



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

Current period:	1 January 2023 - 30 June 2023
Prior corresponding period:	1 January 2022 - 30 June 2022

2. Results for announcement to the market	Half-year ended 30 June 2023	Half-year ended 30 June 2022	Up/ Down	Change (%)
Revenue from ordinary activities	11,989,736	15,692,072	Down	24%
Profit/(Loss) from ordinary activities before tax attributable to members of the parent	(4,364,794)	898,478	Down	586%
Total comprehensive income for the period attributable to members of the parent	(5,954,392)	(1,990,535)	Down	199%

3. Dividend Information	Amount per share	Franked amount
Interim Dividend	-	-
Previous corresponding period	-	-
Record date for determining entitlements to the dividend	N/A	N/A

4. Net Tangible Assets	Half-year ended 30 June 2023 (cents)	Half-year ended 30 June 2022 (cents)
Net tangible assets per security (with the comparative figures for the previous corresponding period)	2.02	3.12

5. **Details of entities over which control has been gained**

Name of entity:	AF Opportunity Sdn Bhd
Date of control:	1 January 2023



ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

**Financial Report For The Half-Year Ended
30 June 2023**

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**ICANDY INTERACTIVE LIMITED
AND CONTROLLED ENTITIES**



ABN: 87 604 871 712

**Financial Report For The Half-Year Ended
30 June 2023**

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



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 2023.

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 Christopher Whiteman
Mr Ken Foong (appointed 3 May 2023)
Ms Irene Wong Sook Lin (appointed 3 May 2023)

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 2023 was \$4,690,194. (2022 profit: \$228,923).

The EBITDA for the six-month period ended 30 June 2023 was \$256,739 (2022: \$3,983,555).

The net assets of the Group as at 30 June 2023 were \$77,001,443. (31 December 2022: \$82,940,832)

Pivoting of Storm's Business Model

Since the acquisition of Storms in Q1 2022, the management has undertaken a comprehensive review of Storms' business strategy. After careful consideration of market trends and opportunities, the decision was made to pivot Storms' focus from the publishing of third party mobile games to the development of its own Web3 games. This strategic shift also reflects the broader trajectory of iCandy group's orientation towards building Web3 games.

In light of the strategic pivot, the board of iCandy deemed it prudent to assess the carrying value of the acquired goodwill associated with the Storms acquisition. As a result, an impairment charge of A\$1.9 million was recorded during the financial period. While the impairment charge impacts iCandy's financials in the short term, we believe that Storm's shift to Web3 games hold significant potential for creating long term value for our shareholders.

Outlook

Looking ahead, iCandy will continue to exercise a cautious yet unwavering approach towards the development of its Web3 games. Due to the current near-term market challenges and complexities, iCandy has held back several of its Web3 project launches. Nevertheless, iCandy remains steadfast in its pursuit of establishing itself as a premier global Web3 game studio and aims to launch its Web3 project at a more opportune time.

Separately, iCandy's Game Services arm, primarily undertaken by Lemon Sky Studios, continues to see strong demand, with recorded revenue improving slightly by approximately 3.4% from A\$7.1 million to A\$7.3 million. A moderation in revenue was recorded in Animation Services, largely attributed to a change in creative direction undertaken for some of Lemon Sky Studio's major animation projects at the clients' behest. This has caused substantial production delays and an associated slowdown in billings. Nevertheless, the revised creative direction of the said animation projects have since received formal endorsement and have entered full scale production. With this, we are confident that the financial performance of our Animation Services will regain its positive trajectory in the forthcoming quarters.

Auditor's Independence Declaration

The lead auditor's independence declaration is included on page 2 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: 31 August 2023

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 2023, 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,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA
Director

Dated this 31st day of August 2023
Perth, Western Australia

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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 2023**



		Group	
		30 June 2023	30 June 2022
		\$	\$
Continuing operations			
Revenue	2(a)	11,989,736	15,692,072
Other income	2(b)	632,781	465,995
Cost of sales		(6,199,003)	(5,665,489)
		<u>6,423,514</u>	<u>10,492,578</u>
Unrealised foreign currency gain/(losses)		108,658	17,077
Unrealised movement in digital currencies		(28,990)	-
Acquisition costs		-	(2,250,000)
Doubtful debts expense		(593,410)	(107,508)
Marketing expenses		(117,324)	(336,849)
Audit fees		(79,662)	(48,756)
Legal and professional fees		(443,759)	(1,683,919)
Occupancy expenses		(357,055)	(218,886)
Employee benefits expense		(4,187,557)	(3,047,519)
Depreciation and amortisation expense		(1,708,763)	(871,662)
Other impairment expense		(455,020)	-
Goodwill impairment expense	10	(1,966,193)	-
Share based payments		(70,053)	(82,799)
Gain on fair value of put option		-	516,533
Computer expenses		(135,184)	(308,140)
Other expenses		(65,739)	(714,226)
Travel expenses		(295,743)	(60,297)
Finance costs		(140,035)	(102,617)
(Loss)/Profit before income tax		<u>(4,112,315)</u>	<u>1,193,010</u>
Tax expense		(577,879)	(964,087)
Net (Loss)/Profit for the period		<u><u>(4,690,194)</u></u>	<u><u>228,923</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		(576,292)	(46,817)
Fair value (decrease) in investment holdings		(684,996)	(1,557,830)
Fair value (decrease) in digital asset holdings		-	(640,794)
Total other comprehensive income/(loss) for the year		<u>(1,261,288)</u>	<u>(2,245,441)</u>
Total comprehensive income for the year		<u><u>(5,951,482)</u></u>	<u><u>(2,016,518)</u></u>
Net profit attributable to:			
Owners of the Parent Entity		(4,364,794)	898,478
Non-controlling interest		(325,400)	(669,555)
		<u>(4,690,194)</u>	<u>228,923</u>
Total comprehensive income attributable to:			
Owners of the Parent Entity		(5,954,392)	(1,990,535)
Non-controlling interest		2,910	(25,983)
		<u>(5,951,482)</u>	<u>(2,016,518)</u>
Earnings per share			
From continuing and discontinued operations:			
Basic and diluted (losses)/earnings per share (cents)	4	(0.33)	0.08

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 2023



		Group	
		30 June 2023	31 December 2022
	Note	\$	\$
Assets			
Current Assets			
Cash and cash equivalents		8,311,548	18,177,415
Trade and other receivables	5	7,381,502	4,685,490
Other financial assets	7	2,124,587	2,537,667
Other assets	11	4,371,808	2,257,335
Total Current Assets		22,189,445	27,657,907
Non-Current Assets			
Financial Assets - Fair value OCI	6	1,680,138	2,270,161
Other financial assets	7	-	521,371
Property, plant and equipment	9	11,608,778	10,230,907
Deferred tax assets		131,330	161,075
Intangible assets	10	50,512,964	50,797,542
Right-of-use assets	12	1,395,595	1,610,906
Total Non-Current Assets		65,328,805	65,591,962
Total Assets		87,518,250	93,249,869
Liabilities			
Current Liabilities			
Trade and other payables	13	2,556,502	3,324,646
Lease liabilities	12	667,502	632,452
Borrowings	14	1,883,693	1,918,163
Other financial liabilities	15	169,994	239,668
Current tax liabilities		577,192	501,706
Provisions		-	110,494
Total Current Liabilities		5,854,883	6,727,129
Non-Current Liabilities			
Borrowings	14	3,897,648	2,556,205
Lease liabilities	12	764,276	1,025,703
Total Non-Current Liabilities		4,661,924	3,581,908
Total Liabilities		10,516,807	10,309,037
Net Assets		77,001,443	82,940,832
Equity			
Issued capital	16	115,238,761	115,296,721
Reserves	22	(22,811,532)	(20,986,914)
Accumulated losses		(16,124,274)	(12,389,953)
Equity attributable to owners of the parent entity		76,302,955	81,919,854
Non-controlling interest		698,488	1,020,978
Total Equity		77,001,443	82,940,832

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2023



	Reserves								Subtotal	Non-controlling interests	Total
	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Financial Assets Revaluation Reserve	Transactions with non-controlling interest	Digital Assets Revaluation Reserve	Other Components of Equit			
	\$	\$	\$	\$	\$	\$	\$	\$			
Consolidated Group											
Balance at 1 January 2022	58,100,866	(12,892,619)	171,051	2,156,989	472,323	-	660,950	(15,047,428)	33,622,132	82,050	33,704,182
Comprehensive income											
Profit for the period	-	898,478	-	-	-	-	-	-	898,478	(669,555)	228,923
Other comprehensive income for the period	-	-	(20,834)	-	(1,557,830)	-	(640,794)	-	(2,219,458)	(25,983)	(2,245,441)
Total comprehensive income for the period	-	898,478	(20,834)	-	(1,557,830)	-	(640,794)	-	(1,320,980)	(695,538)	(2,016,518)
Transactions with owners, in their capacity as owners, and other transfers											
Shares issued during the year	64,096,466	-	-	-	-	-	-	-	64,096,466	-	64,096,466
Transaction costs net of tax	(2,575,472)	-	-	-	-	-	-	-	(2,575,472)	-	(2,575,472)
Shares bought back during the year	(3,324,934)	-	-	-	-	-	-	-	(3,324,934)	-	(3,324,934)
Options issued during the period	-	-	-	654,696	-	-	-	-	654,696	-	654,696
Vesting of performance rights and options during the period	-	-	-	82,799	-	-	-	-	82,799	-	82,799
Recognition of put option issued to vendors of Digital Games International Pte Ltd	-	-	-	-	-	-	-	-	-	(5,030,683)	(5,030,683)
Recognition of non-controlling interests in Lemon Sky Studios Sdn Bhd	-	-	-	-	-	-	-	-	-	31,708	31,708
Recognition of non-controlling interests in Gameconomy Sdn Bhd	-	-	-	-	-	-	-	-	-	211,737	211,737
Recognition of non-controlling interests in Flying Sheep Studios GmbH	-	-	-	-	-	-	-	-	-	919,282	919,282
Recognition of non-controlling interests in Digital Games International Pte Ltd	-	-	-	-	-	-	-	-	-	2,215,830	2,215,830
Total transactions with owners and other transfers	58,196,060	-	-	737,495	-	-	-	-	58,933,555	(1,652,126)	57,281,429
Balance at 30 June 2022	116,296,926	(11,994,141)	150,217	2,894,484	(1,085,507)	-	20,156	(15,047,428)	91,234,707	(2,265,614)	88,969,093
Balance at 1 January 2023	115,296,721	(12,389,953)	801,093	963,792	(4,438,008)	(3,266,363)	-	(15,047,428)	81,919,854	1,020,978	82,940,832
Comprehensive income											
Profit for the period	-	(4,364,794)	-	-	-	-	-	-	(4,364,794)	(325,400)	(4,690,194)
Other comprehensive income for the period	-	-	(579,202)	-	(684,996)	-	-	-	(1,264,198)	2,910	(1,261,288)
Total comprehensive income for the period	-	(4,364,794)	(579,202)	-	(684,996)	-	-	-	(5,628,992)	(322,490)	(5,951,482)

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2023



	Reserves								Subtotal	Non-controlling interests	Total
	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Financial Assets Revaluation Reserve	Transactions with non-controlling interest	Digital Assets Revaluation Reserve	Other Components of Equity			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Transactions with owners, in their capacity as owners, and other transactions											
Shares issued during the year	500								500		500
Shares bought back during the year	(58,460)								(58,460)		(58,460)
Vesting of performance rights and options during the period	-	-	-	70,053	-	-	-	-	70,053	-	70,053
Options expired during the period	-	630,473	-	(630,473)	-	-	-	-	-	-	-
Total transactions with owners and other transactions	(57,960)	630,473	-	(560,420)	-	-	-	-	12,093	-	12,093
Balance at 30 June 2023	115,238,761	(16,124,274)	221,891	403,372	(5,123,004)	(3,266,363)	-	(15,047,428)	76,302,955	698,488	77,001,443

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 2023



	Group	
	30 June 2023	30 June 2022
	\$	\$
Cash flows from operating activities		
Receipts from customers	10,112,945	12,517,695
Interest received	77,900	39,368
Payments to suppliers and employees	(15,914,734)	(8,454,418)
Finance costs	(110,601)	(94,262)
Income tax paid	(577,879)	(153,114)
Net cash generated by operating activities	(6,412,369)	3,855,269
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,000,357)	(622,030)
Purchase of intangibles	(752,219)	(80,235)
Payments made for short-term investments	(458,570)	(566,223)
Payment made for acquisition of subsidiaries	-	(21,334,828)
Acquisition of subsidiary cash	-	12,146,452
Net loan to related parties	831,089	(189,320)
Net cash (used in)/generated by investing activities	(4,380,057)	(10,646,184)
Cash flows from financing activities		
Proceeds from issue of shares	-	23,232,205
Proceeds from exercise of options	-	281,692
Payments for capital raising costs	-	(32,780)
Repayment of lease liabilities	(378,079)	(83,910)
Share buy-back payment	(58,460)	(3,324,934)
Proceeds from borrowings	1,306,973	294,503
Repayment of borrowings	-	(3,583,385)
Net cash provided by (used in) financing activities	870,434	16,783,391
Net increase in cash held	(9,921,992)	9,992,476
Cash and cash equivalents at beginning of financial year	18,177,415	18,306,705
Effect of exchange rates on cash holdings in foreign currencies	56,125	7,036
Cash and cash equivalents at end of financial year	8,311,548	28,306,217

The accompanying notes form part of these financial statements.

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
ABN: 87 604 871 712
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023



The condensed consolidated financial statements of iCandy Interactive Limited for the six months ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 31 August 2023 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 31 August 2023 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

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 2022 and any public announcements made by the Company since 31 December 2022 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 reported annual financial statements as at 31 December 2022, unless otherwise stated.

(a) 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 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.

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 at fair value;
- (ii) any non-controlling interest (determined under either fair value 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 interests 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 Group.

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 are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. 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 under AASB 9: Financial Instruments, 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.

Note 1: Summary of Significant Accounting Policies (continued)

(b) 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.

(c) Digital Currencies

The Group considers any digital assets that does not fall under the inventory or financial asset methodology and meet the recognition criteria are considered to be intangible assets.

Digital assets that meet the criteria of Intangible Assets, the Group measures digital assets at its fair value less costs to sell in accordance with the revaluation model. Any increase in fair value is recognised in OCI and credited to a revaluation reserve, unless it reverses a revaluation deficit of the same asset previously recognised in profit or loss.

A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

Digital assets are considered to be indefinite life intangible assets given their nature.

Digital assets are derecognised when the Group disposes of the asset or when the Group otherwise loses control and, therefore access to the economic benefits associated with ownership of the digital asset.

(d) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The company's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Company makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(e) Intangible Assets Other than Goodwill

Computer software

Computer software is recorded at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value, as at the date of acquisition. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and ten years. It is assessed annually for impairment.

Research and Development

Research and development is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Research and development has an estimated useful life of three years. It is assessed annually for impairment.

Games Portfolio

Games Portfolio are externally acquired games that are recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. The Games Portfolio has an estimated useful life of five years. It is assessed annually for impairment.

(f) 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.

Note 1: Summary of Significant Accounting Policies (continued)

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.

The Company

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 exchange rates on the date of transaction; 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.

(g) Revenue and Other Income

Accounting policy for revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised with reference to the completion by the Company of specific performance obligations of contracts with customers, as described below.

Revenue from contracts with customers

Revenue is recognised on the purchase of mobile gaming applications and licencing services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

All contracts with effect from 1 January 2018 (either written, verbal or implied) are identified, together with the separate performance obligations within the contract and the transaction price is determined. Adjustments are made for the time value of money excluding credit risk and the transaction price is allocated to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good/service. The estimation approach is taken if no distinct observable prices exists and revenue is recognised when each performance obligation is satisfied.

Credit risk is presented separately as an expense, rather than adjusted to revenue. For goods, the performance obligation is satisfied when the customer takes control of the goods. For services, the performance obligation is satisfied when the service has been performed, typically for promises to transfer services to customers. For performance obligations satisfied over time, the Company selects an appropriate measure of progress to determine how much revenue is recognised as the performance obligation is satisfied.

Mobile game applications revenue

Revenue from mobile game application sales are recognised at the time of the game application purchase.

Publishing revenue

The Company receives revenue for publishing income in relation to mobile game applications. The publishing revenue is recognised at the time the service is provided.

Interest

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

(h) Comparative Figures

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

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 statements is presented.

(i) 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 judgements 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.

Note 1: Summary of Significant Accounting Policies (continued)

Development costs in respect to software are internally generated, and have a finite useful life. The amortisation method is inline over the period of the expected benefit, being 3 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 probably that taxable profit will be available against which the utilised tax losses can be utilised.

(iii) Key judgements and estimates - Impairment

The Group assess 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.

(v) Key judgements and estimates - Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

(vi) Key judgements and estimates - Digital Currencies

During the 2021 financial year, due to the review of recent peer analysis of the accounting treatment for Digital Currencies, Management has determined that the Group's digital assets fall in the intangible asset method. The comparative figures have been restated. As such, the Group has restated its comparatives and have reallocated the revaluation of the Digital Currencies against Other Comprehensive Income and not the profit and loss. The restated amount was \$172,773.

Management notes that the accounting for digital assets continues to be considered by the Australian Accounting Standards Board (AASB) and continues to monitor new comments and interpretations released by the Board and other standard setters from around the world.

In line with this, the Group has considered its position for the current period and has determined that the Group's digital assets fall in the intangible asset method.

Management notes that the treatment continues to be to measure digital assets at fair value (unless otherwise disclosed and provided certain conditions are met) under the accounting standards.

(vii) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Note 2 Revenue and Other Income

(a) Revenue from continuing operations

	Group	
	30 June 2023	30 June 2022
Sales revenue		
- sale of in-app applications	305,518	607,973
- ads and sponsorships	95,137	565,756
- services - games	7,337,939	7,052,391
- publishing income	279,154	143,822
- services - animation	3,971,988	7,322,130
	<u>11,989,736</u>	<u>15,692,072</u>

(b) Other Income

- interest received	77,900	39,368
- other income	654,153	76,665
- realised foreign exchange gain/(loss)	(99,272)	349,962
	<u>632,781</u>	<u>465,995</u>

Note 3 Dividends

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

Note 4 Earnings per Share

	Group	
	30 June 2023	30 June 2022
	\$	\$
(a) Reconciliation of earnings to profit or loss		
Loss	(4,364,794)	898,478
Losses used in the calculation of basic and dilutive EPS	(4,364,794)	898,478
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,306,200,462	1,163,705,608
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	1,306,200,462	1,163,705,608
(c) Basic and diluted losses per share (cents)	(0.33)	0.08

Note 5 Trade and Other Receivables

	Group	
	30 June 2023	31 December 2022
	\$	\$
Current		
Trade receivables	7,303,761	4,308,086
Provision for impairment	(1,571,155)	(753,206)
	5,732,606	3,554,880
Other receivables	1,513,411	1,026,425
GST receivables	54,969	89,453
Tax refundable	80,516	14,732
Total current trade and other receivables	7,381,502	4,685,490

Note 6 Financial Assets - Fair Value OCI

	Group	
	30 June 2023	31 December 2022
	\$	\$
Non-Current		
Fair assets - Fair value OCI	1,680,138	2,270,161
Total Non-Current Assets	1,680,138	2,270,161
(a) Financial assets - Fair Value OCI		
Non-Current		
Listed and unlisted investments, at fair value		
- shares in listed corporations	975,961	1,514,857
- shares in unlisted corporations	704,177	755,304
	1,680,138	2,270,161

Listed Corporations

- Financial Assets - Fair value OCI's listed corporations have been valued using quoted prices in active markets.

Opening Balance	1,514,857	1,885,018
Additions	-	-
Reclassify between listed and unlisted	-	4,919,449
Movement in fair value of financial assets - fair value OCI	(535,609)	(4,930,790)
Movement in foreign currency	(3,287)	(358,820)
Closing Balance	975,961	1,514,857

Note 6: Financial Assets - Fair Value OCI (continued)

Unlisted Corporations

- Financial Assets - Fair value OCI's unlisted corporations have been valued using the market approach. The valuation techniques uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Opening Balance	755,304	4,919,449
Additions	-	282,992
Reclassify between listed and unlisted	-	(4,919,449)
Movement in fair value of financial assets - fair value OCI	11,148	20,459
Movement in foreign currency	(62,275)	451,853
Closing Balance	704,177	755,304

Note 7 Other Financial Assets

	Note	Group	
		30 June 2023	31 December 2022
		\$	\$
Current			
Amount receivable from:			
- other related parties		858,087	1,694,788
- others		2,823	2,800
		860,910	1,697,588
Other short-term investments		981,665	558,067
Promissory Note		282,012	282,012
		2,124,587	2,537,667
Non-Current			
Amount receivable from:			
- other related parties		-	521,371
		-	521,371
Total Other Financial Assets			
Current		2,124,587	2,537,667
Non-Current		-	521,371
		2,124,587	3,059,038

Terms of Receivables

All receivables are at call.

There are no securities attached.

Amount receivables of \$1,051,465 has no interest rates attached.

Amount receivables of \$445,607 (SGD 400,422) has an interest rate of 5% per annum attached.



Note 8 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 2023 (%)	31 December 2022 (%)	30 June 2023 (%)	31 December 2022 (%)
iCandy Games Limited	British Virgin Island	100%	100%	-	-
Lemon Sky Holdings Limited	British Virgin Island	100%	100%	-	-
Lemon Sky Animation Sdn Bhd	Malaysia	100%	100%	-	-
Lemon Sky Seed Sdn Bhd	Malaysia	100%	100%	-	-
Visual Art Workshop Sdn Bhd	Malaysia	100%	100%	-	-
Lemon Sky Space Sdn Bhd	Malaysia	100%	100%	-	-
Lemon Sky Candy Sdn Bhd	Malaysia	100%	100%	-	-
Lemon Sky North Sdn Bhd	Malaysia	100%	100%	-	-
Limao Games Sdn Bhd	Malaysia	100%	100%	-	-
Sky Candy Sdn Bhd	Malaysia	100%	100%	-	-
Lemon Sky Studios Pte Ltd	Singapore	100%	-	-	-
iCandy Media Limited	British Virgin Island	100%	100%	-	-
Appxplore (iCandy) Limited	British Virgin Island	100%	100%	-	-
Appxplore (iCandy) Sdn Bhd	Malaysia	100%	100%	-	-
PT Joyseed Berbagi Sukses	Indonesia	67%	67%	33%	33%
Beetleroar Sdn Bhd	Malaysia	80%	80%	20%	20%
AF Opportunity Sdn Bhd	Malaysia	100%	-	-	-
Hashcode Studio Sdn Bhd (formerly known as Gameconomy Sdn Bhd)	Malaysia	60%	60%	40%	40%
Inzen (iCandy) Pte Ltd	Singapore	100%	100%	-	-
Flying Sheep Studios GmbH	Germany	60%	60%	40%	40%
Digital Games International Pte Ltd	Singapore	100%	100%	-	-

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

Note 9 Property, Plant and Equipment

	Group	
	30 June 2023	31 December 2022
	\$	\$
Land and Buildings		
Building		
At cost	9,159,235	7,965,008
Accumulated depreciation	(589,562)	(532,077)
Total buildings	8,569,673	7,432,931
Total land and buildings	8,569,673	7,432,931
Plant and equipment:		
Plant and equipment:		
At cost	2,754,154	2,315,969
Accumulated depreciation	(1,168,312)	(1,015,812)
	1,585,842	1,300,157
Leasehold improvements		
At cost	1,370,164	1,375,634
Accumulated depreciation	(802,014)	(699,977)
	568,150	675,657
Signage		
At cost	1,644	1,706
Accumulated depreciation	(1,129)	(1,086)
	515	620

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
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Note 7: Property, Plant and Equipment (continued)

Furniture and Fittings

At cost	617,272	639,293
Accumulated depreciation	(373,309)	(326,508)
	<u>243,963</u>	<u>312,785</u>

Motor Vehicles

At cost	1,158,949	1,012,205
Accumulated depreciation	(518,314)	(503,448)
	<u>640,635</u>	<u>508,757</u>

Total plant and equipment	<u>3,039,105</u>	<u>2,797,976</u>
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Total property, plant and equipment	<u>11,608,778</u>	<u>10,230,907</u>
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(a) Movements in Carrying Amounts

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

	Buildings	Plant and Equipment	Leasehold Improvement	Signage	Furniture and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Consolidated Group:							
Balance at 1 January 2022	-	92,535	13,507	780	-	-	106,822
Additions through acquisition of entity	7,715,470	1,151,950	813,781	-	411,836	189,896	10,282,933
Additions	-	307,771	110,869	-	18,964	487,359	924,963
Disposals	-	(73,915)	-	-	-	-	(73,915)
Depreciation expense	(142,977)	(329,227)	(243,100)	(167)	(108,504)	(159,484)	(983,459)
Foreign exchange movement	(139,562)	151,043	(19,400)	7	(9,511)	(9,014)	(26,437)
Balance at 31 December 2022	<u>7,432,931</u>	<u>1,300,157</u>	<u>675,657</u>	<u>620</u>	<u>312,785</u>	<u>508,757</u>	<u>10,230,907</u>
Balance at 1 January 2023	7,432,931	1,300,157	675,657	620	312,785	508,757	10,230,907
Additions	1,482,819	546,040	44,372	-	1,596	426,098	2,500,925
Disposals	-	-	-	-	-	(176,720)	(176,720)
Depreciation expense	(78,966)	(210,749)	(131,053)	(85)	(60,816)	(109,047)	(590,716)
Foreign exchange movement	(267,111)	(49,606)	(20,826)	(20)	(9,602)	(8,453)	(355,618)
Balance at 30 June 2023	<u>8,569,673</u>	<u>1,585,842</u>	<u>568,150</u>	<u>515</u>	<u>243,963</u>	<u>640,635</u>	<u>11,608,778</u>

Note 10 Intangible Assets

	Group	
	30 June 2023	31 December 2022
	\$	\$
Goodwill		
Cost	43,330,543	43,263,806
Accumulated impairment losses	(1,966,193)	-
	<u>41,364,350</u>	<u>43,263,806</u>
Computer software:		
Cost	781,445	1,433,459
Accumulated amortisation and impairment losses	(539,682)	(466,984)
	<u>241,763</u>	<u>966,475</u>
Research and development		
Cost	7,103,040	6,436,373
Accumulated amortisation and impairment losses	(3,297,942)	(2,823,706)
	<u>3,805,098</u>	<u>3,612,667</u>
Gaming Platform		
Cost	1,376,112	1,346,660
Accumulated amortisation and impairment losses	(298,158)	(224,443)
	<u>1,077,954</u>	<u>1,122,217</u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
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Note 10: Intangible Assets (continued)

Digital Assets		
Cost	987,933	810,597
Accumulated amortisation and impairment losses	-	-
	<u>987,933</u>	<u>810,597</u>
Work in progress		
Cost	3,035,866	1,021,780
Accumulated amortisation and impairment losses	-	-
	<u>3,035,866</u>	<u>1,021,780</u>
Total intangible assets	<u>50,512,964</u>	<u>50,797,542</u>

Consolidated Group:

	Goodwill	Computer Software	Research and Development	Gaming Platform	Digital Assets	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
Consolidated Group:							
Balance at 1 January 2022	-	814,029	966,723	1,173,564	738,671	-	3,692,987
Additions	-	61,638	158,158	-	4,068,993	339,375	4,628,164
Acquisitions	41,686,685	178,903	4,116,751	-	-	694,697	46,677,036
Amortisation charge	-	(142,856)	(1,642,118)	(131,331)	-	-	(1,916,305)
Movement in fair value	-	-	-	-	(3,556,980)	-	(3,556,980)
Foreign exchange movement	1,577,121	54,761	13,153	79,984	(440,087)	(12,292)	1,272,640
Balance at 31 December 2022	<u>43,263,806</u>	<u>966,475</u>	<u>3,612,667</u>	<u>1,122,217</u>	<u>810,597</u>	<u>1,021,780</u>	<u>50,797,542</u>
Balance at 1 January 2023	43,263,806	966,475	3,612,667	1,122,217	810,597	1,021,780	50,797,542
Additions	-	11,833	-	-	-	2,051,107	2,062,940
Reclassification	(754,148)	-	754,148	-	-	-	-
Write-offs	-	(668,083)	-	-	-	-	(668,083)
Impairment expense	(1,966,193)	-	-	-	-	-	(1,966,193)
Amortisation charge	-	(73,185)	(664,755)	(67,444)	-	-	(805,384)
Movement in fair value	-	-	-	-	(28,990)	-	(28,990)
Foreign exchange movement	820,885	4,723	(36,890)	23,181	206,326	(37,021)	981,204
Balance at 30 June 2023	<u>41,364,350</u>	<u>241,763</u>	<u>3,665,170</u>	<u>1,077,954</u>	<u>987,933</u>	<u>3,035,866</u>	<u>50,373,036</u>

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

Digital assets are valued at fair value at reporting date. Management has selected the coinmarketcap exchange as its exchange to gather information on determining the fair value of the digital asset.

Goodwill impairment assessment

Goodwill is allocated to cash-generating units which are based on the group's reporting segments.

	30 June 2023	31 December 2022
	\$	\$
Provision of Creative Arts	36,008,936	35,420,240
Game Development/Publishing	5,355,414	7,843,566
	<u>41,364,350</u>	<u>43,263,806</u>

The movement in goodwill is in relation to movement in foreign exchange and an impairment loss of \$1,966,193 on the carrying value of Digital Games International Pte Ltd's goodwill.

The following key assumptions were used in the value-in-use calculations:

	Growth Rate	Discount Rate
Provision of Creative Arts	10.00%	15.00%
Game Development/Publishing	2.50%	25.00%

Management has carried out a sensitivity analysis and believe that any reasonably possible change in the key assumptions would not cause the book value of any of the cash generating units, or groups of cash generating units to exceed their recoverable amount.

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Note 11 Other Assets

	Group	
	30 June 2023	31 December 2022
	\$	\$
Current		
Prepayments*	3,528,352	1,067,691
Deposits paid	843,456	1,189,644
	<u>4,371,808</u>	<u>2,257,335</u>
Total Other Assets		
Current	4,371,808	2,257,335
Non-Current	-	-
	<u>4,371,808</u>	<u>2,257,335</u>

*\$1,649,702 (SGD \$1,482,422) is a prepayment in relation to a Simple Agreement for Future Tokens ("SAFT"). The Group entered into an agreement to purchase up to USDT 1,500,000 in certain units of Blockchain based Tokens of a Metaverse related video game project. The conversion of USDT is 0.997 USDT is equivalent of USD \$1. The initial distribution date is within 36 months from the date of the SAFT, being 1 November 2022. The price of each token will be at a 50% discount to the public sale price.

Note 12 Right-of-use Assets

(a) Right of use asset

	Group	
	30 June 2023	31 December 2022
	\$	\$
Non-Current		
Building - Right of use asset	1,248,819	1,333,531
Building - Accumulated depreciation	(349,847)	(160,738)
	<u>898,972</u>	<u>1,172,793</u>
Computer Equipment - Right of use asset	919,750	724,869
Computer Equipment - Accumulated depreciation	(423,127)	(286,756)
	<u>496,623</u>	<u>438,113</u>
Total right-of-use asset	<u>1,395,595</u>	<u>1,610,906</u>
Movements in carrying amounts		
Opening Balance as at beginning of reporting period	1,610,906	130,411
Additions	221,144	2,001,756
Depreciation expense	(390,167)	(438,152)
Foreign currency exchange movement	(46,288)	(83,109)
Net carrying amount	<u>1,395,595</u>	<u>1,610,906</u>

(b) Lease Liabilities

	Group	
	30 June 2023	31 December 2022
	\$	\$
Current	667,502	632,452
Non-Current	764,276	1,025,703
	<u>1,431,778</u>	<u>1,658,155</u>
Movements in carrying amounts		
Opening Balance as at beginning of reporting period	1,658,155	133,654
Additions	198,402	1,658,155
Lease payments	(378,079)	(217,954)
Interest expense	28,594	18,810
Foreign currency exchange movement	(75,294)	65,490
Net carrying amount	<u>1,431,778</u>	<u>1,658,155</u>

(c) Cash outflows for leases

	Group	
	30 June 2023	31 December 2022
	\$	\$
Payments for rental leases	(378,079)	(217,954)
Net carrying amount	<u>(378,079)</u>	<u>(217,954)</u>



Note 13 Trade and Other Payables

	Group 30 June 2023	31 December 2022
	\$	\$
Current		
Unsecured liabilities		
Trade payables	735,944	270,221
Bank overdrafts	1,245,185	-
Sundry payables and accrued expenses	575,373	3,054,425
	<u>2,556,502</u>	<u>3,324,646</u>
	Group 30 June 2023	31 December 2022
	\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	2,556,502	3,324,646
— Total non-current	-	-
Financial liabilities as trade and other payables	<u>2,556,502</u>	<u>3,324,646</u>

Note 14 Borrowings

	Group 30 June 2023	31 December 2022
	\$	\$
Current		
Unsecured liabilities - amortised cost:		
Bank loans	1,683,318	645,690
Other loans	200,375	1,272,473
Total current borrowings	<u>1,883,693</u>	<u>1,918,163</u>
Non-Current		
Secured liabilities - amortised cost:		
Bank loans	3,617,197	2,556,205
Other loans	280,451	-
Total non-current borrowings	<u>3,897,648</u>	<u>2,556,205</u>
Total borrowings	<u>5,781,341</u>	<u>4,474,368</u>
	Group 30 June 2023	31 December 2022
	\$	\$
(a) Total current and non-current secured liabilities		
Bank loans	5,300,515	3,201,895
Other loans	480,826	1,272,473
	<u>5,781,341</u>	<u>4,474,368</u>

The bank loans bears an effective interest rate of 1.5% and 4.59%

The Group has unused credit facilities of \$3,601,148 (MYR \$11,171,482) as at 30 June 2023.

Financial Covenants:

Lemon Sky has financial covenants imposed by the bank. So long as part of its indebtedness or facilities remains unpaid, Lemon Sky shall not without the prior written consent of the Bank:

- (i) permit the ratio of external borrowings to tangible net work calculated annually in accordance with the formula below, to exceed 2.75 times.

Formula:

$$\text{External Gearing} = \frac{\text{Total External Borrowings}^*}{\text{Tangible Net Worth}^{**} + \text{Minority Interest}}$$

* Total External Borrowings = Overdraft + Trade Finance + Bank Borrowings + Other Borrowings + HP or Leasing + Convertible Bonds (Notes) + Redeemable Preference Shares

** Tangible Net Worth = Ordinary Shares + Non-redeemable Preference Shares + Share Premium + Retained Earnings + Reserves + Proprietary or Partners Funds - Treasury Stock - Intangibles

- (ii) in any financial year of Lemon Sky, declare or pay any dividends (including stock dividends) upon any present or future capital stock of the company where the amount of all such dividends declared or paid in such year exceeds or will exceed 50% of after-tax profit for such year.



Note 15 Other Financial Liabilities

	Group	
	30 June 2023	31 December 2022
	\$	\$
Current		
Amounts payable to:		
- other related parties	169,994	229,174
	<u>169,994</u>	<u>229,174</u>

Terms of payables:

All payables are at call.

There are no securities attached.

No interest is payable on amounts owing.

Note 16 Issued Capital

	Group	
	30 June 2023	31 December 2022
	\$	\$
1,306,205,684 fully paid ordinary shares (31 December 2022: 1,306,185,684 fully paid ordinary shares)	115,238,761	115,296,721
	<u>115,238,761</u>	<u>115,296,721</u>

The Group has authorised share capital amounting to 1,306,205,684 ordinary shares.

	Group			
	30 June 2023		31 December 2022	
	No.	\$	No.	\$
(a) Ordinary Shares				
At the beginning of the reporting period	1,306,185,684	115,296,721	739,562,380	58,100,866
Shares issued during the year	20,000	500	602,623,304	65,778,271
Transaction costs	-	-	-	(2,575,472)
Shares bought back during the period	-	(58,460)	-	(6,006,944)
Shares cancelled during the period	-	-	(36,000,000)	-
At the end of the reporting period	<u>1,306,205,684</u>	<u>115,238,761</u>	<u>1,306,185,684</u>	<u>115,296,721</u>

During the reporting period, a total of 1,260,000 fully paid ordinary shares were bought back from the market. The shares were worth \$58,460.

(b) Options

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 period.

	Group	
	30 June 2023	31 December 2022
	\$	\$
Balance at beginning of the period	6,750,002	26,911,112
Issued during the financial period	-	6,500,000
Expired during the financial period	(6,000,000)	(26,527,777)
Exercised during the financial period	-	(133,333)
Balance and Exercisable at the end of the period	<u>750,002</u>	<u>6,750,002</u>

During the reporting period, a total of 6,000,000 unlisted options expired. The options had an expiry date of 14 June 2023 and exercise price of \$0.115.

Note 17 Contingent Liabilities and Contingent Assets

The Group had no contingent liabilities at 30 June 2023.

Note 18 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

During the reporting period, the Group regrouped their operating segments to the following:

- Game development services*
Provision of creative art and animation for games and media contents
- Game development and publishing*
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

30 June 2023

REVENUE

External sales

Total segment revenue

Reconciliation of segment revenue to group revenue

Total group revenue

Segment result from continuing operations after tax

Reconciliation of segment result to group net profit/loss before tax

Intersegment elimination

Profit after tax from continuing operations

Provision of Creative Arts	Game Development/ Publishing	All Other Segments	Total
\$	\$	\$	\$
10,640,655	1,950,464	31,398	12,622,517
10,640,655	1,950,464	31,398	12,622,517
			12,622,517
1,594,206	(4,816,136)	(729,471)	(3,951,401)
			(738,793)
			(4,690,194)



Note 18: Operating Segments (continued)

	Provision of Creative Arts	Game Development/ Publishing	All Other Segments	Total
	\$	\$	\$	\$
30 June 2022				
REVENUE				
External sales	11,768,136	4,387,954	1,977	16,158,067
Total segment revenue	11,768,136	4,387,954	1,977	16,158,067
<i>Reconciliation of segment revenue to group revenue</i>				
Total group revenue				16,158,067
Segment result from continuing operations before tax	3,394,617	(614,888)	(2,893,941)	(114,212)
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
Intersegment elimination				343,135
Loss after tax from continuing operations				228,923
(ii) Segment assets				
30 June 2023				
Segment assets	29,925,684	11,238,737	6,657,706	47,822,127
Reconciliation of segment assets to group assets				
Intersegment eliminations				39,696,123
Total group assets				87,518,250
31 December 2022				
Segment assets	26,991,393	465	63,551,034	90,542,892
Reconciliation of segment assets to group assets				
Intersegment eliminations				2,706,977
Total group assets				93,249,869
(iii) Segment liabilities				
30 June 2023				
Segment liabilities	9,436,171	1,884,885	70,178	11,391,234
Reconciliation of segment assets to group liabilities				
Intersegment eliminations				(874,427)
Total group liabilities				10,516,807
31 December 2022				
Segment liabilities	3,023,192	7,191,151	445,190	10,659,533
Reconciliation of segment assets to group liabilities				
Intersegment eliminations				(350,496)
Total group liabilities				10,309,037

(iv) Revenue by geographical region

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the principal place of business.

	30 June 2023	30 June 2022
	\$	\$
Australia	14,420	1,219
Singapore	1,372,227	1,585,394
Malaysia	10,779,268	14,512,050
Indonesia	4,948	16,203
Europe	451,654	43,201
Total revenue	12,622,517	16,158,067

Note 18: Operating Segments (continued)

(v) Assets by geographical region

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

	30 June 2023	31 December 2022
	\$	\$
Australia	41,961,992	53,352,426
Singapore	13,362,773	9,333,184
Malaysia	30,100,522	27,467,464
Indonesia	44,231	31,315
Europe	2,048,732	3,065,480
Total Assets	87,518,250	93,249,869

Note 19 Share-based Payments

The aggregate share-based payments for the financial year are set out below:

	30 June 2023		31 December 2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Outstanding during the year	6,000,000	0.115	20,016,668	0.124
Granted	-	-	6,000,000	0.115
Exercised	-	-	(133,333)	0.060
Expired	(6,000,000)	-	(19,883,335)	0.050
Outstanding and exercisable at year-end	-	-	6,000,000	0.115

	30 June 2023		31 December 2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Performance Rights outstanding as at 1 January	1,160,000	-	1,160,000	0.130
Granted	-	-	-	-
Performance Rights outstanding as at 31 December	1,160,000	-	1,160,000	-

	2022		2021	
	Number	Fair Value \$	Number	Fair Value \$
Performance Options outstanding as at 1 January	2,250,000	22,050	2,400,000	37,050.000
Vested	-	-	(150,000)	(15,000)
Performance Options outstanding as at December	2,250,000	22,050	2,250,000	22,050

The following share-based payment arrangements were in existence during the current reporting period:

	Number	Grant Date	Expiry Date	Exercise Price	Fair value at grant date	Vesting Period
(i) Performance Rights granted	1,160,000	31 March 2021	31 March 2025	\$0.130	87,149	18 - 36 months
(ii) Performance Options granted	2,250,000	31 March 2021	31 March 2025	N/A	37,050	18 - 36 months
					<u>124,199</u>	

Note 20 Events After the Reporting Period

There are no events subsequent to the reporting period.

Note 21 Fair Value Measurements

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

- derivative financial instruments;
- financial assets held for trading;
- financial assets at fair value through other comprehensive income;
- freehold land and buildings;
- investment properties; and
- obligation for contingent consideration arising from a business combination.

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.

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.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

	30 June 2023			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through OCI				
— Investments at fair value	975,961	704,177	-	1,680,138
— Digital Currencies	987,933	-	-	987,933
Total financial assets recognised at fair value on a recurring basis	1,963,894	704,177	-	2,668,071

Note 22 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 2023	31 December 2022
	\$	\$
Balance at the beginning of the period	(801,093)	(171,051)
Foreign currency movements during the year	579,202	(630,042)
Deconsolidation of subsidiaries	-	-
	<u>(221,891)</u>	<u>(801,093)</u>

b. Premium on assets acquired

When the Company acquired Appxplore (iCandy) Limited, formerly known as iCandy Ventures 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 2023	31 December 2022
	\$	\$
Balance at the beginning of the period	15,047,428	15,047,428
	<u>15,047,428</u>	<u>15,047,428</u>

c. Option reserve

The option reserve records the fair value movement on options.

	Group	
	30 June 2023	31 December 2022
	\$	\$
Balance at the beginning of the period	(963,792)	(2,156,989)
Issue of options during the year	(70,053)	(654,696)
Exercise of options during the year	-	(150,179)
Expiry of options during the year	630,473	1,998,072
	<u>(403,372)</u>	<u>(963,792)</u>

d. Digital asset reserve

The digital asset reserve records the fair value movement on digital assets.

	Group	
	30 June 2023	31 December 2022
	\$	\$
Balance at the beginning of the period	-	(660,950)
Fair value decrease/(increase) during the year	-	660,950
	<u>-</u>	<u>-</u>

e. Financial asset reserve

The financial assets reserve records revaluations of financial assets.

	Group	
	30 June 2023	31 December 2022
	\$	\$
Balance at the beginning of the period	4,438,008	(472,323)
Fair value decrease/(increase) during the year	684,996	4,910,331
	<u>5,123,004</u>	<u>4,438,008</u>

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023



Note 22: Reserves (continued)

f. Transactions with non-controlling interests

	Group	
	30 June 2023	31 December 2022
	\$	\$
Balance at the beginning of the period	3,266,363	-
Movement during the year	-	3,266,363
	<u>3,266,363</u>	<u>3,266,363</u>

Total Reserves

	Group	
	30 June 2023	31 December 2022
	\$	\$
Foreign currency translation reserve	(221,891)	(801,093)
Other components of equity	15,047,428	15,047,428
Option reserve	(403,372)	(963,792)
Digital asset reserve	-	-
Financial asset reserve	5,123,004	4,438,008
Transactions with non-controlling interest	<u>3,266,363</u>	<u>3,266,363</u>
	<u>22,811,532</u>	<u>20,986,914</u>

Note 23 Business Combinations

Summary of finalisation of acquisitions

At 31 December 2022, provisionally determined values were reported. As at 30 June 2023, the final fair values for the business combinations were determined. A summary of the final fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Provisional Fair Value at 31 December 2022 \$	Adjustment to Provisional Fair Value \$	Final Fair Value \$
Purchase consideration:			
- Cash	21,334,828	-	21,334,828
- Ordinary shares	40,878,721	-	40,878,721
- Options	24,222	-	24,222
	<u>62,237,771</u>	<u>-</u>	<u>62,237,771</u>
Assets			
Cash and cash equivalents	12,146,452	-	12,146,452
Trade and other receivables	4,041,666	-	4,041,666
Receivable for cash investment	2,035,777	-	2,035,777
Property, plant and equipment	10,467,590	-	10,467,590
Other financial assets	81,968	-	81,968
Deferred tax assets	126,470	-	126,470
Prepayments	270,480	-	270,480
Deposits	1,495,301	-	1,495,301
Intangible assets	4,462,239	754,148	5,216,387
Investments	440,679	-	440,679
	<u>35,568,622</u>	<u>754,148</u>	<u>36,322,770</u>
Liabilities			
Trade and other payables	3,435,430	-	3,435,430
Borrowings	8,014,910	-	8,014,910
Provision for tax	224,752	-	224,752
Other financial liabilities	20,064	-	20,064
Non-controlling portion	3,322,380	-	3,322,380
	<u>15,017,536</u>	<u>-</u>	<u>15,017,536</u>
Total identifiable net assets at fair value	20,551,086	754,148	21,305,234
Goodwill arising on acquisition	41,686,685	(754,148)	40,932,537

Note 23: Business Combinations (continued)

(a) Finalisation of acquisition of Lemon Sky Animation Sdn Bhd

At 31 December 2022, provisionally determined values were reported. As at 30 June 2023, the final fair values for the business combination were determined. The final fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Provisional Fair Value at 31 December 2022 \$	Adjustment to Provisional Fair Value \$	Final Fair Value \$
Purchase consideration:			
- Cash	18,329,400	-	18,329,400
- Ordinary shares	32,544,799	-	32,544,799
	<u>50,874,199</u>	<u>-</u>	<u>50,874,199</u>
Assets			
Cash and cash equivalents	6,654,125	-	6,654,125
Trade and other receivables	3,442,291	-	3,442,291
Property, plant and equipment	10,368,964	-	10,368,964
Other financial assets	81,719	-	81,719
Deferred tax assets	126,470	-	126,470
Deposits	1,229,852	-	1,229,852
Intangible assets	3,219,722	-	3,219,722
Investments	440,679	-	440,679
	<u>25,563,822</u>	<u>-</u>	<u>25,563,822</u>
Liabilities			
Trade and other payables	1,548,642	-	1,548,642
Provision for tax	224,752	-	224,752
Borrowings	7,198,186	-	7,198,186
Other financial liabilities	7,254	-	7,254
	<u>8,978,834</u>	<u>-</u>	<u>8,978,834</u>
Total identifiable net assets at fair value	16,584,988	-	16,584,988
Goodwill arising on acquisition	34,289,211	-	34,289,211

(b) Finalisation of acquisition of Digital Games International Pte Ltd

At 31 December 2022, provisionally determined values were reported. As at 30 June 2023, the final fair values for the business combination were determined. The final fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Provisional Fair Value at 31 December 2022 \$	Adjustment to Provisional Fair Value \$	Final Fair Value \$
Purchase consideration:			
- Ordinary shares	7,999,861	-	7,999,861
	<u>7,999,861</u>	<u>-</u>	<u>7,999,861</u>
Assets			
Cash and cash equivalents	5,215,862	-	5,215,862
Trade and other receivables	756,349	-	756,349
Property, plant and equipment	94,964	-	94,964
Prepayments	262,861	-	262,861
Intangible assets	-	754,148	754,148
Deposits	62,396	-	62,396
	<u>6,392,432</u>	<u>754,148</u>	<u>7,146,580</u>
Liabilities			
Trade and other payables	1,870,330	-	1,870,330
Non-controlling portion	2,215,830	-	2,215,830
	<u>4,086,160</u>	<u>-</u>	<u>4,086,160</u>
Total identifiable net assets at fair value	2,306,272	754,148	3,060,420
Goodwill arising on acquisition	5,693,589	(754,148)	4,939,441

Note 23: Business Combinations (continued)

(c) Finalisation of acquisition of Gameconomy Sdn Bhd

At 31 December 2022, provisionally determined values were reported. As at 30 June 2023, the final fair values for the business combination were determined. The final fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Provisional Fair Value at 31 December 2022 \$	Adjustment to Provisional Fair Value \$	Final Fair Value \$
Purchase consideration:			
- Cash	356,227	-	356,227
- Ordinary shares	89,914	-	89,914
	<u>446,141</u>	<u>-</u>	<u>446,141</u>
Assets			
Cash and cash equivalents	208,785	-	208,785
Trade and other receivables	53,165	-	53,165
Receivable for cash investment	237,485	-	237,485
Property, plant and equipment	2,135	-	2,135
Other financial assets	249	-	249
	<u>501,819</u>	<u>-</u>	<u>501,819</u>
Liabilities			
Trade and other payables	1,032	-	1,032
Other financial liabilities	12,810	-	12,810
Non-controlling portion	195,190	-	195,190
	<u>209,032</u>	<u>-</u>	<u>209,032</u>
Total identifiable net assets at fair value	<u>292,787</u>	<u>-</u>	<u>292,787</u>
Goodwill arising on acquisition	153,354	-	153,354

(d) Finalisation of acquisition of Flying Sheep Studios GmbH

At 31 December 2022, provisionally determined values were reported. As at 30 June 2023, the final fair values for the business combination were determined. The final fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Provisional Fair Value at 31 December 2022 \$	Adjustment to Provisional Fair Value \$	Final Fair Value \$
Purchase consideration:			
- Cash	2,649,201	-	2,649,201
- Ordinary shares	244,147	-	244,147
- Options	24,222	-	24,222
	<u>2,917,570</u>	<u>-</u>	<u>2,917,570</u>
Assets			
Cash and cash equivalents	67,680	-	67,680
Trade and other receivables	(210,139)	-	(210,139)
Receivable for cash investment	1,798,292	-	1,798,292
Property, plant and equipment	1,527	-	1,527
Prepayments	7,619	-	7,619
Deposits	203,053	-	203,053
Intangible assets	1,242,517	-	1,242,517
	<u>3,110,549</u>	<u>-</u>	<u>3,110,549</u>
Liabilities			
Trade and other payables	15,426	-	15,426
Borrowings	816,724	-	816,724
Non-controlling portion	911,360	-	911,360
	<u>1,743,510</u>	<u>-</u>	<u>1,743,510</u>
Total identifiable net assets at fair value	<u>1,367,039</u>	<u>-</u>	<u>1,367,039</u>
Goodwill arising on acquisition	1,550,531	-	1,550,531

ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' DECLARATION



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

1. the financial statements and notes, as set out on pages 3 to 27, 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 2023 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Director

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

Mr Kin Wai Lau

Dated this

31 August 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ICANDY INTERACTIVE LIMITED

Conclusion

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 2023, 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 summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

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 does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the 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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Consolidated Entity's financial position as at 30 June 2023 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*.

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.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA
Director

Dated this 31st day of August 2023
Perth, Western Australia