

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
APPENDIX 4D
HALF-YEAR REPORT FOR THE PERIOD ENDED 30 JUNE 2019



1. Details of the reporting period and the prior corresponding period

Current period: 1 January 2019 - 30 June 2019
 Prior corresponding period: 1 January 2018 - 30 June 2018

2. Results for announcement to the market

	Half-year ended 30 June 2019	Half-year ended 30 June 2018	Up/Down	Change %
Revenue from ordinary activities	1,393,430	1,298,407	Up	7%
Loss from ordinary activities after tax attributable to members of the parent	(296,807)	(562,399)	Down	47%
Total comprehensive income for the period attributable to members of the parent	(196,410)	(529,483)	Down	63%

3. Key Information

	Amount per share (cents)	Franked amount per share (cents)
Interim Dividend	-	-
Previous corresponding period	-	-
Record date for determining entitlements to the dividend	N/A	N/A

4. Net Tangible Assets per security

	Half-year ended 30 June 2019 (cents)	Half-year ended 30 June 2018 (cents)
Net tangible assets per security (with the comparative figures for the previous corresponding period)	0.48	1.42

5. Details of entities over which control has been gained

Name of Entity: PT Joyseed Berbagi Sukses
 Date of control: 4 January 2019

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ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

**Financial Report For The Half-Year Ended
30 June 2019**

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**ICANDY INTERACTIVE LIMITED
AND CONTROLLED ENTITIES**



ABN: 87 604 871 712

**Financial Report For The Year Ended
30 June 2019**

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Your directors of iCandy Interactive Limited ("the Company") present their report on the consolidated entity ("Group"), consisting of iCandy Interactive Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2019.

General Information

Directors

The following persons were directors of iCandy Interactive Limited during or since the end of the half-year up to the date of this report:

Mr Kin Wai Lau
Mr Robert Kolodziej
Mr Marcus Ungar
Mr Masahiko Honma
Mr Lum Piew (appointed 17 May 2019)
Mr Phillip Lord (resigned 21 June 2019)

DIRECTORS' REPORT

In accordance with continuous disclosure requirements, it is recommended that this half-year report be read in conjunction with any public announcements lodged with the Australian Securities Exchange for the half-year.

Review of Operations

The consolidated loss for the six month period ended 30 June 2019 was \$276,709. (2018 loss: \$562,339)

The net assets of the Group as at 30 June 2019 were \$4,223,310. (31 December 2018: \$2,965,972)

Game Development and Publishing

Having completed the acquisition of PT Joyseed Berbagi Sukses in January 2019, the Group now operates a total of 3 game development studios in Southeast Asia. With this increased development capacity, the Group is expecting to launch 4 new game titles within the next 6 months.

The Group continues its effort in identifying suitable game publishing opportunities, which involves the Group leverage on its experience and wide network of mobile gamers to market and distribute mobile games developed by third party development studio in return for a percentage of revenue.

Major Partnership with 9Ganes (Alibaba)

In an effort to penetrate the mobile gaming market in China, the Group has entered into a Mobile Game Cooperation Agreement with 9Games, a unit of Alibaba digital media and entertainment business group in May 2019. Under the agreement, 9Games will localise and publish iCandy's mobile game 'Groove Planet' in Mainland China.

eSports

The eSports industry is the fastest-growing area of video gaming markets, driven by increasing viewership thanks to the rise of digital platforms offering live eSports coverage such as Twitch.

Recognising the potential in eSports, the Group has recently established an eSports division which will focus on developing the Group's eSports initiatives that will centre around:

1. integration of eSports elements into the Group's existing games;
2. development of new eSports business via partnership with other eSports players;
3. provision of game content to third party eSports platforms; and
4. cultivating and developing an eSports community within iCandy's network of games.

The Group's recent eSports initiative includes a minority investment into Meta.US Pte Ltd, a Singapore based eSports marketplace technology platform run by a former global gaming executive. The Group has also signed a Global Joint Venture and Distribution Agreement with ASX-listed Emerge Gaming Limited ("EM1") in March 2019.

Fundraising

In April 2019, the Group raised approximately A\$1.5 million (before cost) via a well-received private placement of 25,000,000 new ordinary shares at a price of A\$0.06 per share. The funds secured are earmarked to fund the Group's active merger and acquisition strategy and to expand the Group's working capital.



Auditor's Independence Declaration

The lead auditor's independence declaration is included on page 3 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to S.306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Kin Wai Lau".

Kin Wai Lau
Director

Dated 30 August 2019

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of ICandy Interactive Limited for the half year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of August 2019

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
 ABN: 87 604 871 712
 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 AND OTHER COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 30 JUNE 2019



		Group	
	Note	30 June 2019 \$	30 June 2018 \$
Continuing operations			
Revenue	2	1,393,430	1,298,407
Other income	2	30,400	23,218
Cost of sales		<u>(349,504)</u>	<u>(139,088)</u>
		1,074,326	1,182,537
Marketing expenses		(303,545)	(102,664)
Audit fees		(17,193)	(11,366)
Legal and professional fees		(65,236)	(103,043)
Occupancy expenses		(44,144)	(44,450)
Employee benefits expense		(423,719)	(284,888)
Depreciation and amortisation expense		(496,668)	(404,229)
Impairment expense		-	(165,193)
Computer expenses		(2,464)	(10,673)
Other expenses		(86,111)	(88,163)
Travel expenses		(25,925)	(9,779)
Unrealised movement in fair value of intangibles		113,970	(578,920)
Loss before income tax		<u>(276,709)</u>	<u>(620,831)</u>
Tax expense		-	58,432
Net Loss from continuing operations		<u>(276,709)</u>	<u>(562,399)</u>
Discontinued operations			
Profit/(loss) from discontinued operations after tax		-	-
Net Loss for the period		<u><u>(276,709)</u></u>	<u><u>(562,399)</u></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		100,915	32,916
Total other comprehensive income/(loss) for the period		<u>100,915</u>	<u>32,916</u>
Total comprehensive income for the period		<u><u>(175,794)</u></u>	<u><u>(529,483)</u></u>
Net profit attributable to:			
Members of the parent entity		(296,807)	(562,399)
Non-controlling interest		20,098	-
		<u>(276,709)</u>	<u>(562,399)</u>
Total comprehensive income attributable to:			
Members of the parent entity		(196,410)	(529,483)
Non-controlling interest		20,616	-
		<u>(175,794)</u>	<u>(529,483)</u>
Earnings per share			
From continuing and discontinued operations:			
Basic loss per share (cents)		(0.09)	(0.20)
Diluted loss per share (cents)		(0.09)	(0.20)

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
 ABN: 87 604 871 712
 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2019



	Note	Group	
		30 June 2019 \$	31 December 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		982,961	359,888
Trade and other receivables	4	646,404	159,777
Other financial assets	5	165,546	1,421,012
Other assets	8	9,730	8,070
TOTAL CURRENT ASSETS		1,804,641	1,948,747
NON-CURRENT ASSETS			
Property, plant and equipment		114,666	115,217
Other financial assets	5	1,213,996	-
Intangible assets	7	2,625,447	2,632,292
TOTAL NON-CURRENT ASSETS		3,954,109	2,747,509
TOTAL ASSETS		5,758,750	4,696,256
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	737,463	929,822
Other financial liabilities	10	792,736	790,118
Current tax liabilities		(3,627)	1,528
TOTAL CURRENT LIABILITIES		1,526,572	1,721,468
NON-CURRENT LIABILITIES			
Deferred tax liabilities		8,868	8,816
TOTAL NON-CURRENT LIABILITIES		8,868	8,816
TOTAL LIABILITIES		1,535,440	1,730,284
NET ASSETS		4,223,310	2,965,972
EQUITY			
Issued capital	11	30,169,858	29,201,668
Reserves	17	(19,300,608)	(19,890,013)
Retained earnings		(6,642,490)	(6,345,683)
Equity attributable to owners of the parent entity		4,226,760	2,965,972
Non-controlling interest		(3,450)	-
TOTAL EQUITY		4,223,310	2,965,972

The accompanying notes form part of these financial statements.

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ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
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 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE HALF-YEAR ENDED 30 JUNE 2019



Note	Issued Capital	Accumulated Losses	Reserve			Subtotal	Non-controlling interests	Total
			Foreign Currency Translation Reserve	Option Reserve	Other Components of Equity			
	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated Group								
Balance at 1 January 2018								
	27,056,445	(3,786,258)	(73,008)	885,980	(20,289,999)	3,793,160	-	3,793,160
Comprehensive income								
	-	(562,399)	-	-	-	(562,399)	-	(562,399)
17(i)	-	-	32,916	-	-	32,916	-	32,916
Total comprehensive income for the period								
	-	(562,399)	32,916	-	-	(529,483)	-	(529,483)
Transactions with owners, in their capacity as owners, and other transfers								
	1,600,016	-	-	-	-	1,600,016	-	1,600,016
11	-	-	-	-	-	-	-	-
Total transactions with owners and other transfers								
	1,600,016	-	-	-	-	1,600,016	-	1,600,016
Balance at 30 June 2018								
	28,656,461	(4,348,657)	(40,092)	885,980	(20,289,999)	4,863,693	-	4,863,693
Balance at 1 January 2019								
	29,201,668	(6,345,683)	(57,471)	457,457	(20,289,999)	2,965,972	-	2,965,972
Comprehensive income								
	-	(296,807)	-	-	-	(296,807)	20,098	(276,709)
17(i)	-	-	100,397	-	-	100,397	518	100,915
Total comprehensive income for the period								
	-	(296,807)	100,397	-	-	(196,410)	20,616	(175,794)
Transactions with owners, in their capacity as owners, and other transfers								
	1,575,256	-	-	-	-	1,575,256	-	1,575,256
11	(607,066)	-	-	-	-	(607,066)	-	(607,066)
	-	-	-	489,008	-	489,008	-	489,008
16	-	-	-	-	-	-	(24,066)	(24,066)
Total transactions with owners and other transfers								
	968,190	-	-	489,008	-	1,457,198	(24,066)	1,433,132
Balance at 30 June 2019								
	30,169,858	(6,642,490)	42,926	946,465	(20,289,999)	4,226,760	(3,450)	4,223,310

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2019



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	Consolidated Group	
	30 June 2019	30 June 2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,050,233	848,341
Interest received	30,400	118
Payments to suppliers and employees	(1,761,474)	(747,360)
Net cash generated by operating activities	<u>(680,841)</u>	<u>101,099</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,402)	(8,904)
Loans to related parties		
- payments made	(72,039)	(42,235)
- proceeds from repayments	323	24,351
Net cash (used in)/generated by investing activities	<u>(76,118)</u>	<u>(26,788)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,500,006	-
Payments for capital raising costs	(118,058)	-
Net cash provided by (used in) financing activities	<u>1,381,948</u>	<u>-</u>
Net increase in cash held	624,989	74,311
Cash and cash equivalents at beginning of financial year	359,888	142,241
Effect of exchange rates on cash holdings in foreign currencies	(1,916)	6,316
Cash and cash equivalents at end of financial year	<u><u>982,961</u></u>	<u><u>222,868</u></u>

The accompanying notes form part of these financial statements.

The condensed consolidated financial statements of iCandy Interactive Limited for the six months ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 30 August 2019 and covers the consolidated entity consisting of iCandy Interactive Limited and its controlled entities ("the Group") as required by Corporations Act 2001.

The financial statements were authorised for issue on 30 August 2019 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 31 December 2018 and any public announcements made by the Company since 31 December 2018 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the Group's last reporting annual financial statements as at 31 December 2018, unless otherwise stated.

(a) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars, which is the Company's functional currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the entity's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(b) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured at each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

(Note 1: Summary of Significant Accounting Policies (continued))

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASB Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting ASSB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(c) Accounting for Common Control

Where the acquisition of entities that are deemed to be under common control occurs then consideration is required to determine the accounting acquirer. A new entity formed to effect a business combination through the issue of equity interests will not be regarded as the accounting acquirer, rather one of the combining entities that existed prior to the business combination shall be identified as the accounting acquirer.

The pooling of interest method is adopted for business combinations under common control. Existing book values for assets and liabilities at the date of acquisition will be recognised and fair value adjustments including new intangibles or goodwill will not be recognised. Any premium between the fair value of consideration paid and the book value of net assets is debited to a separate category of equity.

(d) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

(e) Digital Currencies

Digital currencies are indefinite life intangible assets initially recognised at cost. The digital currencies are subsequently measured at fair value by reference to the quote price in an active digital currency market.

Any increases or decreases in the fair value of the digital currencies are recognised through the profit and loss, similar to any gains or losses upon the disposals of digital currencies.

(Note 1: Summary of Significant Accounting Policies (Cont'd))

(f) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(i) Key judgments and estimates - Intellectual Property - Research and Development

In determining the development expenditures to be capitalised, the Group makes estimates and assumptions based on expected future economic benefits generated by products that are the result of those development expenditures. Other important estimates and assumptions in this assessment process are the distinction between R&D and the estimated useful life.

Development costs associated with intangible assets are only capitalised by the Group when it can demonstrate the technical feasibility of completing the asset so that the asset will be available for use or sale, how the asset will generate future economic benefits and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs in respect to software are internally generated, and have a finite useful life. The amortisation method is straight line over the period of the expected benefits, being 5 years. Impairment testing is undertaken when impairment indicators exist.

(ii) Key Estimate - Taxation

Deferred tax assets are not brought to account, the benefits will only be realised if it is probable that taxable profit will be available against which the unutilised tax losses can be utilised.

(ii) Key judgements and estimates - Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There is also judgement applied in determining recoverability of asset.

(h) Going Concern Note

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

The Company incurred a loss for the period after tax of \$276,709 (30 June 2018: loss of \$562,399) and net cash outflows from operating activities of \$680,841 (30 June 2018: inflow of \$101,099)

The ability of the Company to continue as a going concern is principally dependent on the Company to increase cashflow from existing businesses, managing cashflow in line with available funds and the ability of the Company to secure funds by raising capital from equity markets. These conditions indicate uncertainty that may cast doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors to above, the directors are satisfied that the going concern basis or preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.



Note 2 Revenue and Other Income

(a) Revenue from continuing operations	Group	
	30 June 2019	30 June 2018
	\$	\$
Sales revenue		
- sale of in-app applications	693,364	403,207
- ads and sponsorships	689,111	404,984
- publishing income	10,955	384,883
- services	-	105,333
	<u>1,393,430</u>	<u>1,298,407</u>
Other revenue		
- interest received	30,400	30,829
- realised foreign exchange gain/(loss)	-	(7,611)
	<u>30,400</u>	<u>23,218</u>
	<u>1,423,830</u>	<u>1,321,625</u>

Note 3 Dividends

No dividends have been paid, declared or recommended for payment during the reporting period.

Note 4 Trade and Other Receivables

	Group	
	30 June 2019	31 December 2018
	\$	\$
CURRENT		
Trade receivables	479,365	133,281
Provision for impairment	(2,932)	-
	<u>476,433</u>	<u>133,281</u>
Other receivables	150,212	18,973
GST receivables	19,759	7,523
Total current trade and other receivables	<u>646,404</u>	<u>159,777</u>

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined as follows; the expected credit losses also incorporate forward-looking information.

There has been no impact with the application of AASB 9: Financial Instruments.

The "amounts written off" are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

	Current	>30 days past due	>60 days past due	>90 days past due	Total
	\$	\$	\$	\$	\$
30 June 2019					
Expected loss rate	1%	0%	0%	0%	
Gross carrying amount	649,336	-	-	-	649,336
Loss allowing provision	(2,932)	-	-	-	(2,932)
31 December 2018					
Expected loss rate	0%	0%	0%	0%	-
Gross carrying amount	159,777	-	-	-	159,777
Loss allowing provision	-	-	-	-	-

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 4. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

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Note 4: Trade and Other Receivables (continued)

On a geographic basis, the Group has significant credit risk exposures in Malaysia given the substantial operations in that region. The Group's exposure to credit risk for receivables at the end of the reporting period in those regions are as follows:

	Group	
	30 June 2019	31 December 2018
AUD	\$	\$
Australia	50,157	4,314
Singapore	3,505	133,282
Malaysia	590,074	22,181
Indonesia	2,668	-
	<u>646,404</u>	<u>159,777</u>

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

(a) Collateral Held as Security

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

	Group	
	30 June 2019	31 December 2018
(b) Financial Assets Measured at Amortised Cost	\$	\$
Trade and other Receivables		
— Total current	646,404	159,777
— Total non-current	-	-
	<u>646,404</u>	<u>159,777</u>
Total financial assets measured at amortised cost	<u>646,404</u>	<u>159,777</u>

Note 5 Other Financial Assets

	Group	
	30 June 2019	31 December 2018
	\$	\$
CURRENT		
Amount receivable from:		
- other related parties	124,235	1,426,823
- others	41,311	(5,811)
Total current assets	<u>165,546</u>	<u>1,421,012</u>
NON-CURRENT		
Amount receivable from:		
- other related parties	1,213,996	-
Total non-current assets	<u>1,213,996</u>	<u>-</u>
Total Other Financial Assets		
Current	165,546	1,421,012
Non-Current	1,213,996	-
	<u>1,379,542</u>	<u>1,421,012</u>

Terms of Receivables:

All receivables are at call.

There are no securities attached.

No interest are charged on receivables.

Note 6 Interests in Subsidiaries

(a) **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group		Proportion of non-controlling interests	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
iCandy Digital Pte Ltd	Singapore	100%	100%	-	-
Appxplore (iCandy) Limited	British Virgin Island	100%	100%	-	-
Appxplore (iCandy) Sdn Bhd	Malaysia	100%	100%	-	-
Inzen (iCandy) Pte Ltd	Singapore	100%	100%	-	-
iCandy Play Limited	British Virgin Island	100%	100%	-	-
iCandy Games Limited	British Virgin Island	100%	100%	-	-
PT Joyseed Berbagi Sukses	Indonesia	67%	-	33%	-

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

(b) **Significant Restrictions**

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

Note 7 Intangible Assets

	Note	Group	
		30 June 2019	31 December 2018
		\$	\$
Goodwill			
Cost		283,862	-
Accumulated impairment losses		-	-
Net carrying amount	16	<u>283,862</u>	<u>-</u>
Games Portfolio			
Cost		2,600,000	2,600,000
Accumulated impairment losses		(1,410,000)	(1,150,000)
Net carrying amount		<u>1,190,000</u>	<u>1,450,000</u>
Computer software:			
Cost		1,969,564	1,940,131
Accumulated amortisation and impairment losses		(1,199,536)	(987,597)
Net carrying amount		<u>770,028</u>	<u>952,534</u>
Research and development			
Cost		147,992	2,038,175
Accumulated amortisation and impairment losses		(24,665)	(1,892,372)
Net carrying amount		<u>123,327</u>	<u>145,803</u>
Cryptocurrency			
Cost		1,232,011	1,082,827
Accumulated amortisation and impairment losses		(973,781)	(998,872)
Net carrying amount		<u>258,230</u>	<u>83,955</u>
Total intangible assets		<u><u>2,625,447</u></u>	<u><u>2,632,292</u></u>



Note 7: Intangible Assets (continued)

Group

	Note	Goodwill \$	Games Portfolio \$	Computer Software \$	Research and development \$	Cryptocurrency \$	Total \$
Year ended 31 December 2018							
Balance at the beginning of the year		-	-	1,204,776	508,353	-	1,713,129
Reclassification from prepayments		-	-	-	-	610,781	610,781
Additions		-	2,600,000	-	-	472,046	3,072,046
Disposals		-	-	-	-	-	-
Movement in fair value		-	-	-	-	(1,004,304)	(1,004,304)
Amortisation charge		-	(303,333)	(388,026)	(380,169)	-	(1,071,528)
Impairment losses		-	(846,667)	-	-	-	(846,667)
Movement in foreign currency		-	-	135,784	17,619	5,432	158,835
		-	1,450,000	952,534	145,803	83,955	2,632,292
Year ended 30 June 2019							
Balance at the beginning of the year		-	1,450,000	952,534	145,803	83,955	2,632,292
Additions	16	283,862	-	-	-	51,510	335,372
Amortisation charge		-	(260,000)	(194,744)	(24,665)	-	(479,409)
Movement in fair value		-	-	-	-	72,138	72,138
Movement in foreign currency		-	-	12,238	2,189	50,627	65,054
Closing value at 30 June 2019		283,862	1,190,000	770,028	123,327	258,230	2,625,447

On 17 June 2019, Appxplore (iCandy) Limited received 3,494,528 NOX tokens from Nitro Interactive Limited for publishing services rendered.

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss.

Note 8 Other Assets

	Group	
	30 June 2019 \$	31 December 2018 \$
CURRENT		
Prepayments	9,730	8,070
	<u>9,730</u>	<u>8,070</u>
Total Other Assets		
Current	9,730	8,070
Non-Current	-	-
	<u>9,730</u>	<u>8,070</u>

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Note 9 Trade and Other Payables

	Group	
	30 June 2019	31 December 2018
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	67,518	121,219
Sundry payables and accrued expenses	669,945	808,603
	<u>737,463</u>	<u>929,822</u>
	Consolidated Group	
	2019	2018
	\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	737,463	929,822
— Total non-current	-	-
Financial liabilities as trade and other payables	<u>737,463</u>	<u>929,822</u>

Note 10 Other Financial Liabilities

	Group	
	30 June 2019	31 December 2018
	\$	\$
CURRENT		
Amounts payable to:		
- other related parties	792,736	790,118
	<u>792,736</u>	<u>790,118</u>
	Group	
	30 June 2019	31 December 2018
	\$	\$
(a) Total current and non-current secured liabilities:		
Current	792,736	790,118
Non-current	-	-
	<u>792,736</u>	<u>790,118</u>

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Note 11 Issued Capital

	Group	
	30 June 2019	31 December 2018
334,910,815 fully paid ordinary shares (31 December 2018: 309,007,937 fully paid ordinary shares)	\$ 30,169,858	\$ 29,201,668
	<u>30,169,858</u>	<u>29,201,668</u>

The Group has authorised share capital amounting to 334,910,815 ordinary shares.

(a) Ordinary Shares	Group			
	30 June 2019	30 June 2019	31 December 2018	31 December 2018
	No.	\$	No.	\$
At the beginning of the reporting period	309,007,937	29,201,668	277,192,746	27,056,445
Shares issued during the period	25,902,878	1,575,256	31,815,191	2,145,223
Transaction costs	-	(607,066)	-	-
At the end of the reporting period	<u>334,910,815</u>	<u>30,169,858</u>	<u>309,007,937</u>	<u>29,201,668</u>

On 4 January 2019 and 8 April 2019, 326,389 fully paid ordinary shares were issued on both dates. This was in relation to the purchase of PT Joyseed Berbagi Sukses. There are altogether 8 tranches of 326,389 fully paid ordinary shares to be issued. Tranche 1 and Tranche 2 have been issued. Shares were issued at \$0.09 per share. No cash was raised.

On 8 April 2019, 250,000 fully paid ordinary shares were issued to MMR Corporate as consultancy fees. Shares were issued at \$0.07 per share and no cash was raised.

On 12 April 2019, 25,000,100 fully paid ordinary shares were issued under a private place and cleansing offer. Shares were issued at \$0.06 per share raising a total of \$1,381,948, net of capital raising costs.

(b) Options

There were 30,533,333 listed options on issue for the period ended 30 June 2019. The following reconciles with the outstanding listed options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial year.

	Group	
	30 June 2019	31 December 2018
	No.	No.
Balance at beginning of the year	30,533,333	27,716,666
Granted during the financial year	-	-
Expired during the financial year	-	-
Released from escrow	-	2,816,667
Balance and Exercisable at end of the year	<u>30,533,333</u>	<u>30,533,333</u>

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

	Group	
	30 June 2019	31 December 2018
	No.	No.
Balance at beginning of the year	30,500,000	33,316,667
Granted during the financial year	15,500,000	10,000,000
Expired during the financial year	-	(10,000,000)
Released from escrow	-	(2,816,667)
Balance and Exercisable at end of the year	<u>46,000,000</u>	<u>30,500,000</u>

On 14 June 2019, 7,500,000 unlisted options were issued as Broker Options in relation to the private placement conducted on 12 April 2019. These options have an exercise price of \$0.08 and expiry date of 14 June 2021.

On 14 June 2019, 8,000,000 unlisted options were issued as Corporate Options in relation to the private placement conducted on the 12 April 2019. These options have an exercise price of \$0.08 and expiry date of 14 June 2021.

Above options issued during the financial period were calculated using the Black Scholes method and has a value \$236,617 and \$252,391 attached to them respectively.

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Note 12 Contingent Liabilities

Asset Purchase of a Portfolio of Games from Animoca Brands Limited

The Company had completed its Asset purchase of a Portfolio of Games from Animoca Brands Limited ("AB1") in the 2018 financial year.

There are 2 contingent liabilities in relation to the purchase and they are listed below.

Performance Payments

- If during the first year after the completion Date, the Games generate an aggregate Net Games Profit of at least AUD \$500,000, AB1 would be entitled to a performance payment in the number of shares equivalent in value to AUD 1,500,000 to be issued within 15 days of the final determination of the Net Games Profit. Each share would be valued at a price equal to the average closing price of a share during the 15 day trading period immediately preceding the issuance of such shares to AB1 up to a maximum of 9,375,000. Should the number of Shares to be issued to AB1 exceeds the maximum shares, the remaining balance of performance payment will be paid to AB1 in cash by the Company. The Company subsequently announced on 9 July 2019, the games have not generated an aggregate Net Games Profit of at least A\$500,000 and hence no deferred consideration shares will be issued to AB1.
- If during the second year after the Completion Date, the Games generate an aggregate Net Games Profit of at least AUD \$1,000,000, AB1 would be entitled to a performance payment in the number of shares equivalent in value to AUD 1,500,000 to be issued within 15 days of the final determination of the Net Games Profit. Each share would be valued at a price equal to the average closing price of a share during the 15 day trading period immediately preceding the issuance of such Shares to AB1 up to a maximum of 9,375,000. Should the number of Shares to be issued to AB1 exceeds the maximum shares, the remaining balance of performance payment will be paid to AB1 in cash by the Company.

Earn Out Payment

For a period of 5 years from the Completion Date, AB1 shall be entitled to share in the Net Games Profits from the Games, in accordance with the following conditions:

- During any year in which the Net Games Profit from the Games reaches AUD \$1,000,000, AB1 shall receive a cash payment equal to at least 10% of such Net Profit as AB1's profit share payable within 15 days of the final determination of the Net Games Profit. The value of AB1's profit share for any such year shall increase by 10% for each addition AUD \$500,000 in Net Games Profit reached by the Games during such year, up to a maximum of 50%. The table below illustrates how the Company and AB1 intend for the profit share scheme to work:

Net Games Profit (AUD)	Profit Share
1,000,000 - 1,499,999.99	10%
1,500,000 - 1,999,999.99	20%
2,000,000 - 2,499,999.99	30%
2,500,000 - 2,999,999.99	40%
3,000,000 - 3,499,999.99	50%
35,000,000	50%

Acquisition of 67% of PT Joyseed Berbagi Sukses

The Company had completed its acquisition of PT Joyseed Berbagi Sukses on 4 January 2019.

There is a contingent liability in relation to the purchase and is listed below.

Performance Payments

- If within 24 months from the complete date, PT Joyseed Berbagi Sukses achieves a revenue milestone of AUD\$350,000, the Company will issue AUD \$100,000 worth of the Company's shares to the Vendors within 10 Business days, issued at the Issue Price of \$0.09 per share.

Note 13 Operating Segments

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;

Types of products and services by segment

- (i) *Development and sale of digital media (except games)*

The Group is engaged in the development of software for interactive digital media (except games).

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Note 13: Operating Segments (continued)

(ii) *Design and development of intellectual properties for software applications and games*

The Group is also engaged in the design and development of intellectual properties for software applications and games which brings in revenue from in-app purchase as well as ads and sponsorships.

Basis of accounting for purposes of reporting by operating segments

(a) **Accounting policies adopted**

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

(b) **Segment assets**

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

(c) **Segment liabilities**

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

(d) **Unallocated items**

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

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

(e) **Segment information**

(i) **Segment performance**

	Development of digital media	Development of Intellectual Properties	All Other Segments	Total
	\$	\$	\$	\$
Half-year ended 30 June 2019				
REVENUE				
External sales	3,086	1,085,940	334,804	1,423,830
Total segment revenue	3,086	1,085,940	334,804	1,423,830
<i>Reconciliation of segment revenue to group revenue</i>				
Total group revenue				1,423,830
Segment result from continuing operations before tax	(351,038)	522,443	(310,971)	(139,566)
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
Intersegment elimination				(137,144)
Net loss before tax from continuing operations				(276,709)
Half-year ended 30 June 2018				
REVENUE				
External sales	7,621	1,283,175	-	1,290,796
Interest revenue	-	30,710	119	30,829
Total segment revenue	7,621	1,313,885	119	1,321,625
<i>Reconciliation of segment revenue to group revenue</i>				
Total group revenue				1,321,625
Segment result from continuing operations before tax	(426,740)	505,225	(206,741)	(128,256)
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
Intersegment elimination				(434,143)
Net loss before tax from continuing operations				(562,399)

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Note 13: Operating Segments (continued)

(v) Assets by geographical region

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

	30 June 2019	31 December 2018
	\$	\$
Australia	2,332,632	1,539,459
Singapore	799,735	984,432
Malaysia	2,607,722	2,172,365
Indonesia	18,659	-
Total Assets	<u>5,758,748</u>	<u>4,696,256</u>

Note 14 Events After the Reporting Period

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

On 9 July 2019, the Company announced the games portfolio acquired from Animoca Brands did not generate an aggregate Net Games Profit of at least AUD \$500,000 and hence no deferred consideration shares would be issued to Animoca Brands.

On 22 July 2019, the Company announced it had entered into a Strategic Collaboration Agreement with eSports startup Meta.us Pte Ltd. In addition, the Company also invested AUD \$74,667 (USD \$50,000) into Meta.us via a Convertible Loan Note, with half of the amount to be paid in the Company's shares. A total of 927,051 fully paid ordinary shares were issued at \$0.0384 per share.

On 16 April 2019, the Company announced that it had signed an investment agreement to subscribe for a 20% stake in UK-based Xcademy Limited. Subsequently on the 22 July 2019, the Company announced that Xcademy had informed the Company that it did not intend to fulfill certain milestones leading to the completion of the Agreement. As such, the Company and Xcademy had mutually and amicably agreed to terminate the Agreement.

On 28 August 2019, the Company announced the Directors have approved in principle for the Company to embark on a secondary listing in Canada, subject to the necessary approvals required from the authorities and shareholders. The listing of the Company's shares on the proposed Canadian Exchange is expected to be completed in early November 2019.

Note 15 Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets - fair value OCI
- investments in subsidiaries

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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Note 15: Fair Value Measurements (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Note 16 Business Combination

PT Joyseed Berbagi Suksesis an award winning mobile game development studio surging amidst the expanding Southeast Asia's mobile game market. Based in Jakarta, Indonesia, Joyseed's team is made up of the skilled artists and developers from the region dedicated to planting the seed of joy in the hearts of everyone.

On 18 May 2018, the Company signed a term sheet to acquire 70% of PT Joyseed Berbagi Sukses, an Indonesian mobile gaming development studio.

On 4 January 2019, all conditions precedent to the Agreement had been fulfilled and acquisition completed. Due to limitations of foreign ownership rules in Indonesia, the Company and Vendors entered into a supplemental agreement to reduce to acquisition from 70% to 67%.

There is a contingent liability in relation to the purchase and is listed below.

Performance Payments

- If within 24 months from the complete date, PT Joyseed Berbagi Sukses achieves a revenue milestone of AUD\$350,000, the Company will issued AUD \$100,000 worth of the Company's shares to the Vendors within 10 Business days, issued at the Issue Price of \$0.09 per share.

The fair value of the identifiable assets and liabilities of PT Joyseed Berbagi Sukses as at the date of acquisition were:

	4 January 2019
	\$
Consideration (including shares and deferred consideration subject to performance milestones that have been adjusted based on probability assessments at transaction date)	235,000
Value of assets acquired	
Cash	191
Other assets	20,386
	<u>20,577</u>
Less:	
Other liabilities	93,505
Non-controlling interest	(24,066)
Fair value of net assets acquired	<u>(48,862)</u>
Goodwill provisionally accounted for	283,862

The contribution of PT Joyseed Berbagi Sukses to the consolidated entity's loss was \$60,301.

Note 17 Reserves

a. **Foreign Currency Translation Reserve**

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

	Group	
	30 June 2019	31 December 2018
	\$	\$
Balance at the beginning of the period	57,471	73,008
Foreign currency movements during the year	(100,397)	(15,537)
	<u>(42,926)</u>	<u>57,471</u>



Note 17: Reserves (continued)

b. Premium on Assets Acquired

When the Company acquired Appxplore (iCandy) Limited, a company incorporated in British Virgin Island and iCandy Digital Pte Ltd, a company incorporated in Singapore, this transaction was assessed as a transaction involved entities under common control. The Company was formed to effect the business combination and consideration was settled via the issue of equity interests. As the Company was incorporated to effect the transactions, it was determined that iCandy Interactive Limited would be the legal acquirer and Appxplore (iCandy) Limited would be the accounting acquirer as it was an entity that was carrying on a business prior to the business combination.

In accordance with the accounting policy adopted, all assets and liabilities will be recorded at their book value at the date of acquisition. The remaining difference between the fair value of the consideration paid and the book value of the net assets acquired is allocated to equity.

	Group	
	30 June 2019	31 December 2018
	\$	\$
Balance at the beginning of the period	20,289,999	20,289,999
	<u>20,289,999</u>	<u>20,289,999</u>

c. Option Reserve

The option reserve records the fair value movement on options

	Group	
	30 June 2019	31 December 2018
	\$	\$
Balance at the beginning of the period	(457,457)	(885,980)
Issue of options during the year ⁽ⁱ⁾	(489,008)	(457,457)
Expiry of options during the year	-	885,980
	<u>(946,465)</u>	<u>(457,457)</u>

(i) The value of the options issued during the financial period was calculated during the Black Scholes method with a compound risk free interest rate of 1.49% and annualised volatility of 139% and the options have an exercise price of \$0.08, expiry date of 14 June 2021.

Total Reserves

	Group	
	30 June 2019	31 December 2018
	\$	\$
Foreign currency translation reserve	(42,926)	57,471
Other components of equity	20,289,999	20,289,999
Option reserve	<u>(946,465)</u>	<u>(457,457)</u>
	<u>19,300,608</u>	<u>19,890,013</u>

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ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 172
DIRECTORS' DECLARATION



In accordance with a resolution of the directors of iCandy Interactive Limited, the directors of the Company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the half-year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Director

A handwritten signature in black ink, appearing to read "Kin Wai Lau".

Mr Kin Wai Lau

Dated this

30 August 2019

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Independent Auditor's Review Report

To the Members of ICandy Interactive Limited

We have reviewed the accompanying half-year financial report of ICandy Interactive Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

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 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.

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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 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 the Consolidated Entity, 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.

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Independent Auditor's Review Report

To the Members of iCandy Interactive Limited (Continued)



Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ICandy Interactive Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(h) in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$276,709 during the half year ended 30 June 2019. As stated in Note 1(h), these events or conditions, along with other matters as set forth in Note 1(h), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of August 2019

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