that business earlier this year, we are very excited about the future of our company. As the mobile gaming industry has matured and evolved over the past ten years, new technologies like AI and blockchain are creeping into games and into the game consumer experience. We believe Animoca Brands is well-positioned to take advantage of such trends.

During the first half of this year, Animoca Brands successfully completed two acquisitions: 100% of Tribeflame, the Finnish indie studio behind the hit *Benji Bananas* and other casual games; and 60% of Fuel Powered, a US developer of blockchain based gaming services and provider of a cloud features-as-a-service platform that uses AI and machine learning to maximise bottom-line results for game publishers. In conjunction with our acquisition of a majority stake in Fuel Powered, we signed a license with its client Axiom Zen to publish the smash hit blockchain game *CryptoKitties* in Greater China on mobile.

While all of this was going on, our Finnish studio TicBits launched the sequel *Crazy Defense Heroes*, which performed beyond our expectations: it generated $190,581 (US$131,611) in its first week and went on, together with *Crazy Kings*, to generate $2.6 million in the first quarter.

While our core games business - led by *Crazy Defense Heroes* – performed strongly, we were hard at work preparing for the future by building up our blockchain and AI capabilities with Fuel Powered, *CryptoKitties*, and Zeroth.ai (in which we invested at the end of 2017).

This brings me to our financial results. I'm extremely pleased to report that the first half of 2018 has been a record period for Animoca Brands. We recorded our highest half-year income ($8.4 million), our highest cash receipts ($6 million), and our first profitable half-yearly period ($1.69 million). Moreover, we ended the half with $2 million in cash and raised another $6 million just after the half, so our financial position today is the strongest it's ever been.

Animoca Brands now has a leading position in blockchain gaming, an industry-leading library of licensed IP, and deep resources in AI and machine learning technologies, all of which we believe position us to take advantage of the next evolutionary stages of mobile entertainment.

Robby Yung
CEO

FOUNDER'S LETTER

Approaching the turn of the millennium, the Internet started to reach sufficiently high numbers of users to ignite the beginning of a digital revolution, forever changing the way in which we consume content and spawning new titans of industry. A decade later, the advent of the smartphone in 2007 and of the App Store in 2008 launched another seismic platform shift that ushered in massive changes to many aspects of our lives and to the very fabric of society.

2018 marks another major shift in the ever-widening landscape of technology. Artificial intelligence and the blockchain today are as breathlessly hyped as tech startups were just before the dotcom bust of 2000, when the Internet giants of their day were felled by their own exaggerated successes. A lot of people bandy around the term “AI” without offering much substance; cryptocurrencies have lost significant value this year; and ICOs have provided us with a lot more bust than boom. It's reasonable to be cautious and perhaps even a little cynical.

But there's also a powerful reason to be optimistic: the demand – the *need*, even - for the solutions that these exciting technologies can deliver will endure; in fact, demand will undoubtedly increase over the coming years. The dotcom bust didn't kill off the Internet industry: it cleared the way for the most innovative and efficient companies to reach even more people and offer us products and services that have changed the way we live, work, travel, entertain, exercise, receive medical care, and much more.

The opportunities today in 2018 are similar to those of the late 1990s: revolutionary new technologies that the general public does not *quite* understand, but that are inexorably entwining themselves into the tech tapestry that underlies the modern world.

These are fascinating opportunities for companies like Animoca Brands. We have bona fide investments and partners in the areas of blockchain and AI. Our ability to create fun and engaging titles and leverage the principles of gamification give us an advantage when it comes to bringing on board the next billion blockchain users. As always, video games will drive consumer interest, but not only that: games also drive technology development (from graphics processors and CPUs to the vast number of software companies that serve the game industry). It is no coincidence that most of the top-grossing apps are games.

2018 has been an incredible year for Animoca Brands and we appreciate the trust and support of our shareholders as we forge into the future. We are just getting started and we will strive to make you as proud of this company as we are.

Games have always pushed the bleeding edge of technology, and the companies that can blaze a trail will be the ones that define the industries that are now taking shape. It is our hope and our vision that Animoca Brands will be one of those digital pioneers.

Yat Siu
CO-FOUNDER, DIRECTOR

CORPORATE INFORMATION

ABN 29 122 921 813

DIRECTORS	Mr David Kim (Chairman) Mr Yat Siu Mr David Brickler Mr Christopher Whiteman, appointed on 25 June 2018 Ms Holly Liu, appointed on 26 June 2018 Dr Nigel Finch, resigned on 25 June 2018
COMPANY SECRETARY	Ms Alyn Tai
REGISTERED OFFICE	Level 7, 333 Collins Street, Melbourne, VIC, Australia, 3000
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
WEBSITE	http://www.animocabrands.com

DIRECTOR'S REPORT

The Directors of Animoca Brands Corporation Limited ('Animoca Brands' or 'the Company') present their Report together with the financial statements of the Consolidated Entity, being Animoca Brands and its Controlled Entities ('the Group') for the half-year ended 30 June 2018.

DIRECTORS

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

Mr David Kim (Chairman)

Mr Yat Siu

Mr David Brickler

Mr Christopher Whiteman, appointed on 25 June 2018

Ms Holly Liu, appointed on 26 June 2018

Dr Nigel Finch, resigned on 25 June 2018

COMPANY SECRETARY

Ms Alyn Tai

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 monetises its games and apps through In-App purchases and advertising offered to the consumers within games and apps for smartphones and tablets.

PRESENTATION CURRENCY

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

REVIEW OF OPERATIONS

BRAND PORTFOLIO EXPANSION

In the last 6 months, the Group has added new brands to its portfolio, including the popular brand *Beast Quest*: thanks to partnership agreements with Coolabi Licensing Limited and Beast Quest Limited, Animoca Brands is now building a game based on this hit children's fantasy novels franchise. This new game, expected to launch in 2019, will leverage technology and game play from the successful *Crazy Kings* and *Crazy Defense Heroes* mobile games.

NEW AI-BASED EXERCISE APP IN COLLABORATION WITH NORTH POINT KAI FONG WELFARE ADVANCEMENTS ASSOCIATION (NPKFA)

In May 2018, the Group partnered with NPKFA to produce an AI-based Baduanjin qigong mobile application. This project has been awarded a grant of $751,726 by the Hong Kong Government's Innovation and Technology Fund for Better Living ("FBL"), of which $72,804 was received during the reporting period.

The App will encourage a healthier lifestyle for users, particularly the elderly and infirm, by guiding them through Baduanjin exercise routines. It will utilize machine learning and mobile device cameras to track the execution of the indicated movements and postures, providing real-time feedback and analysis of the users' performance. Gamification features will help to increase motivation and exercise adherence.

EXPANSION OF BLOCKCHAIN PORTFOLIO

The Group partnered with Vancouver-based Axiom Zen to publish *CryptoKitties* in Greater China. *CryptoKitties* is a crypto-collectible game operating on the Ethereum network, and one of the world's first and most successful consumer products built on blockchain. The Group beta-launched *CryptoKitties* for iPhone and iPad in China and announced that internationally recognized illustrator Momo Wang, the creator of the highly popular character Tuzki, is collaborating with Axiom Zen and Animoca Brands to design limited-edition cats for *CryptoKitties*. The Group is continuing to work toward the game's commercial release in Greater China.

The Group also entered into a joint venture with Red Robot KK to develop, market and operate a gamified cryptocurrency wallet app, called *WalletPet*. This app will offer features and tutorials to educate everyday consumers in the handling of cryptocurrency and other tokens and represents a significant opportunity to gain market share in the rapidly growing cryptocurrency and blockchain wallet market.

REVIEW OF FINANCIAL RESULTS AND POSITION

REVENUES AND EXPENSES

Operating revenue for 1H18 reached $5.7m, representing an increase of approximately 51% over the previous corresponding period. Revenues from in-app purchases (IAPs) and advertising continued to perform broadly in-line with the Group's expectations.

The mobile games *Crazy Kings* and its sequel *Crazy Defense Heroes* together generated revenues of over $3.1 million during the period. An Android version of Crazy Defense Heroes is targeted to launch in next quarter of 2018.

Expenses for employee benefits were 14% lower than in 1H17, a result of both a decrease in headcount and efficient allocation of resources in line with the sale of 318 games to iCandy Interactive Limited ("iCandy"). Significant development activity related to fitness and blockchain games will be undertaken in the next quarter.

RECEIVABLES AND CASH OUTLOOK

Cash receipts from customers totaled $6 million, a 58% increase on 1H17 ($3.8m). Receivables were $2.3m, reflecting lower-than-expected cash collections during the half year. The majority of the outstanding receivables balance was from iCandy Interactive Limited with regard to the Asset Sale and Purchase

Agreement dated 22 December 2017. The Company expects to collect all remaining iCandy receivables in the amount of approximately $858k in the second half of 2018.

The Group ended 1H18 with a cash balance of $2.4m, an increase of approximately $1.4m from 1H17.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

ACCELERATED SHARE PLACEMENT

In January 2018, the Group successfully raised $3.3 million at an issue price of $0.06 per new share. The funds raised were used to meet working capital requirements and strategic growth opportunities, including enhancing the Group's valuable portfolio of games and accelerating its rate of new game/app releases.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

In July 2018, the Group raised $4.5m through a placement of 90 million fully paid ordinary shares via a heavily oversubscribed placement to strategic investors including strategic advisor Wilhelm Taht and strategic blockchain partners. The placement was at an issue price of $0.05 per share, with a one-for-two attaching loyalty option exercisable at $0.07, conditional on the Placement shares being held for 90 days.

The Group has entered into a collaboration agreement with HTC Corporation (TWSE:2498, "HTC") to develop opportunities for business collaboration, including product development, and joint collaboration in areas including gaming, blockchain, artificial intelligence, machine learning, augmented reality (AR), virtual reality (VR), and others.

The Group also entered into an agreement with HTC and Dapper Labs Inc that grants HTC a limited, non-transferable right to publish, distribute, commercialize, and promote *CryptoKitties* on HTC mobile phones. This agreement fast-tracks mobile distribution of *CryptoKitties* in Greater China and enables global joint promotional and development opportunities with HTC for its current generation of products as well as the upcoming Exodus, the world's first native blockchain phone with all-important storage cold wallet and key recovery.

The Group and the blockchain fitness company Latgala OU (JCS Latgala) ("Lympo") collaborated to integrate the Lympo token in *100 Squats Challenge*, an app powered by machine learning that challenges users to perform squats, tracks their performance using the device camera, and rewards users for their efforts. This agreement further enhances the Company's strategy to leverage blockchain and AI technologies, and paves the way for the world's first "squat to earn cryptocurrency" challenge.

On 27 July 2018, the Group secured an exclusive licensing agreement with Beijing Bosi Interactive ("BBI") granting BBI the license to distribute *Crazy Kings* in Greater China.

The Group plans to launch new blockchain game titles in 2H18, with the aim to provide further revenue growth in the second half of 2018.

In August 2018, the Group received strategic investments totaling A$1.5 million from Sun Hung Kai, a leading investment firm, and Lympo. The placement was conducted at $0.07 per share, which represents a 10% premium on the 30-day volume-weighted average price (VWAP). The Group will utilize the capital raised to research and develop novel products based on blockchain and artificial intelligence.

Going forward, the Group is focused on further optimization of its valuable portfolio and the realization of the cost reductions.

DIVIDENDS

No dividend was paid or declared by the Group in the first half of 2018 or the comparative period.

SHARE OPTIONS

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. These options were not exercised and expired.

During a non-underwritten placement ("Placement") in January 2018, the broker of theGroup, Taylor Collison Limited, was offered 5 million options with a strike price of $0.09 as part of brokerage fees.

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 2018	Net Issued/(exercised or expired) during year	Balance at 30 June 2018
24/12/2014	23/01/2018	$0.20	2,366,025	(2,366,025)	-
22/6/2018	21/6/2021	$0.09	-	5,000,000	5,000,000
			2,366,025	2,633,975	5,000,000

As a consequence of the capital raises that have occurred since 30 June 2018, the Group may issue up to a maximum of 66,428,573 maximum options subject to certain conditions.

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 13 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the Directors.

Mr David Kim
CHAIRMAN

30 August 2018

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 Corporations Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Animoca Brands Corporations Limited the half-year ended 30 June 2018. 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

J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2018	Note	30 June 2018	30 June 2017
Revenue from operating activities	7	5,657,199	3,738,865
Cost of revenue from operating activities		(2,101,861)	(1,617,902)
Gross profit		**3,555,338**	**2,120,963**
Other Income		206,379	-
Interest Income		7,488	6,028
Disposal of Intellectual Property	8	2,496,398	-
Bad debt reversal		-	563,322
Employee benefits expenses		(1,180,687)	(1,069,215)
Marketing expenses		(1,640,245)	(1,443,122)
Occupancy expenses		(276,668)	(420,343)
Research and Development expenses		(697,724)	(2,817,788)
Other expenses	9	(1,373,161)	(1,092,689)
Profit / (Loss) before income tax expense		**1,097,118**	**(4,152,844)**
Tax benefit/(expense)		(67,149)	(14,520)
Profit / (Loss) after income tax expense		**1,029,969**	**(4,167,364)**
Profit / (Loss) attributable to:			
Owners of Animoca Brands Limited		1,069,403	(4,167,364)
Non-controlling interests		(34,434)	
		1,029,969	**(4,167,364)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Gain on fair value adjustment		196,019	-
Exchange differences on translation of foreign operations		315,353	(109,007)
Total comprehensive profit / (loss) for the period		**1,541,341**	**(4,276,371)**
Profit / (Loss) per share:		*Cents*	*Cents*
Basic earnings per share	**15**	0.22	(1.19)
Diluted earnings per share	**15**	0.22	(1.19)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the half-year ended 30 June 2018

	Note	30 June 2018	31 December 2017
CURRENT ASSETS			
Cash and cash equivalents		2,047,846	687,512
Digital assets	10	369,480	-
Trade and other receivables	11	2,472,423	1,608,433
Financial assets	12	1,833,628	560
Other assets		925,510	600,770
TOTAL CURRENT ASSETS		**7,648,886**	**2,897,275**
NON CURRENT ASSETS			
Plant and equipment		165,752	116,970
Goodwill		3,005,102	1,140,896
TOTAL NON CURRENT ASSETS		**3,170,854**	**1,257,866**
TOTAL ASSETS		**10,819,740**	**4,155,141**
CURRENT LIABILITIES			
Trade and other payables		3,747,855	2,555,007
Short-term provisions		165,146	200,927
Provision for Milestone Payment	5	1,560,996	881,821
Other liability		-	51,451
TOTAL CURRENT LIABILITIES		**5,473,997**	**3,689,206**
TOTAL LIABILITIES		**5,473,997**	**3,689,206**
NET ASSETS		**5,345,743**	**465,935**
EQUITY			
Contributed equity	13	34,459,697	31,121,237
Reserves		131,463	(379,910)
Non controlling interest		(39,434)	-
Accumulated losses		(29,205,983)	(30,275,392)
TOTAL EQUITY		**5,345,743**	**465,935**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2018

	Note	Issued Capital	Share based payments reserve	Share movement gain reserve	Foreign currency translation reserve	Non controlling interest	Accumulated losses	Total equity
Balance at 1 January 2018		31,121,237	-	-	(379,910)	-	(30,275,392)	465,935
Profit for the period		-	-	-	-	-	1,069,403	1,069,403
Non controlling interest		-	-		-	(39,434)	-	(39,434)
Other comprehensive income/(expense)		-	-	196,019	315,354	-	-	511,373
Total comprehensive income for the period		-	-	196,019	315,354	(39,434)	1,069,403	1,541, 342
Transactions with owners, in their capacity as owners, and other transfers								
Non controlling interest in acquisition		-	-	-	-	-	-	-
Shares issued	13	3,546,965	-	-	-	-	-	3,546,965
Transaction costs in issuing shares	13	(208,505)	-		-	-	-	(208,505)
Total transactions with owners and other transfers		3,338,460	-	-	-	-	-	3,338,460
Balance at 30 June 2018		34,459,697	-	196,019	(64,556)	(39,434)	(29,205,983)	5,345,743

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	Share movement gain reserve	Foreign currency translation reserve	Non controlling interest	Accumulated losses	Total equity
Balance at 1 January 2017		25,690,743	248,345	-	(161,339)	-	(22,475,897)	3,301,852
Loss for the period			-	-	-	-	(4,167,364)	(4,167,364)
Non controlling interest		-	-	-	-	-	-	-
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		5,208,497	-	-	-	-	-	5,208,497
Transaction costs in issuing shares		(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 CASH FLOWS

For the half-year ended 30 June 2018

	Note	30 June 2018	30 June 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,028,102	3,734,521
Interest received		7,488	6,028
Payments to suppliers and employees		(6,594,581)	(8,931,470)
NET CASH (USED IN) OPERATING ACTIVITIES		**(558,991)**	**(5,190,921)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(153,854)	(9,889)
Acquisition of businesses (net of cash acquired)	5	(867,454)	-
Purchase of other financial assets		(709,252)	(67,059)
NET CASH (USED IN) INVESTING ACTIVITIES		**(1,730,560)**	**(76,948)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,501,865	5,208,497
Payment of transaction costs for issue of shares		(208,500)	(343,009)
NET CASH PROVIDED BY/ (USED IN) FINANCING ACTIVITIES		**3,293,365**	**4,865,488**
Net increase/ (decrease) in cash and cash equivalents		1,003,814	(402,381)
Exchange rate adjustments		356,520	(109,007)
Cash at the beginning of the period		687,512	1,526,919
CASH AT THE END OF THE PERIOD		**2,047,846**	**1,015,531**

The accompanying notes form part of these financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

1.0 CORPORATE INFORMATION

The consolidated financial statements of Animoca Brands Corporation Limited and its subsidiaries (collectively, the Group) for the half-year ended 30 June 2018 were authorized for issue in accordance with a resolution of the directors on 30 August 2018.

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.

2.0 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 2018. 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 2017 and any public announcements made by the Group during the first semester 2018 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.

2.2 GOING CONCERN BASIS OF ACCOUNTING

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The group recognised a profit for the period of $1,029,969 (inclusive of a one-off gain from the sale of intellectual property of $2,496,398) but generated a net cash outflow from operating activities of $558,991.

The group remains in the development phase of operations. In considering their position, the directors have had regard to the current cash reserves, the level of forecasted cash expenditure and additional capital raisings. The directors have concluded that there are reasonable grounds to believe the Group 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 be able to generate sufficient operating cashflows or additional capital is not raised, the going concern basis of accounting may not be appropriate and the group may have to realize its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

No allowance for such circumstances has been made in the financial report.

2.3 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 2017 except the changes arising from AASB 15 and AASB 9 noted below.

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 2018.

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*
- *AAASB 15 Revenue*

AASB 15 establishes a five-step model comprehensive framework for the recognition of revenue from contracts with customer: (i) identify the contract; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations.

The Group's business model is straightforward and its contracts with customers for the sale of mobile application downloads, in-app purchases, and advertising revenue include only single performance obligation. The Group has concluded that revenue from sale should be recognised at the point of time when a customer obtains control of goods, completes an in-app purchase, or clicks through advertising, which are the points at which the Group satisfies its performance obligations. Service revenue is recognized at the time the service is provided. The Group has concluded that the initial application of AASB 15 does not have a significant impact on the Group's revenue recognition.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the

Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

- *AASB 9 Financial Instruments*

The Group has initially adopted AASB 9 *Financial instruments* from 1 January 2018. AASB 9 replaces AASB 139 *Financial instruments: recognition and measurement*. It sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Based on the assessment by the Group, there is no significant cumulative effect of the initial application of AASB 9 at 1 January 2018 in accordance with the transition requirement.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

AASB 9's new forward-looking impairment model applies to Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Group did not designate or de-designate any financial asset or financial liability at FVTPL at 1 January 2018.

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

2.4 CHANGES IN ACCOUNTING POLICY, DISCLOSURES, STANDARDS AND INTERPRETATIONS

i. *Changes in accounting policies*

Other than the new accounting policies outlined in Section 2.3 above, 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 2017.

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 2018 are outlined below:

2.5 REVISED STANDARDS THAT ARE NOT EFFECTIVE FOR THESE FINANCIAL STATEMENTS

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.

3.0 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.

For the 2018 interim period, the Group has three (3) operating segments: Europe, Canada, and Asia. In prior periods, the Canadian segment did not exist. In identifying its operating segments, management generally follows the Group's office territories. Three operating segments develop and market mobile app and blockchain games.

The European segment consists of TicBits Oy, Tribeflame Oy and Benji Bananas Oy's activities. TicBits was acquired on 4 July 2016. Tribeflame and its fully owned subsidiary, Benji Bananas Oy were acquired on 1 February 2018. The European segment has its own management team, it engages in business activities from which it may earn revenue and incur expenses and its operating results are reviewed by the Company management to make decisions and its discrete financial information is available.

The Canadian segment consists of Fuel Powered Inc and its fully owned subsidiary, Grantoo Inc, which were acquired on 1 March 2018. The Canadian segment is managed by Animoca Brands Limited in Asia but has discrete financial information.

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 before consolidation elimination for the reporting period is as follows:

For the period ended 30 June 2018

In $'000	Europe	Canada	Asia	Total
Revenue:				
From external customers	84	144	5,429	5,657
From other segments	921	-	-	921
Segment revenues	**1,005**	**144**	**5,429**	**6,578**
Less elimination	**(921)**	**-**	**-**	**(921)**
Net segment revenues	**84**	**144**	**5,429**	**5,657**
Segment operating profit/(loss)	**415**	**(99)**	**934**	**1,250**
Segment assets	**2,609**	**82**	**11,461**	**14,152**
Segment liabilities	**(381)**	**(75)**	**(32,158)**	**(31,615)**

For the period ended 30 June 2017

In $'000	Europe	Asia	Total
Revenue:			
From external customers	-	3,801	3,801
From other segments	369	-	369
Segment revenues	**369**	**3,801**	**4,171**
Less elimination	**(432)**		**(432)**
Net segment revenues	**(63)**	**3,801**	**3,738**
Segment operating profit/(loss)	**(424)**	**(3,494)**	**(3,918)**
Segment assets	**370**	**5,806**	**6,176**
Segment liabilities	**(89)**	**(3,707)**	**(3,796)**

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 App Store, among others.

4.0 INFORMATION ABOUT SUBSIDIARIES

The consolidated financial statements of Animoca Brands Corporation Limited include:

Name	Principal Activities	Country of incorporation	% Equity interest	
			30 June 2018	31 December 2017
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%
Tribeflame Oy	Mobile app game maker	Finland	100%	-
Benji Bananas Oy	Mobile app game maker	Finland	100%	-
Fuel Powered Inc	Mobile app game maker	Canada	60%	-
Grantoo Inc	Mobile app game maker	Canada	60%	-

5.0 BUSINESS COMBINATIONS & GOODWILL

5.1 TRIBEFLAME OY AND BENJI BANANAS OY

Pursuant to a Sale and Purchase Agreement ("SPA") dated 1 February 2018, the Company completed the acquisition of the entire 100% equity interest in Tribeflame Oy and its wholly owned subsidiary Benji Bananas Oy from Mr Torulf Berndt Jernstrom and Mr Marcus Sakari Alanen (collectively, the "Founders") and Lansi-Suomen Paaomarahasto Oy and Petteri Laitala (collectively, the "Investors") during the period.

CONSIDERATION TRANSFERRED

The acquisition of Tribeflame was/is to be satisfied by:

- A cash payment of $166,075 (EURO 100,000) to Investors, which was paid during the period ended 30 June 2018;
- A cash payment of $8,247 (EURO 5,000) to Tribeflame Oy for intellectual property, which was paid during the period ended 30 June 2018;
- A cash payment of $32,986 (EURO 20,000) to Benji Bananas Oy for intellectual property, which was paid during the period ended 30 June 2018;
- A cash payment of $157,630 (EURO 100,001) to Investors, which is payable in tranches based on a future 50% revenue share from the existing app portfolios;
- An Earn Out Payment up to $236,444 (EURO 150,000) in cash or Company ordinary shares payable to the Founders depending on certain key performance measures

During the period, no Earn Out Payment provisions were paid to the Founders, as the required performance conditions were not met.

At the date of acquisition, the identifiable net liabilities were $576,544 (see below).

5.2 FUEL POWERED INC. AND GRANTOO INC.

Pursuant to the Share Purchase Agreement, dated 23 February 2018, the Company completed the acquisition of 60% equity interest in Fuel Powered Inc and its wholly owned subsidiary Grantoo Inc from Lion Games Limited ("Seller") for a consideration of $790,024 in cash, which was paid during the period ended 30 June 2018.

At the date of the acquisition the identifiable net assets were $109,198.

The details of the business combination of Tribeflame Oy and Fuel Powered Inc are as follows:

Fair value of consideration transferred:	Tribeflame Oy	Fuel Powered Inc
Amount settled in cash	207,699	790,024
Total	**207,699**	**790,024**
Recognized amounts of identifiable net assets:		
Property, plant and equipment	3,533	59,588
Total non-current assets	**3,533**	**59,588**
Trade and other receivables	59,044	9,594
Cash and cash equivalents	80,867	49,402
Total current assets	**139,910**	**58,996**
Total assets	**143,443**	**118,585**
Trade and other payables	(719,987)	(9,386)
Total non-current liabilities	**(719,987)**	**(9,386)**
Identifiable net assets	(576,544)	109,198
Goodwill on acquisition	**784,243**	**680,826**
Consideration transferred settled in cash	207,699	790,024
Cash and cash equivalents acquired	(80,867)	(49,402)
Net cash outflow on acquisition	**126,832**	**740,622**
Acquisition costs charged to expenses	-	-
Net cash paid relating to the acquisition	**126,832**	**740,622**

5.3 TICBITS OY

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 Animoca Brands 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, at the acquisition date of the Company (2016), an amount was recognized in a provision for milestone payments for a total of $888,221 (non-cash). A further of $630,857 was provided during the period ending 30 June 2018. The total provision for milestones at 30 June 2018 is $1,560,996

6.0 FINANCIAL ASSETS & 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. Other than the iCandy shares and cryptocurrencies, which are valued based on a level 1 methodology, there has been 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 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, Investment in listed shares 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.

7.0 REVENUE FROM OPERATING ACTIVITIES

	30 June 2018	30 June 2017
App Advertising revenue	941,035	1,070,944
In App Purchases revenue	3,536,141	1,542,071
Service revenue	1,180,023	1,125,850
	5,657,199	3,738,865

8.0 DISPOSAL OF INTELLECTUAL PROPERTY

Pursuant to Asset Sale and Purchase Agreement (the “Agreement”) dated 22 December 2017, but made effective on 22 May 2018 following approval by its shareholders, iCandy Interactive Limited (the “Buyer”) purchased 318 Games from the Group.

CONSIDERATION

- Cash payment of $1 million of which $250,000 has been received to 30 June 2018. The balance $750,000 (include in trade and other receivables) will be received in 5 equal monthly instalments of $150,000, beginning July 2018. At the date of this report, a further $100,000 was received.
- Issue of 25,000,000 iCandy shares, which were received during the period.
- Performance Receipts based on KPIs.
- Earn Out Receipts based on KPIs.

Performance Receipts of $1,500,000 are payable to Animoca Brands in shares (up to 9,375,000 shares) and the balance in cash if the Games generate $500,000 Net Profit in the first year and same Performance Receipts if Games generate $1 million Net Profit in the second year. The directors have not considered this as part of the gain on the sale in current period due to the significant uncertainty relating to its receipt.

Earn Out Receipts are applicable when Net Profits from the Games reach $1 million, at which point the Group will be entitled to receive a cash payment equal to 10% of Net Profit. The Group’s profit share shall increase by 10% for each additional $500,000 Net Profits up to a maximum of 50%. The directors have not considered this as part of the gain on the sale in current period due to the significant uncertainty relating to its receipt.

	30 June 2018	**31 December 2017**
Upfront cash consideration received / receivable	1,000,000	-
25 million iCandy shares	1,496,398	
Total gain on sale of intellectual property	**2,496,398**	**-**

The fair value of iCandy shares has been determined with reference to the share price as at the date of iCandy shareholder approval and share issue (condition precedent). The trading price of iCandy reduced significantly between the announcement of the sale transaction in November 2017 and the completion of the transaction in May 2018.

9.0 OTHER EXPENSES

	30 June 2018	30 June 2017
Share registry	29,327	23,318
Travel	76,534	143,797
Insurance	30,146	105,918
Professional fees	257,559	331,828
Provision for share-based payment (earn out)	630,857	298,044
Other expenses	348,738	189,784
	1,373,161	**1,092,689**

10.0 DIGITAL ASSETS

	30 June 2018	31 December 2017
Ethereum (ETH)	74,614	-
Nitro (NOX)	294,866	-
	369,480	**-**

11.0 TRADE & OTHER RECEIVABLES

	30 June 2018	31 December 2017
Trade Receivables	1,552,079	1,378,198
Other Receivables (ii)	750,000	-
Related party receivables (i)	170,344	230,235
	2,472,423	**1,608,433**

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

ii. Represents $750,000 receivables from iCandy pursuant to Share Purchase Agreement.

12.0 FINANCIAL ASSETS

	30 June 2018	31 December 2017
Listed equity shares in iCandy Interactive Ltd	1,833,037	-
Unlisted equity securities	591	560
	1,833,628	560

13.0 SHARE CAPITAL

	30 June 2018	31 December 2017
Fully paid ordinary shares	34,459,697	31,121,237
	34,459,697	31,121,237

	Number	$
Ordinary shares		
Balance at beginning of reporting period	434,098,804	31,121,237
Shares issued during the year	69,451,337	3,546,965
Transaction costs on shares issued	-	(208,505)
Balance at 30 June 2018	503,550,141	34,459,697

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

14.0 RELATED PARTY DISCLOSURES

During the half year ended 30 June 2018, the Company has paid office service fees of $109,685 to Outblaze Limited, a company in which Mr Yat Siu is a director and has beneficial interest.

Outblaze Ventures Holdings Ltd (an entity registered in Hong Kong that is a wholly owned subsidiary of Appionics Holdings Ltd) has in accordance with a Mobile App Advertising Services agreement earned commissions during the period ended 30 June 2018 totaling $632,369.

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

Name of the company	Relationship	30 June 2018	31 December 2017
Totally Apps Holdings Limited	Mr Siu is a director	(6)	180,365
Baby Cortex Holdings Limited	Mr Kim is a director	55	65

Outblaze Ventures Holdings Limited	Messrs Kim, Siu and Yung are directors	(514,339)	(274,294)
Outblaze Limited	Mr Siu is a director	(17,704)	(20,730)

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.

15.0 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 2018	30 June 2017
Net profit / (loss) attributable to ordinary equity holders of the parent entity:		
Continuing operations	1,069,403	(4,167,364)
Weighted average number of ordinary shares for basic earnings per share	479,845,518	350,696,515
Weighted average number of ordinary shares for diluted earnings per share	479,845,519	350,696,515

16.0 SUBSEQUENT EVENTS

In July 2018, the Group raised $4.5m through a placement of 90 million fully paid ordinary shares via a heavily oversubscribed placement to strategic investors including strategic advisor Wilhelm Taht and strategic blockchain partners. Placement was at an issue price of $0.05 per share, with one-for-two attaching loyalty option, exercisable at $0.07, conditional on Placement shares being held for 90 days.

In August 2018, the Group raised $1.5 million from strategic investors Sun Hung Kai and blockchain fitness company Latgala OU ("Lympo"). The placement was conducted at $0.07 per share, which represents a 10% premium on the 30-days volume-weighted average price (VWAP). The Company will utilize the capital raised to research and develop novel products based on blockchain and artificial intelligence.

On 27 August, the Group announced the acquisition of Pixowl Inc and its wholly owned subsidiary Pixowl SA for a total upfront consideration of $6.65 million (US$4.875 million) of which $709,133 (US$519,512) of 10% in cash and the rest payable in fully paid ordinary shares of the Group at a valuation of $0.079 per share. Pixowl is an independent mobile game company focused on world builder games, with a portfolio that includes *The Sandbox. Peanuts: Snoopy's Town Tale, Garfield: Survival of the Fattest, and Goosebumps HorrorTown*. Pixowl is developing a blockchain version of The Sandbox, considered one of the most anticipated blockchain games globally, and will leverage the capabilities of the Group and partners like HTC and Dapper Labs (CryptoKitties). The acquisition provides significant synergy and strategic value for gaming and blockchain development. Pixowl acquisition is subject to shareholder approval.

17.0 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.

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 2018 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

30 August 2018

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

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 half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Animoca Brands Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, and 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 half year 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 half year 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 2018, 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 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 2.2 in the financial report, which indicates that the Group generated a profit for the period of $1,029,969 (inclusive of the one off gain from the sale of intellectual property of $2,496,398) but generated a net cash outflow from operating activities of $558,991 during the half year ended 30 June 2018. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

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

Grant Thornton

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 report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 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, 30 August 2018