



**APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Lodged with the ASX under Listing Rule 4.3A

Contents

Results for announcement to the market

Net tangible assets

Control over other entities

Associates and joint venture entities

Preliminary financial statements

Compliance statement

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Company Details

Name of reporting entity: iCandy Interactive Limited
ABN: 87 604 871 712
Reporting period: 1 January 2018 - 31 December 2018
Prior corresponding reporting period: 1 January 2017 - 31 December 2017



Results for announcement to the market

Revenue from ordinary activities	Up	83%	to	\$ 3,012,829
Loss from ordinary activities	Down	7%	to	\$ (2,908,888)
Net loss for the period attributable to members	Down	7%	to	\$ (2,908,888)

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

Revenue from ordinary activities \$3,012,829 compared to last year's revenue of \$1,645,317.

Net loss attributable to members \$2,908,888 compared to last year's loss of \$3,113,914.

Loss per share of (1.00cents) compared with last year's loss of (1.23 cents).

Diluted per share of (1.00 cents) compared with last year's loss of (1.23 cents).

Review of Operations

During the financial year ended 31 December 2018 the Group reported a higher revenue and lower loss from ordinary activities compared to the previous period. Particularly, after excluding one-off items such as impairment losses and unrealized movement in fair value of intangibles, the operating loss for the current financial year narrowed to approximately \$739,391, compared to \$1,625,344 in the previous financial year. This was attributable to several factors:

- contribution from the game portfolio acquired from Animoca Brands Corporation Limited ("AB1");
- contribution from the two successful game titles launched during the year - Light A Way and Hollywoot; and
- contribution from first blockchain game developed by the Group - Cryptant Crab.

In an effort to broaden the Group's revenue stream, iCandy has also started to leverage on its experience in the mobile gaming industry to provide game publishing services, which involves iCandy marketing and distributing mobile games developed by third party development studio in return for a percentage of revenue. One such successful publishing deal in 2018 was Void Troopers. The iCandy management is optimistic that it is able to secure more low-risk high-reward publishing deals in 2019.

Furthermore, with several successful and popular titles under iCandy's stable of games, iCandy's management plans to allocate more resources to growing its gamer base and gamer retention rate via several medium. The Group entered into an agreement to acquire majority stake in Joyseed, a game studio based in Indonesia with the objective to expand further the game production capability and capacity of the Group. With more production capacity the Group plans to continue on developing more mobile game titles that can mirror the success of the existing successful games within its game portfolio.

Net tangible assets

Net tangible asset backing per ordinary share at 31 December 2018, (0.369 cents), and at previous corresponding period, (0.750 cents).

Control over other entities

No control was gained or lost over any entity during the reporting period. iCandy Play Limited and iCandy Games Limited, 2 new subsidiaries were incorporated on 26 November 2018.

The two new subsidiaries are currently dormant and did not have any material contribution to the Group's loss from ordinary activities during the period.

**PRELIMINARY STATEMENT OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2018

	Note	Group	
		2018 (unaudited) \$	2017 \$
Revenue	2	2,849,649	1,656,454
Other income	2	163,180	(11,137)
Cost of sales		<u>(914,213)</u>	<u>(939,533)</u>
Gross Profit		2,098,616	705,784
Marketing expenses		(307,562)	(65,269)
Audit fees		(45,762)	(50,196)
Legal and professional fees		(230,247)	(129,108)
Share based payments		(408,511)	(885,980)
Occupancy expenses		(82,139)	(37,834)
Employee benefits expense		(611,276)	(514,729)
Depreciation and amortisation expense		(936,286)	(651,745)
Impairment expense	5	(1,165,193)	(1,488,570)
Computer expenses		(8,903)	(11,274)
Other expenses		(226,871)	(113,322)
Travel expenses		(30,898)	(120,698)
Unrealised movement in fair value of intangibles	5	(1,004,304)	-
Finance expenses		(678)	-
Loss before income tax		<u>(2,960,014)</u>	<u>(3,362,941)</u>
Tax (benefit)/expense		51,126	249,027
Loss for the year attributable to members of the company		<u>(2,908,888)</u>	<u>(3,113,914)</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		27,301	62,889
		<u>27,301</u>	<u>62,889</u>
Total other comprehensive income/(loss) for the year		<u>27,301</u>	<u>62,889</u>
Total comprehensive income for the year		<u>(2,881,587)</u>	<u>(3,051,025)</u>
Earnings per share			
Basic loss per share (cents)	11	(1.00)	(1.23)
Diluted loss per share (cents)	11	(1.00)	(1.23)

The above statement should be read in conjunction with the accompanying notes.

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	Group	
		2018 (unaudited) \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		361,192	142,241
Trade and other receivables	3	607,451	287,256
Other financial assets	4	1,448,259	1,379,023
Other assets	6	-	18,501
TOTAL CURRENT ASSETS		2,416,902	1,827,021
NON-CURRENT ASSETS			
Property, plant and equipment		95,771	97,910
Intangible assets	5	2,325,558	1,713,129
Other non-current assets	6	358,083	1,184,334
TOTAL NON-CURRENT ASSETS		2,779,412	2,995,373
TOTAL ASSETS		5,196,314	4,822,394
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	931,890	134,139
Other financial liabilities	8	796,990	832,696
Current tax liabilities		-	2,006
TOTAL CURRENT LIABILITIES		1,728,880	968,841
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,127	60,393
TOTAL NON-CURRENT LIABILITIES		2,127	60,393
TOTAL LIABILITIES		1,731,007	1,029,234
NET ASSETS		3,465,307	3,793,160
EQUITY			
Issued capital	9	29,201,668	27,056,445
Reserves		(19,927,195)	(19,477,027)
Retained earnings	10	(5,809,166)	(3,786,258)
TOTAL EQUITY		3,465,307	3,793,160

The above statement should be read in conjunction with the accompanying notes.

PRELIMINARY STATEMENT OF CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Issued Capital	Accumulated Losses	Reserves			Total
			Foreign Currency Translation Reserve	Option Reserve	Other Components of Equity	
	\$	\$	\$	\$	\$	\$
Group						
Balance at 1 January 2017	24,159,330	(672,344)	(135,897)	-	(20,289,999)	3,061,090
Comprehensive income						
Loss for the year	-	(3,113,914)	-	-	-	(3,113,914)
Other comprehensive income for the year	-	-	62,889	-	-	62,889
Total comprehensive income for the year	-	(3,113,914)	62,889	-	-	(3,051,025)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the year	2,977,065	-	-	-	-	2,977,065
Transaction costs	(79,950)	-	-	-	-	(79,950)
Options issued during the year	-	-	-	885,980	-	885,980
Total transactions with owners and other transfers	2,897,115	-	-	885,980	-	3,783,095
Balance at 31 December 2017	<u>27,056,445</u>	<u>(3,786,258)</u>	<u>(73,008)</u>	<u>885,980</u>	<u>(20,289,999)</u>	<u>3,793,160</u>
Balance at 1 January 2018	27,056,445	(3,786,258)	(73,008)	885,980	(20,289,999)	3,793,160
Comprehensive income						
Loss for the year	-	(2,908,888)	-	-	-	(2,908,888)
Other comprehensive income for the year	-	-	27,301	-	-	27,301
Total comprehensive income for the year	-	(2,908,888)	27,301	-	-	(2,881,587)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the year	2,145,223	-	-	-	-	2,145,223
Transaction costs net of tax	-	-	-	-	-	-
Options issued during the year	-	-	-	408,511	-	408,511
Options expired during the year	-	885,980	-	(885,980)	-	-
Total transactions with owners and other transfers	2,145,223	885,980	-	(477,469)	-	2,553,734
Balance at 31 December 2018 (unaudited)	<u>29,201,668</u>	<u>(5,809,166)</u>	<u>(45,707)</u>	<u>408,511</u>	<u>(20,289,999)</u>	<u>3,465,307</u>

The above statement should be read in conjunction with the accompanying notes.



PRELIMINARY STATEMENT OF CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Group	
	2018 (unaudited) \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,792,477	1,553,137
Interest received	982	60,323
Payments to suppliers and employees	(1,914,637)	(2,166,699)
Net cash generated by operating activities	<u>(121,178)</u>	<u>(553,239)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash acquired with acquisition of Inzen Studio Pte Ltd	-	631
Purchase of property, plant and equipment	(28,206)	(89,802)
Purchase of intangible assets	(300,000)	(464,585)
Deposit paid for acquisition of investment	-	(250,000)
Payments for investments	-	(601,390)
Loans to related parties:		
- payments made	(102,370)	-
- proceeds from repayments	213,125	(104,351)
Net cash (used in)/generated by investing activities	<u>(217,451)</u>	<u>(1,509,497)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	545,207	1,332,500
Payments for capital raising costs	-	(87,945)
Loans to related parties:		
- payments made	-	-
- proceeds from repayments	-	314,490
Net cash provided by (used in) financing activities	<u>545,207</u>	<u>1,559,045</u>
Net increase in cash held	206,578	(503,691)
Cash and cash equivalents at beginning of financial year	142,241	645,505
Effect of exchange rates on cash holdings in foreign currencies	12,373	427
Cash and cash equivalents at end of financial year	<u>361,192</u>	<u>142,241</u>

The above statement should be read in conjunction with the accompanying notes.

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NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 31 December 2018

Note 1: Summary of Significant Accounting Policies

There have been no material changes in the Company's application of its significant accounting policies as presented in the Company's financial statements for the year ended 31 December 2018. Readers of this report should refer to Note 1 Summary of Significant accounting policies in the afore-mentioned financial statements for details of those accounting policies.

Note 2: Revenue and Other Income

	Group	
	2018 (unaudited) \$	2017 \$
Sales revenue		
- Sale of mobile game applications	2,352,169	1,656,454
- Publishing income	390,586	-
- Services Income	106,894	-
	2,849,649	1,656,454
Other revenue		
- Interest received	62,850	60,323
- Unrealised foreign exchange gain/(loss)	26,526	(50,370)
- Realised foreign exchange gain/(loss)	-	(29,330)
- Other Income	73,804	8,240
	163,180	(11,137)
Total revenue	3,012,829	1,645,317

Note 3: Trade and other receivables

	Group	
	2018 (unaudited) \$	2017 \$
CURRENT		
Trade receivables	569,077	165,854
Provision for impairment	-	-
	569,077	165,854
Other receivables	30,851	96,835
GST receivables	7,523	24,567
	607,451	287,256

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NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 31 December 2018

Note 4: Other Financial Assets

	Group	
	2018 (unaudited) \$	2017 \$
CURRENT		
Amounts receivable from:		
- other related parties	1,448,259	1,328,595
- others	-	50,428
	<u>1,448,259</u>	<u>1,379,023</u>

Note 5: Intangible Assets

	Group	
	2018 (unaudited) \$	2017 \$
Goodwill		
Cost	2,600,000	-
Accumulated amortisation and impairment losses	(1,303,333)	-
Net carrying amount	<u>1,296,667</u>	<u>-</u>
Computer software		
Cost	1,759,275	1,759,275
Accumulated amortisation and impairment losses	(942,525)	(554,499)
Net carrying amount	<u>816,750</u>	<u>1,204,776</u>
Research and development		
Cost	2,014,213	2,014,213
Accumulated amortisation and impairment losses	(1,886,027)	(1,505,860)
Net carrying amount	<u>128,186</u>	<u>508,353</u>
Cryptocurrency		
Cost	1,064,728	-
Movement in fair value	(980,773)	-
Net carrying amount	<u>83,955</u>	<u>-</u>
Total intangible assets	<u>2,325,558</u>	<u>1,713,129</u>

<i>Reconciliation</i>	Goodwill	Computer software	Research and development	Cryptocurrency	Total
Opening net book value	-	1,204,776	508,353	-	1,713,129
Reclassification from prepayments	-	-	-	610,781	610,781
Additions	2,600,000	-	-	453,947	3,053,947
Amortisation charge	(303,333)	(388,026)	(214,974)	-	(906,333)
Impairment losses	(1,000,000)	-	(165,193)	-	(1,165,193)
Movement in fair value	-	-	-	(1,004,304)	(1,004,304)
Movement in foreign currency	-	-	-	23,531	23,531
	<u>1,296,667</u>	<u>816,750</u>	<u>128,186</u>	<u>83,955</u>	<u>2,325,558</u>

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NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 31 December 2018

Note 6: Other Assets

	Group	
	2018	2017
	(unaudited)	
	\$	\$
Current		
Prepayments	-	18,501
	<u>-</u>	<u>18,501</u>
Non-Current		
Prepayment on acquisition of business	358,083	323,553
Prepayment on acquisition of games portfolio	-	250,000
Prepayment on cryptocurrency	-	610,781
	<u>358,083</u>	<u>1,184,334</u>

Note 7: Trade and other payables

	Group	
	2018	2017
	(unaudited)	
	\$	\$
Current		
Trade payables	372,212	58,854
Sundry payables and accrued expenses	559,678	75,285
	<u>931,890</u>	<u>134,139</u>

Note 8: Other Financial Liabilities

	Group	
	2018	2017
	(unaudited)	
	\$	\$
Current		
Amounts payable to:		
- other related parties	796,990	832,696
	<u>796,990</u>	<u>832,696</u>

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NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 31 December 2018

Note 9: Issued capital

(a) Share Capital

The share capital of iCandy Interactive Limited (the Company) consists of 309,007,937 fully paid ordinary shares as at 31 December 2018.

(b) Movements in ordinary share capital

Movements in the ordinary share capital of the Company during the past two years were as follows:

	Number of Shares	Amount \$
Opening Balance at 1 January 2017	229,283,334	24,159,330
Issued during the year	47,909,412	2,977,065
Less: transaction costs	-	(79,950)
Closing Balance at 31 December 2017	<u>277,192,746</u>	<u>27,056,445</u>
Issued during the year	31,815,191	2,145,223
Less: transaction costs	-	-
Closing Balance at 31 December 2018	<u><u>309,007,937</u></u>	<u><u>29,201,668</u></u>

Note 10: Accumulated Losses

	Group	
	2018 (unaudited) \$	2017 \$
Accumulated losses at beginning of the financial period	(3,786,258)	(672,344)
Expiry of Options	885,980	-
Net losses attributable to members	<u>(2,908,888)</u>	<u>(3,113,914)</u>
Accumulated losses at end of the financial period	<u><u>(5,809,166)</u></u>	<u><u>(3,786,258)</u></u>

Note 11: Earnings per share

Losses used to calculate basic and dilutive EPS	(2,908,888)	(3,113,914)
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	Number	
	2018	2017
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	291,469,218	253,761,838
Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive EPS	<u>291,469,218</u>	<u>253,761,838</u>
Basic loss per share (cents)	(1.00)	(1.23)
Diluted loss per share (cents)	(1.00)	(1.23)

Potential ordinary shares not considered dilutive

Listed below

Class of Options	Issue Date	Number of shares	Exercise Price	Expiry Date
Listed options	10 June 2015	8,033,333	\$0.210	4 February 2020
Unlisted options	9 October 2017	20,500,000	\$0.100	9 October 2019
Unlisted options	26 November 2018	10,000,000	\$0.050	26 November 2020

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS For the year ended 31 December 2018

Note 12: Segment Information

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

Note 13: Events Subsequent to Reporting Date

On 2 January 2019, the Company announced that all of the conditions precedent to the Share Purchase Agreement of PT Joyseed Berbagi Sukses had been fulfilled, and hence the agreement had become unconditional.

In addition, due to limitations of foreign ownership rules in Indonesia, the Company and the Vendors had entered into a supplemental agreement to reduce the acquisition of Joyseed from 70% to 67%. The consideration was proportionately adjusted to AUD 335,000 (previously AUD 350,000)

The consideration is to be satisfied by the issue of iCandy Shares in 8 Tranches on a quarterly basis.

On 4 January 2019, the acquisition of PT Joyseed Berbagi Sukses was completed with the issuance of 326,389 fully paid ordinary shares at a nominated value of \$0.09 per share. (AUD 29,375) The shares had been issued as Tranche 1 settlement of the acquisition.

COMPLIANCE STATEMENT

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

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

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

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

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



Signed:
Kin Wai Lau
Director
28 February 2019