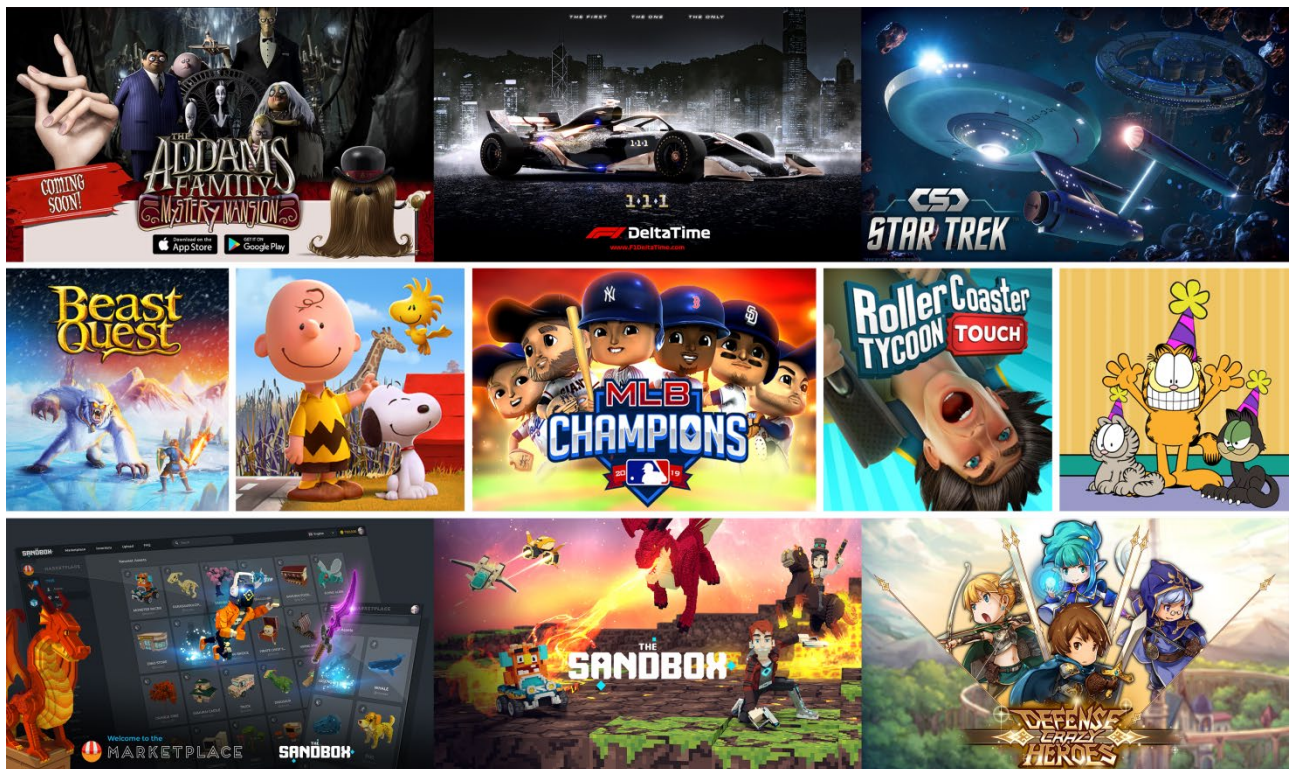


animoca BRANDS

ACN 122 921 813



INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2019

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HIGHLIGHTS

FINANCIAL

Operating revenue of \$8.3 million increased by 47%, year-on-year, due to the strong performance of the Company's core mobile games business, as well as incremental contributions from the developing blockchain game segment. This revenue does not include an additional \$2.9 million in cash received that was reclassified largely as unearned revenue which was recorded as contract liabilities.

\$16.6 million in cash, digital and financial current assets, up 177% year-on-year, due to an increase in cash generation and an increase in the value of digital assets.

Raised \$5.7 million in new capital during the first half of this year at a 4.2% premium to the 30-day VWAP. A further \$2.0 million in new capital was issued to vendors of assets and suppliers of services.

Subsidiaries TSB Gaming (makers of The Sandbox), and OliveX raise a total of \$5.71 million in new capital from strategic investors.

OPERATIONAL

The Company secured a \$12.6 million contract with iClick

Launched mobile game for Wonder Park animated film

Animoca Brands partnered with Formula 1 to make blockchain game

***Crazy Defense Heroes* launched** on Google Play

Hired ex-MD of Sony Computer Entertainment, Michael Ephraim, as head of partnerships for Australia and New Zealand, appointed acclaimed artist Kevin Abosch as creative director, and appointed John Madden as financial advisor

ACQUISITIONS & INVESTMENTS

Strategic Investment and Partnership with Talenhouse to provide Talenhouse services to gaming and media clients worldwide

Collaboration with Lucid Sight to become the exclusive partner to promote, market and distribute Lucid Sight games in Asia, including *MLB Champions* (in partnership with Major League Baseball), *Crypto Space Commander (CSC)*, and *Star Trek* intellectual property in CSC

Announced acquisition of Stryking Entertainment, German maker of *Football-Stars*. Stryking holds official licenses from the Bundesliga and Bayern Munich

Invested in blockchain game developer Experimental, the studio behind *CryptoWars*

Partnered with venture accelerator Brinc and Artesian on esports and gaming accelerator

Announced acquisition of Leade.rs in Silicon Valley

Announced acquisition of Gamma Innovations Inc. whose GammaNow computing engine, under the brand "Razer SoftMiner," is installed in 692,000 computers with access to up to 60 million Razer users

APPENDIX 4D

Interim financial report for the half-year ended 30 June 2019

Reporting period

Half-year ended 30 June 2019

Comparative period

Half-year ended 30 June 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Percentage change %		Amount A\$ '000
Revenue from ordinary activities	46.6%	to	8,293,767
Loss from ordinary activities after tax	(813.3%)	to	(7,347,013)
Net loss attributable to members of Animoca Brands Corporation Limited	(736.8%)	to	(6,810,280)

CHANGES IN CONTROLLED ENTITIES

On 3 May 2019, the Group completed the acquisition of the entire 100% equity interest in Leade.rs, Inc. and Leade.rs France, co-founded by Loic Le Meur, one of Silicon Valley's most high-profile angel investors and tech entrepreneurs. Leade.rs is a networking and event matching platform for high-profile technology event speakers, and facilitates the generation of business and investment opportunities.

CONTROLLED ENTITIES LISTING

Name	Principal Activities	Country of incorporation	% Equity interest	
			30 June 2019	31 December 2018
Animoca Brands Corporation	Mobile app game maker	British Virgin Islands	100%	100%
Animoca Brands Ltd	Mobile app game maker	Hong Kong	100%	100%
TicBits Oy	Mobile app game maker	Finland	100%	100%
Tribeflame Oy	Mobile app game maker	Finland	100%	100%
Benji Bananas Oy	Mobile app game maker	Finland	100%	100%
Crowd Education Ltd	Investments Holding	Hong Kong	100%	100%
Fuel Powered Inc	Mobile app game maker	Canada	60%	60%
Grantoo Inc	Mobile app game maker	Canada	60%	60%
OliveX Holdings Ltd	Mobile app game maker	Australia	100%	-
OliveX Limited	Mobile app game maker	British Virgin Islands	100%	100%
OliveX (HK) Limited	Mobile app game maker	Hong Kong	78%	78%
Pixowl Inc	Mobile app game maker	USA	100%	100%
Pixowl SA	Mobile app game maker	Argentina	100%	100%
TSB Gaming Limited	Mobile app game maker	Malta	100%	100%
Moonrealm Entertainment Ltd	Mobile app game maker	Hong Kong	51%	51%
Venture Classic Limited	Accelerator	Hong Kong	66.7%	66.7%
Zeroth Holdings II Limited	Investments Holding	Hong Kong	100%	100%
Zeroth Fano Ventures I Limited	Investments Holding	British Virgin Islands	100%	-
Zeroth Fano Ventures II Limited	Investments Holding	British Virgin Islands	100%	-
Animoca Brands Technology (Shanghai) Limited	Advertising	China	100%	-
Leade.rs Inc	Speakers Network platform	USA	100%	-
Leade.rs France	Speakers Network platform	France	100%	-

DIVIDEND INFORMATION

No dividend was paid or declared by the Company for the period ended 30 June 2019 or the comparative period.

NET TANGIBLE ASSETS PER SECURITY

	30 June 2019	30 June 2018
	\$	\$
Net tangible assets per share	0.01	0.01

OTHER INFORMATION

This report is based on the consolidated financial statements that have been reviewed by Grant Thornton Audit Pty Ltd.

For a brief explanation of the figures above, please refer to the Announcement about the results for the half-year ended 30 June 2019 and the notes to the financial statements.

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CHIEF EXECUTIVE OFFICER'S REPORT

I couldn't be more pleased to report that the first half of 2019 has been the most successful in the history of Animoca Brands. Whether measured by financial performance, M&A activity, strategic partnerships, or expansion into exciting new vertical markets for our core business, the first half results are unprecedented. Having secured cash flow of \$13 million during the period, the Company has already exceeded the full-year cash flow of 2018 in the first six months of this year. The Company announced unaudited revenues of \$13 million in the Q2 Appendix 4C, which was subject to a number of adjustments through the half year review, including \$1.8 million in cash received that was reclassified as unearned revenue under AASB15; \$1.4 million in cash received which was reclassified to other financial liabilities which will eventually be recorded as part of equity following the equity/liquidity event set out in the SAFE agreements; and \$808,000 in cash received that was reclassified as an offset against R&D and marketing. In addition, \$701,000 in cash received was subject to other reclassifications, resulting in a net sales revenue of \$8.3 million as per the Statement of Comprehensive Income, an increase of 47% over the same period last year. While we're very pleased with the results, the high rate of growth of the business is not without its challenges, and we continue to strive to improve our financial reporting systems as we integrate newly-acquired companies into the group.

Although the Group recorded a \$6.8 million loss attributable to members during the period, we did not capitalize \$807,000 in potential development costs associated with the development of Sandbox; we recorded approximately \$1.3 million in amortization on intangible assets for which the useful life remaining is substantial; and we reclassified \$1.8 million in cash received as unearned revenues. Additionally, the Company recorded in its working capital \$5.6 million of liabilities which are expected to be settled in equity, which further strengthens the Company's cash position.

We believe these results are an indication not only of the health of our core mobile games business, but also of the potential of our partnerships with iClick and Talenthouse in mobile marketing and the strong foundation that we've laid in establishing leadership in blockchain gaming. We have good reasons to be excited about the coming quarter, which will see the performance of *Crazy Defense Heroes* for Google Play (officially launched at the end of Q2); furthermore, later in Q3 our subsidiary Pixowl will launch *The Addams Family Mystery Mansion*, and *The Sandbox* will release its marketplace.

Our core mobile games business continues to tick over, with strong performance from existing titles like *Crazy Kings* and *Crazy Defense Heroes*, as well as new branded titles for the films *Wonder Park* from Paramount Pictures and, post the half-year, *The Addams Family* from MGM. In addition, the half-year saw our burgeoning blockchain gaming business begin to generate revenues, led by the flagship in-house titles *F1® Delta Time* and *The Sandbox*.

The Company has worked quickly to consolidate a leadership position in the sports vertical category of blockchain gaming, and has done so via both development and acquisition. In March, the Company announced that it had signed a global licensing agreement with Formula 1® to develop and publish the blockchain game *F1® Delta Time* based on non-fungible tokens (NFTs). The Company then auctioned the first three collectible F1® NFT cars, the first of which sold for 415.9 ETH (~A\$160,000 at the time of auction). Animoca Brands also announced the acquisition of Stryking Entertainment (to be finalised in second half of 2019), a leading Germany-based company and the operator of the popular fantasy sports game *Football-Stars*, who holds an official license from the Bundesliga soccer league as well as the globally popular team Bayern Munich. The Company also announced it has become the exclusive partner in Asia for Lucid Sight, whose portfolio includes the blockchain game *MLB Champions™*, an officially licensed product of Major League Baseball and the Major League Baseball Players Association.

Animoca Brands also announced a variety of other initiatives that further enhance its position in blockchain gaming, such as a partnership with WAX, the world's first and largest purpose-built global blockchain e-commerce platform designed for trading virtual items. The Company also invested in Experimental, the Argentinian blockchain gaming studio behind *CryptoWars*, the first fully decentralized game. Finally, Animoca Brands announced the acquisition of Gamma Innovations Inc. (to be settled in second half of 2019), whose GammaNow computing engine is a desktop application that leverages users' idle processing power and is installed on 692,000 under the name Razer SoftMiner, co-branded with Razer (HKSE: 1337) and targeted at Razer's user base of over 60 million.

Post the half-year, the Company announced the acquisition of Quidd, Inc., a digital goods company that owns and operates the leading global marketplace for buying and selling digital collectibles. Quidd has the world's largest assortment of digital collectibles licences and partnerships (over 325 brands) featuring the world's top content owners across multiple verticals. Quidd's partners include Disney, Marvel, HBO (*Game of Thrones*), CBS (*Star Trek*) and the NBA, among others.

Animoca Brands raised \$5.7 million in new capital during the half year at a 4.2% premium to the 30-day VWAP with a further \$2.0 million issued to vendors of acquisitions made during the first half of the financial year. Post the half-year, the Company will complete a further \$8 million at a 16% premium to the 30-day VWAP. Subsidiaries of the company also received strong investors' support during the half year: OliveX raised \$1.4 million from strategic investors, including Alabaster and Antanas Guoga; Zeroth SPC and raised \$0.71 million from Silver Egg, the AI-based web marketing company; and TSB Gaming Ltd. (the holding company for *The Sandbox*) raised \$3.6 million from strategic investors led by Hashed, the largest crypto assets fund and accelerator in South Korea.

During the half-year, we also continued to secure industry-leading talent for our team, including Michael Ephraim as head of partnerships for Australia and New Zealand, Kevin Abosch as Creative Director, and John Madden as Financial Advisor. Mr. Ephraim has extensive gaming industry experience; he was previously MD of Sony Computer Entertainment (SCE) ANZ and VP SCE Europe for 22 years and chairman of Showdown, a producer of esports tournaments and the exclusive distributor for Twitch media in Australia and New Zealand. Mr. Abosch is an internationally acclaimed artist based in NYC with works that have sold for over \$1 million each and have been exhibited globally, including in Russia, Ireland, Colombia, and Switzerland. Mr. Abosch has worked extensively with digital tokens and the blockchain - his work entitled 'Forever Rose' (an ERC-20 token based on a photo) sold for US\$1 million. Mr. Madden has extensive experience in corporate governance and accounting standards, and is a Fellow of the CPA Institute; he brings to the Company over 30 years' experience with large and small listed entities, including the majority of his career at Rio Tinto.

As we reflect on this milestone period, we are proud of the Company's accomplishments, both financial and strategic, and are excited for the future as we continue to build upon our early lead and successes in the field of blockchain gaming. Thank you for sharing this journey with us, and we look forward to continued successes in the second half of this year.



Robert Yung
CEO

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FOUNDER'S LETTER

On 3 September 1995, a little-known online auction service was launched. The very first item it sold was a broken laser pointer. Astonished, the founder of the company contacted the buyer to alert him that the item was, in fact, broken, to which the buyer replied, "I'm a collector of broken laser pointers."

That company eventually became eBay.

Many of the product categories that eBay declared for its IPO in 1998 were related to the art of collecting:

Antiques	Jewelry, Gemstones
Books, Movies, Music	Photo & Electronics
Coins & Stamps	Pottery & Glass
Collectibles	Sports Memorabilia
Computers	Toys & Beanie Babies
Dolls, Figures	Miscellaneous

The hugely popular Beanie Babies stuffed toys collectibles were mentioned multiple times in eBay's prospectus. Yes: collection of Beanie Babies helped to drive user adoption for one of the world's most important and influential technology titans.

In 1995, the year that eBay launched, there were roughly 16 million Internet users. In 1998, the year that eBay went public, there were around 147 million Internet users. Today, we stand at well over 4.5 billion users, which is nearly 60% of the world's population. That's quite a market for broken laser pointers or stuffed toys.

Thanks to the global availability of the Internet, today anyone is able to collect items that range from the absurd to highly useful. And it's a serious business segment: the worldwide collectibles market has been estimated to be worth US\$370 billion (Forbes).

Unlike the well-established field of physical collectibles, digital collecting is still in its infancy. This is because, traditionally, digital collectibles have not been permanent, unique, or scarce, and therefore struggled to accrue value. That is changing thanks to the advent of blockchain, the distributed digital ledger technology that can enable true digital ownership, scarcity, provenance, and similar characteristics that comprise the value of a collectible.

We believe that digital collectibles will do for blockchain adoption what physical collectibles did for companies like eBay and Amazon as well as Internet adoption back in the 1990s, and we see video games as the ideal vehicle to kick off the consumer blockchain revolution.

Today, Animoca Brands is leading the way in digital collectibles and collectible-powered blockchain gaming. This year we have secured a partnership with F1, considered the pinnacle of motorsport, and auctioned the first Formula 1 digital collectible, breaking a number of records. We have distribution licenses for Major League Baseball, *RollerCoaster Tycoon*, and *Star Trek* digital blockchain items. Our announced acquisition of Quidd means that we will add over 325 major intellectual properties to our stable, including those of Disney, Marvel, CBS, HBO, and the NBA, among others.

Over a year ago, when we first articulated our vision for blockchain, gaming, and collectibles, we were one of very few voices making the case for digital ownership inside games. Today, there is a growing chorus of media, industry experts, and general users talking about the importance and significance of the ownership of virtual objects inside and outside of games.

That's why here at Animoca Brands we have been working to create our own Beanie Babies success by using the power of famous brands and gaming (gaming, as you probably know, is a fast-growing industry that was worth US\$138 billion in 2018).

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Over the last one and a half years, we have been laying the foundations for this new future. We have established powerful relationships for blockchain projects with famous industry names such as Atari and Formula 1. We are a significant contributor to the new open token standard ERC-1155, which greatly improves users' ability to handle digital tokens, especially in blockchain games. We are working closely with legal and finance experts as we challenge paradigms and explore waters thus far uncharted by most ASX-listed companies.

Our partnerships and relationships not only include some of the biggest brands in the world, but also some of the most respected names in technology, including DEEPCORE (a subsidiary of SoftBank), Hashed, and Kakao. Our already strong team has been bolstered even further by a series of high-profile appointments, including an internationally acclaimed artist (Kevin Abosch), the co-founder of the Xbox (Ed Fries), the former managing director of Sony Computer Entertainment ANZ (Michael Ephraim), and a veteran of ASX-listed companies with over 30 years of experience in financial reporting (John Madden).

Our mission is to offer more value to gamers and collectors through true digital ownership. We are working to build a world in which billions of gamers will have the option to generate (and own) meaningful value via games and digital collectibles. Yes, *billions* of gamers: around 2.4 billion today, and expected to grow to 2.7 billion by 2021.

2019 is an important year for Animoca Brands. We will continue to pursue deals and investments that will strengthen our position in the nascent areas of blockchain gaming and collectibles. I would like to briefly describe the primary elements of our approach over the coming months.

Distribution - we will continue to grow our distribution infrastructure and capabilities to ensure that we can serve our customers in new and innovative ways. For example, our proposed acquisition of Gamma, or our partnership with iClick.

Brands - the brands in our business will continue to be key as we leverage powerful brand partnerships to develop our reputation, grow our revenues and build relationships with customers and partners. For example, the very first F1 digital collectible auction, the "1-1-1", fetched the equivalent of US\$113,000 (~A\$165,000) at time of sale and brought a terrific level of attention to Animoca Brands and our work.

Products - as we work to establish a leadership position in digital collectibles and virtual assets, we will continue to grow and enhance our portfolio of games, which serves as a strong core for our business and provides valuable information about the gamer audience. For example, in the month of June we had over 40 million gameplay sessions, with an average time per device of 18.1 minutes.

Bench strength and processes - we have expanded our business dramatically with new products, services, markets, acquisitions, and refinements to our business model. We will invest in growing these teams and processes in a scalable and sustainable manner. Although this is one of the more challenging elements of our plan, this aggressive approach is how we are able to accelerate our growth ahead of the competition. To help us, we have secured deep experience and knowledge for our team in the form of strong global leaders such as Ed Fries, Wilhelm Taht, and, most recently, John Madden.

In closing, I extend a sincere and heartfelt thank you to all our customers, shareholders, and team players - all the people whose trust, dedication, and passion are helping us to build an important company with a big vision: to deliver true and lasting value to games, gamers, and the collector inside all of us. We would not have made it this far without you.



Yat Siu
CO-FOUNDER, CHAIRMAN

CORPORATE INFORMATION

DIRECTORS

Mr. Yat Siu (Non-executive Chairman)
Mr. David Brickler
Mr. Christopher Whiteman
Ms. Holly Liu

EXECUTIVES

Mr. Robert Yung (CEO)
Mr. Arnaldo Concepcion (COO)

COMPANY SECRETARY

Mr. Julian Rockett, appointed 19 December 2018
Ms. Alyn Tai, resigned 19 December 2018

REGISTERED OFFICE

Level 7, 333 Collins Street, Melbourne, VIC, Australia 3000
until 19 December 2018
Level 12, 225 George Street, Sydney NSW 2000 from 19
December 2018

SHARE REGISTER

Security Transfers Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Phone: +61 8 9315 2333

Animoca Brands Corporation Limited's shares are listed on the Australian Securities Exchange (ASX) under the stock code 'AB1'. Its presentation and functional currency is Australian dollars and, unless otherwise stated, amounts referred to in this report are stated in this currency.

AUDITORS

Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
Adelaide, South Australia, Australia

WEBSITE

<http://www.animocabrands.com>

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DIRECTOR'S REPORT

The Directors present their report together with the consolidated interim financial statements of Animoca Brands Corporation Limited (the "Company" or "Animoca Brands") and its consolidated entities (the "Group") for the half-year ended 30 June 2019 (the "half-year") and the auditor's review report thereon.

The Directors of the Company as at the date of this report are:

Yat Siu	Non-executive Chairman
David Brickler	Non-executive Director
Holly Liu	Non-executive Director
Chris Whiteman	Non-executive Director

Principal Activities

The Group's principal activities are the development, marketing and publishing of a broad portfolio of video games and apps to a global audience. Games and apps developed and/or published by the Group are made available for customers on different platforms and app stores including Apple's App Store and Google's Google Play. The Group's products frequently feature intellectual property in the form of characters from the Group's industry-leading portfolio of licensed brands. The Group monetises games and apps primarily through in-app purchases and advertising offered to the consumers within the games and apps.

Result for the first half of the financial year

The Company recorded a net loss after tax attributable to members of \$6,810,280 for the half-year ended 30 June 2019 compared to a net profit after tax of \$1,069,403 in the corresponding period in 2018.

The net loss attributable to the members for the half-year included approximately \$807,000 in costs associated with the Sandbox platform development and the amortisation of Intellectual Property totalling \$1,337,830. In addition, the results exclude advance sales of the SAND Token as a result of application of AASB15. The deferral of the advance sales of the SAND token reduced previously announced sales revenue by \$1,813,000.

These negative impacts on the result for the half-year did not arise in the corresponding period last year. In addition, the net profit for the corresponding period last year included a one-off gain of \$2,496,398 from the sale of intellectual property.

Cash flow from operating activities for the half-year ended 30 June 2019 were negative \$208,794 compared to negative operating cash flow of \$558,991 in the corresponding period last year.

Working capital as at 30 June 2019 was \$4,544,563 compared to working capital at 31 December 2018 of \$4,650,567. Included in the working capital as at 30 June 2019 is \$5,649,352 (31 December 2018: \$4,586,073) due to vendors of assets that the Company acquired during the period and which will be settled largely by way of the issue of fully paid ordinary shares.

State of affairs of the company

During the first half of the year, the Company raised \$5,719,368 from a number of equity raisings and \$4,003,514 from SAFE (debt) financings to fund the Company's growth and increase its working capital. In addition, the Company extinguished a number of obligations and made investments by the issue of fully paid ordinary shares totaling \$2,014,775.

The Company acquired Leade.rs Inc for \$2,016,016, which will be settled by way of shares and cash in the second half of the financial year and acquired other financial assets during the first half totaling \$7,348,499.

Dividends

No dividends were declared and paid during the year.

Subsequent events

On 18 July 2019, the Company conducted its annual general meeting of shareholders at which the following fully paid ordinary shares were approved for issue.

Purpose	Number of shares	Contributed equity
Earn-In Agreement with Mr. Tak Chun Lo to acquire majority interest in Venture Classic Limited (shares issued 23 August 2019)	4,545,455	500,000
Investment and collaboration agreement with Mind Fund Group Ltd (shares issued 23 August 2019)	6,601,729	781,645
Mr. R. Yung in lieu of services for period 6 September 2015 to 31 March 2019 (shares issued 23 August 2019)	10,167,543	348,410
	21,314,727	1,630,055

At the same meeting held on 18 July 2019, the Company received approval from shareholders to issue the following fully paid ordinary shares for a number of transactions which, as at the date of this half-year report, have not yet been completed:

Transaction	Value	Approved issue of shares
Share Sale & Purchase Agreement with the vendors of Pixowl Inc executed on 8 November 2018 to acquire issued capital	15-day VWAP on completion	21,827,196

Stock Purchase Agreement (Preferred Stock) with Talenthuse Inc	30-day VWAP on completion	10,078,816
Binding Term Sheet with vendors of Stryking Entertainment GmbH to acquire issued capital	10 cents/share	15,757,958
Mutual Investment Term Sheet with Brinc Limited	Higher of 15 cents or 7-day VWAP	7,021,486
Shares in lieu of cash emoluments by directors which have not been issued	Various prices	1,039,214
Shares to related entity of Mr. Y. Siu for subscription monies to the Share Placement which have not been issued	10 cents per share	1,800,000
		57,524,670

Shareholders also ratified at this annual general meeting a number of previous issues of shares totaling 143,742,163 fully paid ordinary shares and options over ordinary shares of 22,381,335 with an expiry date 15 months from the date of issue and an exercise of 12.5 cents per option.

On 7 August 2019, the Company announced that it had, subject to completion of definitive documents, agreed to acquire Quidd Inc. The acquisition will provide the Company with a suite of intellectual property and media relationships as well as opportunities for expansion of its businesses relating to virtual goods and digital collectibles.

Under the terms and conditions of the acquisition, the Company will acquire 100% of the share capital in Quidd by issuing approximately A\$7,200,000 in fully paid ordinary shares. The fully paid ordinary shares will be based on the higher of 16 cents per share or the 14-day VWAP of the Company's share price on execution of definitive documents. The shares issued to the vendors of Quidd will be subject to a 6-month lock-up period and released at a rate of 1/12 per month. In addition, the Company has agreed to pay the vendors of Quidd earn-out payments over three periods of one year each based on profitability as set out below:

Period 1	US\$1,000,000	If Quidd achieves a net profit (defined as revenues less direct costs, operating expenses and taxes of a least US\$1,250,000
Period 2	US\$1,000,000	If Quidd achieves a net profit of at least US\$1,500,000
Period 3	US\$1,000,000	If Quidd achieves a net profit of at least US\$2,000,000

The accumulated value of the earn-out payments total US\$3,000,000, (A\$4,200,000). The earn-out payments are payable in fully paid shares of the Company based on the 14-day VWAP three dates before the payment of the earn-out.

The Company also announced on 7 August 2019 that it completed a Share Placement for A\$8,000,000 from strategic investors, Australian institutions, and existing shareholders. The capital raising was conducted at a share price of 20 cents per share with a loyalty option attached based on a 1 option over ordinary share for every 4 shares

subscribed in the Share Placement. The loyalty option vests if the Placement Shares are held for 12 months from the date of issue and will expire one month after the end of this 12-month period. The loyalty options are exercisable at 25 cents per option over ordinary share.

The Company issued 25,951,410 fully paid ordinary shares (A\$5,190,282) pursuant to the Share Placement on 23 August 2019 with further issues to be made upon closing of the Share Placement.

The funds from the Share Placement will provide working capital for the acquisitions and advance various business opportunities.

On 15 August 2019, the Company announced it had entered into a mutual investment agreement with Versus Systems Inc. Versus is an advertising company, listed on the Canadian Securities Exchange, and focusing on the development of in-game prizing and promotion tools. Under the terms and agreements of the mutual Investment Agreement, both companies will transfer to each other the equivalent of US\$500,000 in fully paid ordinary (or common) shares.

On 23 August 2019, the Company made the following issues of shares:

- 900,000 fully paid ordinary shares following the exercise by an option holder of 900,000 options over ordinary shares due to expire on 7 September 2020 with an exercise price of 7 cents per option;
- 2,500,000 fully paid ordinary shares at 11 cents per share, 2,500,000 fully paid ordinary shares at 13 cents per share and 2,500,000 fully paid ordinary shares at 16 cents per share for corporate and financial services provided by Taylor Collinson Securities Limited pursuant to a Mandate Letter, dated 8 July 2018;
- 4,048,133 and 5,617,600 fully paid ordinary shares were issued to employees at 11.11 cents per share and 16.50 cents per share, respectively, under the terms and conditions of the Long-Term Incentive Plan approved by shareholders on 18 July 2019;
- 3,484,022 fully paid ordinary shares at 9.994 cents per share to the vendors of Gamma Innovations Inc under the terms and conditions of the Term Sheet on 28 June 2019;
- 3,130,187 fully paid ordinary shares at 15.47 cents per share to the vendors of Leade.rs pursuant to the terms and conditions of the acquisition announced on 6 May 2019; and
- 3,519,939 fully paid ordinary shares at 9.84 cents per share under the terms and conditions of a collaboration agreement with WAX Blockchain Inc which included the Company and WAX completing a mutual investment arrangement following the satisfaction of the Condition Precedent by WAX. On issue of the shares, the Company will receive the corresponding value in WAX tokens.

Auditor's Independence

The lead auditor's independence declaration is set out on page 16 and forms part of the Directors' Report for the half-year ended 30 June 2019.

Signed in accordance with a resolution of the board of directors pursuant to s.306 (3) of the Corporations Act.



Yat Siu
Chairman

31 August 2019

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Auditor's Independence Declaration

To the Directors of Animoca Brands Corporation Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Animoca Brands Corporation Limited for the half year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 31 August 2019



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2019

	Note	30 June 2019	30 June 2018
Revenue from operating activities	7	8,293,767	5,657,199
Cost of revenue from operating activities		(3,376,816)	(2,101,861)
Gross profit		4,916,951	3,555,338
Other Income		255,032	206,379
Interest Income		2,799	7,488
Interest expense		(48,154)	-
Gain on Disposal of Intellectual Property	8	-	2,496,398
Employee benefits expenses		(2,649,722)	(1,180,687)
Marketing expenses		(2,757,434)	(1,640,245)
Research and Development expenses		(3,410,090)	(697,724)
Unrealised gain on digital assets		525,850	-
Amortisation of Intellectual Property		(1,337,830)	-
Other expenses	9	(2,752,418)	(1,649,829)
Profit / (Loss) before income tax expense		(7,255,016)	1,097,118
Tax benefit/(expense)		(91,997)	(67,149)
Profit / (Loss) after income tax expense		(7,347,013)	1,029,969
Profit / (Loss) attributable to:			
Owners of Animoca Brands Limited		(6,810,280)	1,069,403
Non-controlling interests		(536,733)	(34,434)
		(7,347,013)	1,029,969
Other comprehensive income			
<i>Items that may be reclassified to profit and loss:</i>			
Gain/ (Loss) on fair value adjustment		(210,770)	196,019
Exchange differences on translation of foreign operations		(366,770)	315,353
Total comprehensive profit / (loss) for the period		(7,924,553)	1,541,341
Profit / (Loss) per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share	19	(0.01)	0.22
Diluted earnings per share	19	(0.01)	0.22

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the half-year ended 30 June 2019

	Note	30 June 2019	31 December 2018
CURRENT ASSETS			
Cash and cash equivalents		10,443,673	7,662,353
Digital assets	10	2,775,920	647,827
Trade and other receivables	11	3,994,686	4,086,216
Financial assets	12	3,380,426	1,020,119
Other assets		825,578	775,637
TOTAL CURRENT ASSETS		21,420,283	14,192,152
NON CURRENT ASSETS			
Other financial assets	12	8,157,014	3,348,714
Plant and equipment	13	1,158,689	207,871
Intangible assets	14	7,625,524	5,014,202
Goodwill	15	2,973,943	5,292,411
TOTAL NON CURRENT ASSETS		19,915,170	13,863,198
TOTAL ASSETS		41,335,453	28,055,350
CURRENT LIABILITIES			
Trade and other payables		8,191,166	3,691,775
Amounts due to vendors on acquisitions		5,649,352	2,652,777
Unearned revenue		2,906,875	1,087,115
Short-term provisions		128,328	176,622
Financial liability		350,417	321,500
Provision for Milestone Payment		-	1,933,296
Lease liability		217,189	-
TOTAL CURRENT LIABILITIES		17,443,327	9,863,085
NON CURRENT LIABILITIES			
Other financial liabilities	16	4,003,514	212,524
Provision for Milestone Payment	5	712,950	-
Lease Liability		651,866	-
TOTAL NON CURRENT LIABILITIES		5,368,330	212,524
TOTAL LIABILITIES		22,811,657	10,095,609
NET ASSETS		18,523,796	17,959,741
EQUITY			
Contributed equity	17	58,958,289	45,813,735
Other contributed equity		1,175,476	5,811,314
Reserves		(660,033)	(82,548)
Non-controlling interest		(569,276)	(32,543)
Accumulated losses		(40,380,660)	(33,550,217)
TOTAL EQUITY		18,523,796	17,959,741

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2019

	Issued Capital	Share based payments reserve	Other contribute of equity	Foreign currency translation reserve	Financial assets reserve	Non- controlling interest	Accumulated Losses	Total equity
Balance at 1 January 2019	45,813,735	122,207	5,811,314	270,256	(475,011)	(32,543)	(33,550,217)	17,959,741
Changes in accounting policy	-	-	-	55	-	-	(20,163)	(20,108)
<i>Restated of Opening Balance</i>	45,813,735	122,207	5,811,314	270,311	(475,011)	(32,542)	(33,570,380)	18,214,000
Loss for the period	-	-	-	-	-	-	(6,810,280)	(6,810,280)
Non controlling interest	-	-	-	-	-	(536,733)	-	(536,733)
Other comprehensive income/(expense)	-	-	-	(366,770)	(210,770)	-	-	(577,540)
Total comprehensive income for the period	-	-	-	(366,770)	(210,770)	(536,733)	(7,084,646)	(8,198,919)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>								
Shares issued	13,545,455	-	(5,811,314)	-	-	-	-	7,734,141
Transaction costs in issuing shares	(400,901)	-	-	-	-	-	-	(400,901)
Subscription monies received in advance	-	-	1,175,476	-	-	-	-	1,175,476
Total transactions with owners and other transfers	13,144,554	-	(4,635,838)	-	-	-	-	8,508,716
Balance at 30 June 2019	58,958,289	122,207	1,175,476	(96,459)	(685,781)	(569,276)	(40,380,660)	18,523,796

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2018

	Issued Capital	Share based payments reserve	Share movement gain reserve	Foreign currency translation reserve	Non controlling interest	Accumulated losses	Total equity
Balance at 1 January 2018	31,121,237	-	-	(379,910)	-	(30,275,392)	465,935
Profit for the period	-	-	-	-	-	1,069,403	1,069,403
Non controlling interest	-	-	-	-	(39,434)	-	(39,434)
Other comprehensive income/(expense)	-	-	196,019	315,354	-	-	511,373
Total comprehensive income for the period	-	-	196,019	315,354	(39,434)	1,069,403	1,541,342
<i>Transactions with owners, in their capacity as owners, and other transfers</i>							
Shares issued	3,546,965	-	-	-	-	-	3,546,965
Transaction costs in issuing shares	(208,505)	-	-	-	-	-	(208,505)
Total transactions with owners and other transfers	3,338,460	-	-	-	-	-	3,338,460
Balance at 30 June 2018	34,459,697	-	196,019	(64,556)	(39,434)	(29,205,989)	5,345,737

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2019

	Note	30 June 2019	30 June 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,385,297	6,028,102
Interest received		2,799	7,488
Payments to suppliers and employees		(8,596,890)	(6,594,581)
NET CASH (USED IN) OPERATING ACTIVITIES		(208,794)	(558,991)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(344,593)	(153,854)
Acquisition of businesses (net of cash acquired)	5	516,008	(867,454)
Purchase of other financial assets		(7,348,499)	(709,252)
NET CASH (USED IN) FINANCING ACTIVITIES		(7,177,084)	(1,730,560)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		5,719,368	3,501,865
Payment of transaction costs for issue of shares		(400,901)	(208,500)
Subscription monies received in advance		1,175,476	-
Issue of SAFEs		4,003,514	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		10,497,457	3,293,365
Net increase/ (decrease) in cash and cash equivalents		3,111,579	1,003,814
Exchange rate adjustments		(330,259)	356,520
Cash at the beginning of the period		7,662,353	687,512
CASH AT THE END OF THE PERIOD		10,443,673	2,047,846

The accompanying notes form part of these financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2019

1.0 CORPORATE INFORMATION

The consolidated financial statements of Animoca Brands Corporation Limited and its subsidiaries (collectively, the Group) for the half-year ended 30 June 2019 were authorized for issue in accordance with a resolution of the directors on 31 August 2019.

Animoca Brands Corporation Limited is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The Group's principal activities are described in the director's report.

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim consolidated financial statements ('the interim financial statements'), which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board are for the six (6) months ended 30 June 2019.

The financial statements have been prepared on a historical cost basis, except for certain financial assets, digital assets and liabilities (including derivative instruments) which are measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period. The financial report is presented in Australian dollars, being the presentation currency for the Group.

AASB 16 Leases became mandatorily effective on 1 January 2019. Accordingly, these standards apply for the first time to this set of financial statements. The nature and effect of changes arising from these standards are summarised in the section below and in Note 2.2.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2018 except for the changes in accounting policies specified below applied to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 31 December 2018 are the relevant policies for the purposes of comparatives.

AASB 16 Leases became effective for periods beginning on or after 1 January 2019. Accordingly, the group has adopted AASB 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting

period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Leases

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.5%.

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019	1 January 2019
Total right-of-use assets	839,002	1,054,994

The recognised lease liabilities relate to the following types of assets:

	30 June 2019	1 January 2019
Total lease liabilities	868,755	1,075,101

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by \$1,054,994
- Lease liabilities – increase by \$1,075,101
- The net impact on the accumulated losses on 1 January 2019 was a increase of \$20,163
- The resulting tax impact was insignificant

The group leases various buildings in Hong Kong and Argentina. Rental contracts are typically made for fixed periods of 3 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until this financial year, leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities mainly represent the net present value of the fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.0 OPERATING SEGMENTS

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

For the 2019 interim period, the Group has three (3) operating segments: Europe, the Americas, and Asia. In identifying its operating segments, management generally follows the Group's office territories. Three operating segments develop and market mobile app and blockchain games.

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

The Americas segment consists of Fuel Powered Inc and its fully owned subsidiary, Grantoo Inc, which were acquired on 1 March 2018. Added into the Americas segment is Leade.rs, Inc, acquired in 2019, and Pixowl Inc, acquired in 2018. Pixowl Inc has its own management team, and all entities have discrete financial information.

The Asia segment consists of Animoca Brands Limited's activities. Animoca Brands Limited is the historical operating entity of the Company.

Each of these operating segments is managed separately as each of these segments requires different technologies and resources as well as marketing strategies. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements, except that:

- gains from movement in fair value are not included in arriving at the operating profit of the operating segments;
- corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. In the interim period under review, this primarily applies to the Group's headquarters' assets.

Segment information before consolidation elimination for the reporting period is as follows:

For the period ended 30 June 2019

In \$'000	Europe	Americas	Asia	Total
Revenue:				
From external customers	10	2,204	6,080	8,294
From other segments	1,017	-	-	1,017
Segment revenues	1,027	2,204	6,080	9,311
Less elimination	(1,017)	-	-	(1,017)
Net segment revenues	10	2,204	6,080	8,294
Segment operating profit/(loss)	171	(1,332)	(6,186)	(7,347)
Segment assets	3,148	4,586	33,601	41,335

For the period ended 30 June 2018

In \$'000	Europe	Americas	Asia	Total
Revenue:				
From external customers	84	144	5,429	5,657
From other segments	921	-	-	921
Segment revenues	1,005	144	5,429	6,578
Less elimination	(921)	-	-	(921)
Net segment revenues	84	144	5,429	5,657
Segment operating profit/(loss)	415	(99)	714	1,030
Segment assets	2,609	82	11,461	14,152

Customers

The Groups has no individual customer concentration risk. The underlying users are located mainly throughout the Asia Pacific and European regions.

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The Group distributes its games globally on platforms including the Web, the Apple App store, Google Play, and Amazon App Store, among others.

4.0 INFORMATION ABOUT SUBSIDIARIES

The consolidated financial statements of Animoca Brands Corporation Limited include:

Name	Principal Activities	Country of incorporation	% Equity interest	
			30 June 2019	31 December 2018
Animoca Brands Corporation	Mobile app game maker	British Virgin Islands	100%	100%
Animoca Brands Ltd	Mobile app game maker	Hong Kong	100%	100%
TicBits Oy	Mobile app game maker	Finland	100%	100%
Tribeflame Oy	Mobile app game maker	Finland	100%	100%
Benji Bananas Oy	Mobile app game maker	Finland	100%	100%
Crowd Education Ltd	Investments Holding	Hong Kong	100%	100%
Fuel Powered Inc	Mobile app game maker	Canada	60%	60%
Grantoo Inc	Mobile app game maker	Canada	60%	60%
OliveX Holdings Ltd	Mobile app game maker	Australia	100%	-
OliveX Limited	Mobile app game maker	British Virgin Islands	100%	100%
OliveX (HK) Limited	Mobile app game maker	Hong Kong	78%	78%
Pixowl Inc	Mobile app game maker	USA	100%	100%
Pixowl SA	Mobile app game maker	Argentina	100%	100%
TSB Gaming Limited	Mobile app game maker	Malta	100%	100%
Moonrealm Entertainment Ltd	Mobile app game maker	Hong Kong	51%	51%
Venture Classic Limited	Accelerator	Hong Kong	66.7%	66.7%
Zeroth Holdings II Limited	Investments Holding	Hong Kong	100%	100%
Zeroth Fano Ventures I Limited	Investments Holding	British Virgin Islands	100%	-
Zeroth Fano Ventures II Limited	Investments Holding	British Virgin Islands	100%	-
Animoca Brands Technology (Shanghai) Limited	Advertising	China	100%	-
Leade.rs Inc	Speakers Network platform	USA	100%	-
Leade.rs France	Speakers Network platform	France	100%	-

5.0 BUSINESS COMBINATIONS & GOODWILL

5.1 LEADE.RS, INC AND LEADE.RS FRANCE

Pursuant to a Sale Purchase Agreement (“SPA”) dated 3 May 2019, the Company completed the acquisition of the entire 100% equity interest in Leade.rs, Inc and its wholly owned subsidiary Leade.rs France from Mr. Loic Le Meur (the “Founders”) and a group of investors (collectively, the “Investors”) during the period.

CONSIDERATION TRANSFERRED

The acquisition of Leade.rs was/is to be satisfied by:

- \$682,000 (US\$500,000) consisting of cash payment of \$219,780 (USD 161,129) and shares payment of \$462,220 (USD 338,871) to Investors. The cash and shares were settled following the end of the half-year;
- A Loyalty Payment totaling \$682,000 (US\$500,000) payable to shareholders who hold the Company shares for a period of 12 months after the Completion, subject to Company shareholders’ approval. Payment can be in cash or in the Company shares priced at the higher of (i) \$0.10 per share or (ii) the weighted average closing price in the 15 days prior to the date 12 months after completion;
- A Performance Payment up to \$682,000 (US\$500,000) per year in cash or Company ordinary shares payable to the Founder and Investors depending on certain key performance measures.

At the date of acquisition, the identifiable net assets were \$600,511 (refer below).

The details of the business combination of Leade.rs is as follows:

Fair value of consideration:	Leade.rs Inc
Consideration payable in shares	462,220
Consideration payable in cash	219,780
Loyalty Payment	682,000
Performance Payment	682,000
Key Employee Incentives	60,016
Total	2,106,016
Recognized amounts of identifiable net assets:	
Property, plant and equipment	37,416
Total non-current assets	37,416
Trade and other receivables	109,052
Cash and cash equivalents	516,008
Total current assets	625,061
Total assets	662,476
Trade and other payables	(61,966)
Total non-current liabilities	(61,966)
Identifiable net assets	600,511
Intellectual property on acquisition	1,505,505

Consideration transferred settled in cash	-
Cash and cash equivalents acquired	(516,008)
Net cash (inflow) on acquisition	(516,008)

In the period between acquisition and 30 June, no performance milestones were achieved

6.0 FINANCIAL ASSETS & FINANCIAL LIABILITIES

6.1 FAIR VALUE

AASB 7 *Financial Instruments - Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

All financial instruments were valued using these valuation techniques. Other than the iCandy shares and cryptocurrencies, which are valued based on a level 1 methodology, there has been no change in valuation techniques for financial instruments in the year.

6.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include trade and other receivables, Investment in listed shares and cash and short-term deposits that are derived directly from its operations.

The Group is not exposed materially to market risk, credit risk or liquidity risk. The Board takes ultimate responsibility for managing the financial risks of the Group.

Foreign exchange

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

7.0 REVENUE FROM OPERATING ACTIVITIES

	30 June 2019	30 June 2018
App Advertising revenue	1,540,645	941,035
In App Purchases revenue	4,490,658	3,536,141
Service revenue	2,262,464	1,180,023
	8,293,767	5,657,199

8.0 DISPOSAL OF INTELLECTUAL PROPERTY

Pursuant to the Asset Sale and Purchase Agreement (the "Agreement") dated 22 December 2017, but made effective on 22 May 2018 following approval by its shareholders, iCandy Interactive Limited (the "Buyer") purchased 318 Games from the Group. The total gain on the sale was \$2,496,398.

9.0 OTHER EXPENSES

	30 June 2019	30 June 2018
Insurance	82,163	30,146
Professional fees	670,676	257,559
Provision for share-based payment (earn out)	-	603,857
Travel	430,638	76,534
Depreciation and amortization of Property, Plant and Equipment	270,153	24,791
Other expenses	1,298,788	656,924
	2,752,418	1,649,829

10.0 DIGITAL ASSETS

	30 June 2019	31 December 2018
Etherium (ETH)	42,743	6,819
Nitro (NOX)	57,194	30,849
Bitcoin (BTC)	42,729	40,932
Lymbo (LYM)	38,830	26,020
MUSICOIN	7,012	17,646
OpenST (OST)	164,895	132,649
Datum (DAT)	95,521	33,897
Decentraland (MANA)	478,251	316,793
LIKECOIN	94,087	42,222
WAX	23	-
I-House Token	2,056	-
Harmony (ONE)	1,752,579	-
	2,775,920	647,827

Digital assets with the exception of the Harmony (ONE) token are held at fair value. Harmony (ONE) is held at cost due to a lock up period on its trading.

11.0 TRADE & OTHER RECEIVABLES

	30 June 2019	31 December 2018
Trade Receivables	3,015,118	3,416,183
Less: Provision for expected credit losses	-	(279,940)
GST Receivable	30,631	5,614
Related party receivables (i)	948,937	944,359
	3,994,686	4,086,216

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

12.0 FINANCIAL ASSETS

	30 June 2019	31 December 2018
Current assets		
<i>Financial assets classified as fair value through profit or loss</i>		
Simple Agreement for Future Equity ("SAFE")	3,380,426	1,020,119
Total current financial assets	3,380,426	1,020,119
Non-current assets		
<i>Financial assets classified as fair value through other comprehensive income</i>		
Listed equity securities	1,145,950	1,245,431
Unlisted equity securities	2,306,311	1,098,045
	3,452,261	2,343,476
<i>Financial assets classified as fair value through profit or loss</i>		
Convertible note	2,366,994	141,683
Unlisted preferred shares	2,337,759	863,555
	4,704,753	1,005,238
Total non-current financial assets	8,157,014	3,348,714
Total financial assets	11,537,440	4,368,833

13.0 PLANT AND EQUIPMENT

Period ended 30 June 2019	Rights to Use	Office equipment	Furniture and fixtures	Software	Total
Opening net book amount	2,318	128,433	42,042	35,039	207,832
Additions	-	316,075	-	28,518	344,593
Recognised on adoption of AASB 16	839,002	-	-	-	839,002
Additional through business combinations	-	37,416	-	-	37,416
Depreciation and amortisation	(216,678)	(21,116)	(795)	(31,565)	(270,154)
Plant and equipment	624,642	460,808	41,247	31,992	1,158,689

Year ended 31 December 2018	Leasehold improvement	Office equipment	Furniture and fixtures	Software	Total
Opening net book amount	3,735	106,336	3,694	3,205	116,970
Additions	-	14,557	-	24,615	39,172
Additional through business combinations	-	32,771	44,499	22,269	99,539
Depreciation	(1,417)	(44,183)	(6,111)	(15,050)	(66,761)
Plant and equipment	2,318	128,433	42,042	35,039	207,871

14.0 INTANGIBLE ASSETS

	30 June 2019	31 December 2018
Trademarks	15,186	18,010
Developed technology	6,059,989	4,945,201
Customer relationships	39,475	50,991
Investor relationships	1,510,874	-
	7,625,524	5,014,202

The movements in the net carrying amount of intangible assets as follows:

	30 June 2019	31 December 2018
Balance 1 January	5,014,202	-
Transfer from goodwill (i)	2,352,340	-
Additions through business combinations	1,573,827	5,357,442
Amortisation	(1,337,830)	(311,148)
Exchange differences	22,985	(32,092)
	7,625,524	5,014,202

- (i) During the period, the group transferred from goodwill to developed technology \$2,352,340 relating to the finalization of its provisional accounting of the business combination of Pixowl.

15.0 GOODWILL

The movements in the net carrying amount of goodwill are as follows:

	30 June 2019	31 December 2018
Balance 1 January	5,292,411	1,140,896
Acquired through business combinations	-	4,031,574
Transferring goodwill to Intellectual Property (i)	(2,352,340)	-
Exchange differences	33,872	119,941
	2,973,943	5,292,411

(i) Relating to the finalization of its provisional accounting of the business combination for Pixowl acquisition in November 2018.

16.0 OTHER FINANCIAL LIABILITIES

	30 June 2019	31 December 2018
SAFEs	2,812,887	212,524
Convertible Notes	1,190,627	-
	4,003,514	212,524

17.0 SHARE CAPITAL

	30 June 2019	31 December 2018
Fully paid ordinary shares	58,958,289	45,813,735
	58,958,289	45,813,735

	Number	\$
Ordinary shares		
Balance at beginning of reporting period	683,033,962	45,813,735
Shares issued during the period		
25 January 2019 (i)	69,019,930	6,805,184
18 April 2019 (ii)	32,553,202	3,190,185
4 June 2019 (iii)	36,401,413	3,550,086
Transaction costs on shares issued	-	(400,901)
Balance at 30 June 2019	821,008,507	58,958,289

(i) Details of shares issued on 25 January 2019

	Number	\$
Shares issued to institutional investors	63,020,123	6,175,972
Shares issued as part of strategic deal	3,125,000	595,244
Shares issued as payment to vendors	2,874,807	33,968
	69,019,930	6,805,184

(ii) Details of shares issued on 14 April 2019

	Number	\$
Shares issued as part of milestone payments in relation to Ticbits OY acquisition in 2016	14,353,202	1,376,185
Shares issued to institutional investors	18,000,000	1,800,000
Shares issued on exercising options	200,000	14,000
	32,553,202	3,190,185

(iii) Details of shares issued on 4 June 2019

	Number	\$
Shares issued to institutional investors	28,762,670	2,869,852
Shares issued as payment to vendors	95,885	9,376
Shares issued on exercising options	7,542,858	670,858
	36,401,413	3,550,086

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

18.0 RELATED PARTY DISCLOSURES

On 1 July 2018, Messrs Yat Siu and Robby Yung resigned as directors of Outblaze Ventures Holdings Limited (OVHL), an entity incorporated under the laws and regulations of the Hong Kong Special Administrative Region. Corporate documents reflecting the resignations were not lodged with the Hong Kong until March 2019 due to administrative oversights.

Messrs Siu and Yung have no ownership interest in OVHL.

To assist management of OVHL with the transition of OVHL leadership from Messrs Siu and Yung, Ms Say Li Woo was appointed a director of OVHL on the understanding that her appointment would cease on 31 December 2018. Ms Woo is an employee of the Company and reports to Mr. Siu. Ms Woo does not have any ownership interest in OVHL. Due to an administrative oversight, the appointment of Ms Woo was not lodged with Hong Kong Corporate Registry until March 2019. Ms Woo submitted to OVHL a letter of resignation effective from 31 August 2019. Ms Woo has not attended any meetings of the board of directors of OVHL and has not had any involvement with the affairs of OVHL since 31 October 2018.

Mr. David Kim, the chairman of OVHL, resigned as a director of the Company on 27 September 2018.

During the course of the first half of the financial year, the Company agreed to acquire a number of investments made by OVHL as part of the latter's new direction as a digital marketing entity. As at 30 June 2019, the Company owes OVHL US\$1,015,143 for investments and US\$1,223,686 for marketing services.

OVHL was retained to market the *Crazy Defence Heroes* and Formula 1 games as well as a number of other digital games.

Mr. Yat Siu resigned as a director of Totally Apps Holdings Limited, an entity incorporated under the laws and regulations of the British Virgin Islands, on 1 July 2018 and Ms Say Li Woo was appointed a director on the same day. Totally Apps Holdings Limited owes the Company, through its wholly-owned controlled entity Zeroth Holdings II Limited, US\$650,000 as at balance date 30 June 2019.

Venture Classic Limited, an entity incorporated under the laws and regulations of Hong Kong Special Administrative Region, in which the Company holds 67% of the shares on issue, recorded an amount due to Zeroth SPC, an entity incorporated under the laws and regulations of the Cayman Islands, of US\$1,000,000. US\$552,000 represents funds received by Zeroth SPC for investment in segregated portfolios and US\$448,000 represents investments made for and on behalf of Zeroth SPC which have not been allocated to a specific segregated portfolio at balance date.

On 1 August 2014, the Company entered into an Office Services and Management Services Agreement with Outblaze Limited, an entity incorporated under the laws and regulations of Hong Kong Special Administrative region, and an entity in which Mr. Yat Siu is a director. Under the terms and conditions of the agreement, Outblaze Limited provides office services including:

- use of computer workstations, information system, furniture, fixtures, fittings, office equipment and pantry supplies provided at the Premises;
- use of telephones, fax machines, broadband internet connection, photocopiers and printers at the Premises;
- arrangements for reception, pantry and conference rooms for Client's staff and visitors; and
- other office facilities, amenities, convenience and services as Provider at its discretion considers necessary to provide to Client for its business purposes from time to time.

In consideration of office services, the Company is required pay to Outblaze Limited by way of service charges HK\$2,300 per workstation per month. During the year half-year ended, the Company paid office service fees of US\$100,194.

19.0 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	30 June 2019	30 June 2018
Net profit / (loss) attributable to ordinary equity holders of the parent entity:		
Continuing operations	(6,810,280)	1,069,403
Weighted average number of ordinary shares for basic earnings per share	702,429,694	479,845,518
Weighted average number of ordinary shares for diluted earnings per share	702,429,694	479,845,519

20.0 CONTINGENT LIABILITIES

At the date of signing this report, the Company is not aware of any Contingent Asset or Liability that should be disclosed in accordance with AASB 137.

21.0 SUBSEQUENT EVENTS

On 18 July 2019, the Company conducted its annual general meeting of shareholders at which the following fully paid ordinary shares were approved for issue.

Purpose	Number of shares	Contributed equity
Earn-In Agreement with Mr. Tak Chun Lo to acquire majority interest in Venture Classic Limited (shares issued 23 August 2019)	4,545,455	500,000
Investment and collaboration agreement with Mind Fund Group Ltd (shares issued 23 August 2019)	6,601,729	781,645
Mr. R. Yung in lieu of services for period 6 September 2015 to 31 March 2019 (shares issued 23 August 2019)	10,167,543	348,410
	21,314,727	1,630,055

At the same meeting held on 18 July 2019, the Company received approval from shareholders to issue the following fully paid ordinary shares for a number of transactions which, as at the date of this half-year report, have not yet been completed:

Transaction	Value	Approved issue of shares
Share Sale & Purchase Agreement with the vendors of Pixowl Inc executed on 8 November 2018 to acquire issued capital	15-day VWAP on completion	21,827,196
Stock Purchase Agreement (Preferred Stock) with Talenthouse Inc	30-day VWAP on completion	10,078,816
Binding Term Sheet with vendors of Stryking Entertainment GmbH to acquire issued capital	10 cents/share	15,757,958
Mutual Investment Term Sheet with Brinc Limited	Higher of 15 cents or 7-day VWAP	7,021,486
Shares in lieu of cash emoluments by directors which have not been issued	Various prices	1,039,214
Shares to related entity of Mr. Y. Siu for subscription monies to the Share Placement which have not been issued	10 cents per share	1,800,000
		57,524,670

Shareholders also ratified at this annual general meeting a number of previous issues of shares totaling 143,742,163 fully paid ordinary shares and options over ordinary shares of 22,381,335 with an expiry date 15 months from the date of issue and an exercise of 12.5 cents per option.

On 7 August 2019, the Company announced that it had, subject to completion of definitive documents, agreed to acquire Quidd Inc. The acquisition will provide the Company with a suite of intellectual property and media relationships as well as opportunities for expansion of its businesses relating to virtual goods and digital collectibles.

Under the terms and conditions of the acquisition, the Company will acquire 100% of the share capital in Quidd by issuing approximately A\$7,200,000 in fully paid ordinary shares. The fully paid ordinary shares will be based on the higher of 16 cents per share or the 14-day VWAP of the Company's share price on execution of definitive documents. The shares issued to the vendors of Quidd will be subject to a 6-month lock-up period and released at a rate of 1/12 per month. In addition, the Company has agreed to pay the vendors of Quidd earn-out payments over three periods of one year each based on profitability as set out below:

Period 1	US\$1,000,000	If Quidd achieves a net profit (defined as revenues less direct costs, operating expenses and taxes) of at least US\$1,250,000
Period 2	US\$1,000,000	If Quidd achieves a net profit of at least US\$1,500,000
Period 3	US\$1,000,000	If Quidd achieves a net profit of at least US\$2,000,000

The accumulated value of the earn-out payments total US\$3,000,000, (A\$4,200,000). The earn-out payments are payable in fully paid shares of the Company based on the 14-day VWAP three dates before the payment of the earn-out.

The Company also announced on 7 August 2019 that it completed a Share Placement for A\$8,000,000 from strategic investors, Australian institutions, and existing shareholders. The capital raising was conducted at a share price of 20 cents per share with a loyalty option attached based on a 1 option over ordinary share for every 4 shares subscribed in the Share Placement. The loyalty option vests if the Placement Shares are held for 12 months from the date of issue and will expire one month after the end of this 12-month period. The loyalty options are exercisable at 25 cents per option over ordinary share.

The Company issued 25,951,410 fully paid ordinary shares (A\$5,190,282) pursuant to the Share Placement on 23 August 2019 with further issues to be made upon closing of the Share Placement.

The funds from the Share Placement will provide working capital for the acquisitions and advance various business opportunities.

On 15 August 2019, the Company announced it had entered into a mutual investment agreement with Versus Systems Inc. Versus is an advertising company, listed on the Canadian Securities Exchange, and focusing on the development of in-game prize and promotion tools. Under the terms and agreements of the mutual Investment Agreement, both companies will transfer to each other the equivalent of US\$500,000 in fully paid ordinary (or common) shares.

On 23 August 2019, the Company made the following issues of shares:

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- 900,000 fully paid ordinary shares following the exercise by an option holder of 900,000 options over ordinary shares due to expire on 7 September 2020 with an exercise price of 7 cents per option;
- 2,500,000 fully paid ordinary shares at 11 cents per share, 2,500,000 fully paid ordinary shares at 13 cents per share and 2,500,000 fully paid ordinary shares at 16 cents per share for corporate and financial services provided by Taylor Collinson Securities Limited pursuant to a Mandate Letter, dated 8 July 2018;
- 4,048,133 and 5,617,600 fully paid ordinary shares were issued to employees at 11.11 cents per share and 16.50 cents per share, respectively, under the terms and conditions of the Long-Term Incentive Plan approved by shareholders on 18 July 2019;
- 3,484,022 fully paid ordinary shares at 9.994 cents per share to the vendors of Gamma Innovations Inc under the terms and conditions of the Term Sheet on 28 June 2019;
- 3,130,187 fully paid ordinary shares at 15.47 cents per share to the vendors of Leads pursuant to the terms and conditions of the acquisition announced on 6 May 2019; and
- 3,519,939 fully paid ordinary shares at 9.84 cents per share under the terms and conditions of a collaboration agreement with WAX Blockchain Inc which included the Company and WAX completing a mutual investment arrangement following the satisfaction of the Condition Precedent by WAX. On the issue of the shares, the Company will receive the corresponding value in WAX tokens.

DIRECTORS' DECLARATION

In the opinion of the directors of Animoca Brands Corporation Limited:

- a. The consolidated financial statements and notes of Animoca Brands Corporation Limited are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standards AASB 134 Interim Financial Reporting;
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Mr. Yat Siu
CHAIRMAN

31 August 2019

Independent Auditor's Review Report

To the Members of Animoca Brands Corporation Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Animoca Brands Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Animoca Brands Corporation Limited does not give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Animoca Brands Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

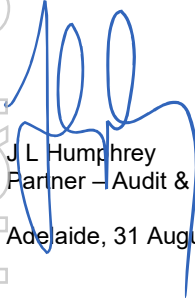
A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 31 August 2019

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