



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

Current period:	1 January 2024 - 30 June 2024
Prior corresponding period:	1 January 2023 - 30 June 2023

2. Results for announcement to the market

	Half-year ended 30 June 2024	Half-year ended 30 June 2023	Up/ Down	Change (%)
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Revenue from ordinary activities	13,177,306	11,989,736	Up	10%
Profit/(Loss) from ordinary activities before tax attributable to members of the parent	(73,121)	(4,364,794)	Up	98%
Total comprehensive income for the period attributable to members of the parent	335,934	(5,954,392)	Up	106%

3. Dividend Information

	Amount per share (share)	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

	Half-year ended 30 June 2024 (cents)	Half-year ended 30 June 2023 (cents)
Net tangible assets per security (with the comparative figures for the previous corresponding period)	2.01	2.02

5. Details of entities over which control has been gained

Name of entity:	N/A
Date of control:	N/A

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ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES

ABN: 87 604 871 712

**Financial Report For The Half-Year Ended
30 June 2024**

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ICANDY INTERACTIVE LIMITED AND CONTROLLED ENTITIES



ABN: 87 604 871 712

Financial Report For The Half-Year Ended 30 June 2024

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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 2024.

General Information

Directors

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

Mr Kin Wai Lau	Executive Director
Mr Robert Kolodziej	Non-Executive Director
Mr Marcus Ungar	Non-Executive Director
Mr Christopher Whiteman	Non-Executive Director

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 2024 was \$172,726. (30 June 2023 loss: \$4,690,194).

The EBITDA for the six-month period ended 30 June 2024 was \$2,189,197 (30 June 2023: \$256,739).

The net assets of the Group as at 30 June 2024 were \$65,202,659. (31 December 2023: \$64,700,972)

	30 June 2024	30 June 2023
Profit/(Loss) before income tax	266,425	(4,112,315)
Add Backs:		
Depreciation & Amortisation	1,789,102	1,708,763
Unrealised movement in fair value of digital currencies	105,259	28,990
Finance costs	134,694	140,035
Impairment expense	438,127	2,421,213
	<u>2,467,182</u>	<u>4,299,001</u>
Adjusted EBITDA	<u>2,733,607</u>	<u>186,686</u>

The Group is starting to see benefits from its strategic cost optimisation plan. This initiative, together with slight improvement to the revenue, has yielded positive results for the Group, resulting in an improved 6-months year-to-date ("YTD") adjusted EBITDA for 30 June 2024 of A\$2.7 mil (compared to 6-months YTD 30 June 2023 of A\$186,686).

The Group's steadfast commitment to Web3 gaming sees good progress with a generally improving Web3.0 environment. The Group had entered into a strategic collaboration with US-based Matter Labs, a US-based startup that has raised \$460 million in funding to develop its core Zero Knowledge (ZK) rollup technology. ZKCandy, a layer 2 Ethereum scaling blockchain company focusing on gaming is the result of the groundbreaking collaboration between iCandy and Matter Labs.

During this period, the Group's subsidiary Appxplore, had updated its award-winning casual game, Claw Stars, with a collaboration with a popular emoji mascot character, Usagyyuun.

Usagyyuun is one of many famous mobile IPs that has recently gained popularity based on its appearance as a digital sticker on Japanese messaging app, 'Line'. The Usagyyuun digital sticker has been downloaded more than 1 billion times.

The aforesaid collaboration will see a fresh perspective to collaboration with well known IP, and is expected to bring positive impact to the mobile games business of the Company.

The Group also launched Snaky Cat, a Web3 game that is published on the Base chain, a blockchain network promoted by US-based Coinbase.

Outlook for 2H 2024

In addition to the above, the Group remains optimistic on the performance of its mobile games and game services segments.

(i) Web3 Gaming

To date, ZKCandy has recently completed a highly successful private testnet trial. Following this highly successful private testnet, the ZKCandy team plans to launch a public testnet trial in early September and subsequently prepare for a Mainnet launch.

(ii) Games Development Services

Our AAA game art and animations studio, Lemon Sky Studios, now enjoys the benefit of better cost control strategy. Further, Lemon Sky Studios continues to secure healthy pipeline of new game development contracts to work on, reflecting renewed demand for AAA titles in the video games industry.

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



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 2024

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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 2024, 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 30th day of August 2024
Perth, Western Australia

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 2024



	Note	Group	
		30 June 2024	30 June 2023
		\$	\$
Continuing operations			
Revenue	2	13,177,306	11,989,736
Other income	2	887,727	632,781
Cost of sales		(6,067,759)	(6,199,003)
		<u>7,997,274</u>	<u>6,423,514</u>
Unrealised foreign currency gain/(losses)		40,636	108,658
Unrealised movement in digital currencies		(105,259)	(28,990)
Doubtful debts expense		-	(593,410)
Marketing expenses		(92,866)	(117,324)
Audit fees		(97,903)	(79,662)
Legal and professional fees		(250,050)	(443,759)
Occupancy expenses		(362,158)	(357,055)
Employee benefits expense		(3,621,199)	(4,187,557)
Depreciation and amortisation expense		(1,789,102)	(1,708,763)
Other impairment expense		-	(455,020)
Goodwill impairment expense		(438,127)	(1,966,193)
Share based payments		-	(70,053)
Computer expenses		(125,120)	(135,184)
Other expenses		(518,087)	(65,739)
Travel expenses		(236,920)	(295,743)
Finance costs		(134,694)	(140,035)
Loss before income tax		<u>266,425</u>	<u>(4,112,315)</u>
Tax expense		(439,151)	(577,879)
Net loss for the period		<u>(172,726)</u>	<u>(4,690,194)</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		1,115,244	(576,292)
Fair value (decrease) in investment holdings		(563,693)	(684,996)
Total other comprehensive income/(loss) for the year		<u>551,551</u>	<u>(1,261,288)</u>
Total comprehensive income for the year		<u>378,825</u>	<u>(5,951,482)</u>
Net profit attributable to:			
Owners of the parent entity		(73,121)	(4,364,794)
Non-controlling interest		(99,605)	(325,400)
		<u>(172,726)</u>	<u>(4,690,194)</u>
Total comprehensive income attributable to:			
Members of the parent entity		335,934	(5,954,392)
Non-controlling interest		42,891	2,910
		<u>378,825</u>	<u>(5,951,482)</u>
Earnings per share			
Basic and diluted (losses)/earnings per share (cents)	4	(0.01)	(0.33)

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 2024



		Group	
		30 June 2024	31 December 2023
	Note	\$	\$
Assets			
Current Assets			
Cash and cash equivalents		4,453,213	6,383,581
Trade and other receivables	5	2,480,160	4,059,767
Other financial assets	7	1,349,423	954,383
Current tax assets		-	4,580
Other assets	11	2,349,320	4,087,747
Total Current Assets		<u>10,632,116</u>	<u>15,490,058</u>
Non-Current Assets			
Financial Assets - Fair value OCI	6	798,081	1,117,357
Other financial assets	7	-	-
Property, plant and equipment	9	12,187,229	11,422,732
Intangible assets	10	45,726,658	44,635,075
Other assets	11	1,647,685	-
Right-of-use assets	12	1,027,861	1,302,229
Deferred tax assets		223,771	129,683
Total Non-Current Assets		<u>61,611,285</u>	<u>58,607,076</u>
Total Assets		<u>72,243,401</u>	<u>74,097,134</u>
Liabilities			
Current Liabilities			
Lease liabilities	12	44,730	853,914
Trade and other payables	13	1,291,669	1,715,484
Borrowings	14	2,061,835	3,779,878
Current tax liabilities		9,694	-
Other financial liabilities	15	452,903	537,192
Total Current Liabilities		<u>3,860,831</u>	<u>6,886,468</u>
Non-Current Liabilities			
Lease liabilities	12	966,236	306,166
Borrowings	14	2,213,675	2,203,528
Total Non-Current Liabilities		<u>3,179,911</u>	<u>2,509,694</u>
Total Liabilities		<u>7,040,742</u>	<u>9,396,162</u>
Net Assets		<u>65,202,659</u>	<u>64,700,972</u>
Equity			
Issued capital	16	115,447,623	115,238,761
Reserves	22	(25,320,489)	(25,743,149)
Retained earnings		(25,013,241)	(24,940,120)
Equity attributable to owners of the parent entity		<u>65,113,893</u>	<u>64,555,492</u>
Non-controlling interest		88,766	145,480
Total Equity		<u>65,202,659</u>	<u>64,700,972</u>

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 2024



	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Reserves Financial Assets Revaluation Reserve	Transactions with non-controlling interest	Other Components of Equity	Subtotal	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated Group										
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)
Transactions with owners, in their capacity as owners, and other transfers										
Shares issued during the period	500	-	-	-	-	-	-	500	-	500
Shares bought back during the period	(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 transfers	(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
Balance at 1 January 2024	115,238,761	(24,940,120)	(2,386,435)	441,583	(5,484,506)	(3,266,363)	(15,047,428)	64,555,492	145,480	64,700,972
Comprehensive income										
Profit for the period	-	(73,121)	-	-	-	-	-	(73,121)	(99,605)	(172,726)
Other comprehensive income for the period	-	-	1,072,353	-	(563,693)	-	-	508,660	42,891	551,551
Total comprehensive income for the year	-	(73,121)	1,072,353	-	(563,693)	-	-	435,539	(56,714)	378,825
Transactions with owners, in their capacity as owners, and other transactions										
Shares issued during the period	122,862	-	-	-	-	-	-	122,862	-	122,862
Vesting of performance rights and options during the period	86,000	-	-	(86,000)	-	-	-	-	-	-
Options expired during the period	-	-	-	-	-	-	-	-	-	-
Total transactions with owners and other transactions	208,862	-	-	(86,000)	-	-	-	122,862	-	122,862
Balance at 30 June 2024	115,447,623	(25,013,241)	(1,314,082)	355,583	(6,048,199)	(3,266,363)	(15,047,428)	65,113,893	88,766	65,202,659

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 2024



	Group	
	30 June 2024	30 June 2023
	\$	\$
Cash flows from operating activities		
Receipts from customers	14,897,639	10,112,945
Interest received	95,900	77,900
Payments to suppliers and employees	(11,206,869)	(15,914,734)
Finance costs	(134,694)	(110,601)
Income tax paid	(486,014)	(577,879)
Net cash generated by operating activities	<u>3,165,962</u>	<u>(6,412,369)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,752,914)	(4,000,357)
Purchase of intangibles	(1,075,289)	(752,219)
Payments made for short-term investments	-	(458,570)
Net loan to related parties	(168,989)	831,089
Net cash (used in)/generated by investing activities	<u>(2,997,192)</u>	<u>(4,380,057)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(368,522)	(378,079)
Share buy-back payment	-	(58,460)
Proceeds from borrowings	(1,707,897)	1,306,973
Net cash provided by (used in) financing activities	<u>(2,076,419)</u>	<u>870,434</u>
Net increase in cash held	(1,907,649)	(9,921,992)
Cash and cash equivalents at beginning of financial year	6,383,581	18,177,415
Effect of exchange rates on cash holdings in foreign currencies	(22,719)	56,125
Cash and cash equivalents at end of financial year	<u><u>4,453,213</u></u>	<u><u>8,311,548</u></u>

The accompanying notes form part of these financial statements.

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The condensed consolidated financial statements of iCandy Interactive Limited for the six months ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 30 August 2024 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 2024 by the directors of the company.

Note 1 Summary of Material Accounting Policy Information

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 2023 and any public announcements made by the Company since 31 December 2023 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

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 2023, unless otherwise stated.

(a) 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.

(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) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 1: Summary of Material Accounting Policy Information (continued)

(d) 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.

(e) 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.

Development costs in respect to software are internally generated, and have a finite useful life. The amortisation method is line over the period of the expected benefit, being 3 years. Impairment testing is undertaken when impairment indicators exist.

(ii) 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.

(iii) 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, using the assumptions detailed in Note 25 - Share-based payments.

(iv) Key judgements and estimates - Digital Currencies

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 year ending 31 December 2023 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.

(v) 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 1: Summary of Material Accounting Policy Information (continued)

(f) **New and Amended Accounting Policies Adopted by the Group**

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The Group adopted AASB 2021-2 which amends AASB 7, AASB 101, AASB 108 and AASB 134 to require disclosure of 'material accounting policy information' rather than significant accounting policies' in an entity's financial statements. It also updates AASB Practice Statement 2 to provide guidance on the application of the concept of materiality to accounting policy disclosures.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2. It also formally repeals the superseded and redundant Australian Accounting Standards set out in Schedules 1 and 2 of this standard.

The adoption of the amendment did not have a material impact on the financial statements.

(g) **New and Amended Accounting Policies Not Yet Adopted by the Group**

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The Group plans on adopting the amendment for the reporting period ending 30 June 2025. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-7c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7c defers the application of AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2026. The impact of initial application is not yet known.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 Presentation of Financial Statements to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group plans on adopting the amendment for the reporting period ending 30 June 2025. The amendment is not expected to have a material impact on the financial statements once adopted.

Note 2 Revenue and Other Income

(a) Revenue from continuing operations

	Group	
	30 June 2024	30 June 2023
Sales revenue		
- sale of in-app applications	172,608	305,518
- ads and sponsorships	624,361	95,137
- services - games	7,963,702	7,337,939
- publishing income	145,297	279,154
- services - animations	4,271,338	3,971,988
	13,177,306	11,989,736

(b) Other Income

- interest received	95,900	77,900
- other income	254,248	654,153
- realised foreign exchange gain/(loss)	140,106	(99,272)
- grant received	397,473	-
	887,727	632,781

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 2024	30 June 2023
(a) Reconciliation of earnings to profit or loss		
Loss	(73,121)	(4,364,794)
Losses used in the calculation of basic and dilutive EPS	(73,121)	(4,364,794)
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year	1,308,335,581	1,306,200,462
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	1,308,335,581	1,306,200,462
(c) Basic and diluted losses per share (cents)	(0.01)	(0.33)

Note 5 Trade and Other Receivables

	Group	
	30 June 2024	31 December 2023
	\$	\$
CURRENT		
Trade receivables	3,400,052	4,414,410
Provision for impairment	(1,135,952)	(772,475)
	2,264,100	3,641,935
Other receivables	170,582	242,147
GST receivables	19,883	131,699
Tax refundable	25,595	43,986
Total current trade and other receivables	2,480,160	4,059,767

Movements in the provision for impairment of trade and other receivables were as follows:

	Group	
	30 June 2024	31 December 2023
	\$	\$
At the beginning of the period	772,475	753,206
Provision for impairment during the period	363,477	19,269
At the end of the period	1,135,952	772,475

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Note 6 Financial Assets - Fair Value OCI

	Group	
	30 June 2024	31 December 2023
	\$	\$
Non-Current		
Fair assets - Fair value OCI	798,081	1,117,357
Total Non-Current Assets	798,081	1,117,357
(a) Financial assets - Fair Value OCI		
Non-Current		
Listed and unlisted investments, at fair value		
- shares in listed corporations	176,850	498,160
- shares in unlisted corporations	621,231	619,197
	798,081	1,117,357
Listed Corporations		
- Financial Assets - Fair value OCI's listed corporations have been valued using quoted prices in active markets.		
Opening Balance	498,160	1,514,858
Movement in fair value of financial assets - fair value OCI	(328,905)	(1,124,719)
Movement in foreign currency	7,595	108,021
Closing Balance	176,850	498,160
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	619,197	755,303
Movement in foreign currency	2,034	(136,106)
Closing Balance	621,231	619,197

Note 7 Other Financial Assets

	Group	
	30 June 2024	31 December 2023
	\$	\$
Current		
Amount receivable from:		
- other related parties	613,631	163,301
- others	1,012	6,675
	614,643	169,976
Other short-term investments	734,780	784,407
	1,349,423	954,383
Total Other Financial Assets		
Current	1,349,423	954,383
Non-Current	-	-
	1,349,423	954,383

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 \$439,928 (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 2024 (%)	31 December 2023 (%)	30 June 2024 (%)	31 December 2023 (%)
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%	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%	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.

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Note 9 Property, Plant and Equipment

	Group	
	30 June 2024	31 December 2023
	\$	\$
LAND AND BUILDINGS		
Building		
At cost	9,086,013	9,044,366
Accumulated depreciation	(744,505)	(657,970)
Total buildings	<u>8,341,508</u>	<u>8,386,396</u>
Total land and buildings	<u><u>8,341,508</u></u>	<u><u>8,386,396</u></u>
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	2,989,671	2,788,184
Accumulated depreciation	(1,580,904)	(1,352,277)
	<u>1,408,767</u>	<u>1,435,907</u>
Leasehold Improvements		
At cost	2,796,009	1,674,165
Accumulated depreciation	(1,111,987)	(890,236)
	<u>1,684,022</u>	<u>783,929</u>
Signage		
At cost	1,631	1,623
Accumulated depreciation	(1,284)	(1,196)
	<u>347</u>	<u>427</u>
Furniture and Fittings		
At cost	790,861	702,657
Accumulated depreciation	(502,818)	(428,850)
	<u>288,043</u>	<u>273,807</u>
Motor Vehicles		
At cost	1,144,229	1,139,863
Accumulated depreciation	(679,687)	(597,597)
	<u>464,542</u>	<u>542,266</u>
Total plant and equipment	<u><u>3,845,721</u></u>	<u><u>3,036,336</u></u>
Total property, plant and equipment	<u><u>12,187,229</u></u>	<u><u>11,422,732</u></u>

(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 2023	7,432,931	1,300,157	675,657	620	312,785	508,757	10,230,907
Additions	1,464,222	699,414	370,208	-	94,923	416,203	3,044,970
Disposals	-	(37,557)	-	-	-	(176,171)	(213,728)
Depreciation expense	(157,833)	(484,223)	(238,713)	(169)	(123,713)	(181,305)	(1,185,956)
Foreign exchange movement	(352,924)	(41,884)	(23,223)	(24)	(10,188)	(25,218)	(453,461)
Balance at 31 December 2023	<u>8,386,396</u>	<u>1,435,907</u>	<u>783,929</u>	<u>427</u>	<u>273,807</u>	<u>542,266</u>	<u>11,422,732</u>
Balance at 1 January 2024	8,386,396	1,435,907	783,929	427	273,807	542,266	11,422,732
Additions	-	241,778	1,114,135	-	85,055	-	1,440,968
Disposals	-	(3,422)	-	-	-	-	(3,422)
Depreciation expense	(83,865)	(233,661)	(218,589)	(82)	(72,302)	(80,229)	(688,728)
Foreign exchange movement	38,977	(31,835)	4,547	2	1,483	2,505	15,679
Balance at 30 June 2024	<u><u>8,341,508</u></u>	<u><u>1,408,767</u></u>	<u><u>1,684,022</u></u>	<u><u>347</u></u>	<u><u>288,043</u></u>	<u><u>464,542</u></u>	<u><u>12,187,229</u></u>

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Note 10 Intangible Assets

	Group	
	30 June 2024	31 December 2023
	\$	\$
Goodwill		
Cost	43,974,537	43,252,432
Accumulated impairment losses	<u>(7,539,441)</u>	<u>(7,539,441)</u>
	<u>36,435,096</u>	<u>35,712,991</u>
Computer software:		
Cost	772,290	770,053
Accumulated amortisation and impairment losses	<u>(681,114)</u>	<u>(606,668)</u>
	<u>91,176</u>	<u>163,385</u>
Research and development		
Cost	5,996,382	5,993,023
Accumulated amortisation and impairment losses	<u>(3,986,081)</u>	<u>(3,522,108)</u>
	<u>2,010,301</u>	<u>2,470,915</u>
Gaming Platform		
Cost	1,377,359	1,333,863
Accumulated amortisation and impairment losses	<u>(436,164)</u>	<u>(355,697)</u>
	<u>941,195</u>	<u>978,166</u>
Digital Assets		
Cost	203,008	320,408
Accumulated amortisation and impairment losses	-	-
	<u>203,008</u>	<u>320,408</u>
Work in progress		
Cost	6,045,882	4,989,210
Accumulated amortisation and impairment losses	-	-
	<u>6,045,882</u>	<u>4,989,210</u>
Total intangible assets	<u>45,726,658</u>	<u>44,635,075</u>

Consolidated Group:

	Goodwill	Computer Software	Research and Development	Gaming Platform	Digital Assets	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
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	-	11,685	242,046	-	30,488	4,377,872	4,662,091
Disposals	-	(2,588)	-	-	-	-	(2,588)
Amortisation charge	-	(824,976)	(992,086)	(137,869)	-	(1,012,372)	(2,967,303)
Impairment expense	(6,575,144)	-	(885,585)	-	-	-	(7,460,729)
Movement in fair value	-	-	-	-	(259,200)	-	(259,200)
Movement in foreign currency	(975,671)	12,789	493,873	(6,182)	(261,477)	601,930	(134,738)
Balance at 31 December 2023	<u>35,712,991</u>	<u>163,385</u>	<u>2,470,915</u>	<u>978,166</u>	<u>320,408</u>	<u>4,989,210</u>	<u>44,635,075</u>
Balance at 1 January 2024	35,712,991	163,385	2,470,915	978,166	320,408	4,989,210	44,635,075
Additions	-	-	308,303	-	-	1,011,364	1,319,667
Disposals	-	-	-	-	-	-	-
Amortisation charge	-	(73,617)	(263,078)	(69,257)	-	-	(405,952)
Impairment expense	(435,663)	-	-	-	-	-	(435,663)
Movement in fair value	-	-	-	-	(105,259)	-	(105,259)
Movement in foreign currency	1,157,768	1,408	(505,839)	32,286	(12,141)	45,308	718,790
Balance at 30 June 2024	<u>36,435,096</u>	<u>91,176</u>	<u>2,010,301</u>	<u>941,195</u>	<u>203,008</u>	<u>6,045,882</u>	<u>45,726,658</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. Refer to Note 29 - Fair Value Measurements.

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Note 10: Intangible Assets (continued)

Goodwill impairment assessment

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

	30 June 2024	31 December 2023
	\$	\$
Provision of Creative Arts	36,435,096	35,559,637
Game Development/Publishing	-	153,354
	<u>36,435,096</u>	<u>35,712,991</u>

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

	Growth Rate	Discount Rate
Provision of Creative Arts	12.50%	19.00%

Note 11 Other Assets

	Group	
	30 June 2024	31 December 2023
	\$	\$
Current		
Prepayments	1,618,453	3,288,486
Deposits paid	730,867	799,261
Construction revenue	<u>2,349,320</u>	<u>4,087,747</u>
Current		
Prepayments*	<u>1,647,685</u>	<u>3,288,486</u>
	<u>1,647,685</u>	<u>3,288,486</u>
Total Other Assets		
Current	2,349,320	4,087,747
Non-Current	1,647,685	-
	<u>3,997,005</u>	<u>4,087,747</u>

*\$1,647,685 (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

	Group	
	30 June 2024	31 December 2023
	\$	\$
(a) Right of use asset		
Non-Current		
Building - Right of use asset	1,285,215	1,363,910
Building - Accumulated depreciation	(669,395)	(527,867)
	<u>615,820</u>	<u>836,043</u>
Computer Equipment - Right of use asset	884,611	886,508
Computer Equipment - Accumulated depreciation	(472,570)	(420,322)
	<u>412,041</u>	<u>466,186</u>
Total Right of use asset	<u>1,027,861</u>	<u>1,302,229</u>
Movement in carrying amounts:		
Opening Balance as at 1 January	1,302,229	1,610,906
Additions	-	513,687
Depreciation	(368,288)	(719,001)
Foreign currency exchange movement	93,920	(103,363)
Closing Balance as at reporting period	<u>1,027,861</u>	<u>1,302,229</u>
(b) Lease Liabilities		
Current	44,730	853,914
Non-Current	966,236	306,166
	<u>1,010,966</u>	<u>1,160,080</u>
Movement in carrying amounts:		
Opening Balance as at 1 January	1,160,080	1,610,906
Additions	-	161,262
Lease payments	(368,522)	(690,093)
Interest expense	21,123	54,250
Foreign currency exchange movement	198,285	23,755
Closing Balance as at reporting period	<u>1,010,966</u>	<u>1,160,080</u>
(c) Cash outflows for leases		
Payments for rental leases	<u>(368,522)</u>	<u>(690,093)</u>
	<u>(368,522)</u>	<u>(690,093)</u>

Note 13 Trade and Other Payables

	Group	
	30 June 2024	31 December 2023
	\$	\$
Current		
Unsecured liabilities		
Trade payables	(432,659)	(328,214)
Sundry payables and accrued expenses	1,724,328	2,043,698
	<u>1,291,669</u>	<u>1,715,484</u>

	Group	
	30 June 2024	31 December 2023
	\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
— Total current	1,291,669	1,715,484
— Total non-current	-	-
Financial liabilities as trade and other payables	<u>1,291,669</u>	<u>1,715,484</u>

Note 14 Borrowings

	Group	
	30 June 2024	31 December 2023
	\$	\$
Current		
Secured liabilities - amortised cost:		
Bank loans	2,061,835	3,018,190
Other loans	-	761,688
Total current borrowings	<u>2,061,835</u>	<u>3,779,878</u>
Non-Current		
Secured liabilities - amortised cost:		
Bank loans	2,213,675	2,203,528
Total non-current borrowings	<u>2,213,675</u>	<u>2,203,528</u>
Total borrowings	<u>4,275,510</u>	<u>5,983,406</u>

	Group	
	30 June 2024	31 December 2023
	\$	\$
(a) Total current and non-current secured liabilities:		
Bank loans	4,275,510	5,221,718
Other loans	-	761,688
	<u>4,275,510</u>	<u>5,983,406</u>

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Note 14: Borrowings (continued)

Table below details of borrowings for the year.

Facility agreement	Facility Limit	Utilised Amount	Remaining Amount	Facility Tenure/Rate	Purpose	Securities
HSBC Amanah Malaysia Berhad				Tenure: 20 years Interest Rate: BFR - 2.4% per annum. The banks Base Financing Rate (BFR) is currently at 6.99% per annum.	Purchase of office	- Security over property - Joint and Several Guarantee for RM 19,040,000
HSBC Amanah Malaysia Berhad				Tenure: 10 years Interest rate: 1.5% at daily interest plus 1 month KLIBOR	Purchase of fixed assets for new office	- First party charge over property - Joint and Several Guarantee for RM 3,000,000
Facility agreement	Facility Limit	Utilised Amount	Remaining Amount	Facility Tenure/Rate	Purpose	Securities
HSBC Amanah Malaysia Berhad				Interest rate: 1.5% plus the applicable KLIBOR	For working capital purposes	- First party charge over property - Joint and Several Guarantee for RM 4,500,000
HSBC Amanah Malaysia Berhad				Tenure: 15 years Interest rate: BFR -2% per annum. Banks BFR is currently at 5.49% per annum	For working capital purposes	- First party charge over property - Joint and Several Guarantee for RM 2,050,000
HSBC Amanah Malaysia Berhad				Tenure: 3 years Interest rate: 1.75% plus the applicable KLIBOR	Purchase of fixed assets for office	- First party charge over property - Joint and Several Guarantee for RM 250,000
Maybank Islamic Berhad				Interest Rate: 4% per annum	For working capital purposes	- First party General Investment Account - Joint and Several Guarantee for RM 4,000,000
Standard Chartered Bank Malaysia				Interest Rate: Base Lending Rate	For working capital purposes	- First party Security Agreement over Bank Account - Joint and Several Guarantee

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Note 14: Borrowings (continued)

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 worth calculated annually in accordance with the formula below, to exceed
 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 2024	31 December 2023
	\$	\$
Current		
Amounts payable to:		
- other related parties	452,903	537,192
	<u>452,903</u>	<u>537,192</u>
Total Other Financial Liabilities		
Current	452,903	537,192
Non-Current	-	-
	<u>452,903</u>	<u>537,192</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 2024	31 December 2023
	\$	\$
1,308,840,968 fully paid ordinary shares (31 December 2023: 1,306,205,684 fully paid ordinary shares)	115,447,623	115,238,761
	<u>115,447,623</u>	<u>115,238,761</u>

The Group has authorised share capital amounting to 1,38,840,968 ordinary shares.

(a) Ordinary Shares	Group			
	30 June 2024		31 December 2023	
	No.	\$	No.	\$
At the beginning of the reporting period	1,306,205,684	115,238,761	1,306,185,684	115,296,721
Shares issued during the year	2,635,284	208,862	20,000	500
Shares bought back during the year	-	-	-	(58,460)
At the end of the reporting period	<u>1,308,840,968</u>	<u>115,447,623</u>	<u>1,306,205,684</u>	<u>115,238,761</u>

Note 16: Issued capital (continued)

(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 year.

	Group	
	30 June 2024	31 December 2023
	No.	No.
Balance at beginning of the year	750,002	6,750,002
Issued during the financial year	-	-
Expired during the financial year	-	(6,000,000)
Exercised during the financial year	-	-
Balance and Exercisable at the end of the year	750,002	750,002

Note 17 Contingent Liabilities and Contingent Assets

The Group had no contingent liabilities at 30 June 2024.

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:

- (i) *Game development services*
Provision of creative art and animation for games and media contents
- (ii) *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.

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Note 18: Operating Segments (continued)

(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

	Provision of Creative Arts	Game Development/ Publishing	All Other Segments	Total
	\$	\$	\$	\$
30 June 2024				
REVENUE				
External sales	13,801,855	263,178	-	14,065,033
Total segment revenue	<u>13,801,855</u>	<u>263,178</u>	<u>-</u>	<u>14,065,033</u>
<i>Reconciliation of segment revenue to group revenue</i>				
Total group revenue				<u>14,065,033</u>
Segment result from continuing operations after tax	<u>434,631</u>	<u>(170,700)</u>	<u>(258,930)</u>	<u>5,001</u>
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
Intersegment elimination				<u>(177,727)</u>
Profit after tax from continuing operations				<u>(172,726)</u>
	Provision of Creative Arts	Game Development/ Publishing	All Other Segments	Total
	\$	\$	\$	\$
30 June 2023				
REVENUE				
External sales	10,640,655	1,950,464	31,398	12,622,517
Total segment revenue	<u>10,640,655</u>	<u>1,950,464</u>	<u>31,398</u>	<u>12,622,517</u>
<i>Reconciliation of segment revenue to group revenue</i>				
Total group revenue				<u>12,622,517</u>
Segment result from continuing operations before tax	<u>1,594,206</u>	<u>(4,816,136)</u>	<u>(729,471)</u>	<u>(3,951,401)</u>
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
Intersegment elimination				<u>(738,793)</u>
Loss after tax from continuing operations				<u>(4,690,194)</u>
	Provision of Creative Arts	Game Development/ Publishing	All Other Segments	Total
	\$	\$	\$	\$
30 June 2024				
Segment assets	65,276,420	6,387,365	71,906,402	143,570,187
Segment assets include:				
Reconciliation of segment assets to group assets				
Intersegment eliminations				<u>(71,326,786)</u>
Total group assets				<u>72,243,401</u>

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Note 18: Operating Segments (continued)

	Provision of Creative Arts	Game Development/Publishing	All Other Segments	Total
	\$	\$	\$	\$
31 December 2023				
Segment assets	30,793,630	8,955,057	154,854,625	194,603,312
Segment assets include:				
Reconciliation of segment assets to group assets				
Intersegment eliminations				(120,506,178)
Total group assets				74,097,134

(iii) Segment liabilities

	Provision of Creative Arts	Game Development/Publishing	All Other Segments	Total
	\$	\$	\$	\$
30 June 2024				
Segment liabilities	65,952,674	12,892,987	233,148	79,078,809
Reconciliation of segment assets to group liabilities				
Intersegment eliminations				(72,038,067)
Total group liabilities				7,040,742

	Provision of Creative Arts	Game Development/Publishing	All Other Segments	Total
	\$	\$	\$	\$
31 December 2023				
Segment liabilities	7,988,617	16,963,565	60,153,241	85,105,423
Reconciliation of segment assets to group liabilities				
Intersegment eliminations				(75,709,261)
Total group liabilities				9,396,162

(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 2024	30 June 2023
	\$	\$
Australia	-	14,420
Singapore	264,370	1,372,227
Malaysia	13,799,932	10,779,268
Indonesia	731	4,948
Europe	-	451,654
Total revenue	14,065,033	12,622,517

(v) Assets by geographical region

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

	30 June 2024	31 December 2023
	\$	\$
Australia	611,845	38,892,219
Singapore	71,457,486	2,608,491
Malaysia	169,811	31,873,040
Indonesia	4,259	12,339
Europe	-	711,045
Total Assets	72,243,401	74,097,134

Note 19 Share-based Payments

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

	30 June 2024		31 December 2023	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding during the year	-	-	6,000,000	0.115
Expired	-	-	(6,000,000)	(0.115)
Outstanding and exercisable at year-end	-	-	-	-
	30 June 2024		31 December 2023	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Performance Options outstanding as at reporting period	1,160,000	0.130	1,160,000	0.130
Granted	-	-	-	-
Performance Options outstanding as at reporting period	<u>1,160,000</u>	<u>0.130</u>	<u>1,160,000</u>	<u>0.130</u>
	30 June 2024		31 December 2023	
	Number	Fair Value \$	Number	Fair Value \$
Performance Rights outstanding as at 1 January	2,250,000	22,050	2,250,000	22,050
Granted	-	-	-	-
Vested	-	-	-	-
Performance Rights outstanding as at December	<u>2,250,000</u>	<u>22,050</u>	<u>2,250,000</u>	<u>22,050</u>

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 Options granted	1,160,000	31 March 2021	31 March 2025	\$0.130	87,149	18 - 36 months
(ii) Performance Rights granted	2,250,000	31 March 2021	31 March 2025	N/A	37,050	18 - 36 months
(iii) Broker options issued	6,000,000	14 June 2021	14 June 2023	\$0.115	630,473	N/A
					<u>754,672</u>	

Options were priced using the Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate of the effects of non-transferability of exercise restrictions. Expected volatility is based on the historical share price volatility of the Company over the reporting period.

Number	Share price at grant date	Exercise Price	Expected volatility	Option life	Risk-free interest rate
1,160,000	\$0.130	\$0.130	160%	4 years	1.49%
2,400,000	\$0.100	N/A	160%	4 years	1.49%

Note 20 Events After the Reporting Period

On 26 August 2024, the Company announced that it had made the strategic decision to shut down Flying Sheep Studios due to the struggle to generate sufficient business and revenue. This is as a result of the significant change in market demand for HTML5 games declining.

On 29 August 2024, the Company announced that Mr Cheng Fei Wong and Mr Ka King Foong, respectively CEO and COO of Lemon Sky Studios to retire from the Lemon Sky Studios business.

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:

— financial assets at fair value through other comprehensive income;

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.

Digital currencies have been value using Level 1 input. Market value has been determined by various platforms, including <https://coinmarketcap.com/>.

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.

	Note	30 June 2024			Total
		Level 1 \$	Level 2 \$	Level 3 \$	
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through other comprehensive income:					
— Shares in listed companies	11	-	-	-	-
— Shares in unlisted companies	11	-	-	-	-
— Digital currencies	15	-	-	-	-
Total financial assets recognised at fair value on a recurring basis		-	-	-	-

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Note 21: Fair Value Measurements (continued)

	Note	31 December 2023			Total
		Level 1	Level 2	Level 3	
Recurring fair value measurements		\$	\$	\$	\$
Financial assets					
Financial assets at fair value through other comprehensive income:					
— Shares in listed companies	11	-	-	-	-
— Shares in unlisted companies	11	-	-	-	-
— Digital currencies	15	-	-	-	-
Total financial assets recognised at fair value on a recurring basis		-	-	-	-

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 2024	31 December 2023
	\$	\$
Balance at the beginning of the period	2,386,435	(801,093)
Foreign currency movements during the year	(1,072,353)	3,187,528
	1,314,082	2,386,435

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 2024	31 December 2023
	\$	\$
Balance at the beginning of the period	15,047,428	15,047,428
Derecognition of iCandy Digital Pte Ltd	-	-
	15,047,428	15,047,428

c. Option reserve

The option reserve records the fair value movement on options.

	Group	
	30 June 2024	31 December 2023
	\$	\$
Balance at the beginning of the period	(441,583)	(963,792)
Issue of options during the year	-	(108,264)
Vesting of performance rights during the period	86,000	-
Expiry of options during the year	-	630,473
	(355,583)	(441,583)

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Note 22: Reserves (continued)

d. **Financial asset reserve**

The financial assets reserve records revaluations of financial assets.

	Group	
	30 June 2024	31 December 2023
	\$	\$
Balance at the beginning of the period	5,484,506	4,438,008
Fair value decrease/(increase) during the year	563,693	1,046,498
	6,048,199	5,484,506

f. **Transactions with non-controlling interests**

Balance at the beginning of the period
 Movement during the year

	Group	
	30 June 2024	31 December 2023
	\$	\$
Balance at the beginning of the period	3,266,363	3,266,363
Movement during the year	-	-
	3,266,363	3,266,363

Total Reserves

Foreign currency translation reserve
 Other components of equity
 Option reserve
 Financial asset reserve
 Transactions with non-controlling interest

	Group	
	30 June 2024	31 December 2023
	\$	\$
Foreign currency translation reserve	1,314,082	2,386,435
Other components of equity	15,047,428	15,047,428
Option reserve	(355,583)	(441,583)
Financial asset reserve	6,048,199	5,484,506
Transactions with non-controlling interest	3,266,363	3,266,363
	25,320,489	25,743,149

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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 4 to 28, are in accordance with the Corporations Act 2001 and:
 - (a) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the consolidated group;
2. the consolidated entity disclosure statement is true and correct;
3. 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
4. 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 2024

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 2024, 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 2024 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 2024 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 30th day of August 2024
Perth, Western Australia

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