

The BetMakers Holdings Limited

(Formerly known as TopBetta Holdings Limited)

ABN 21 164 521 395

Annual Report - 30 June 2018

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Directors	Nicholas Chan - Chairman Todd Buckingham Simon Dulhunty
Company secretary	Charly Duffy
Notice of annual general meeting	The details of the annual general meeting of The BetMakers Holdings Limited are: 22 Lambton Road, Broadmeadow, NSW 2292 Friday, 23 November 2018 at 11:00 a.m. (AEDT)
Registered office	22 Lambton Road Broadmeadow, NSW 2292 Head office telephone: (02) 4957 4704
Share register	Computershare Investor Services Pty Limited Level 4 60 Carrington Street Sydney, NSW 2000 Share registry telephone: 1300 787 272
Auditor	PKF(NS) Audit & Assurance Limited Partnership 755 Hunter Street Newcastle West, NSW 2302
Solicitors	Addisons Lawyers Level 12 60 Carrington Street Sydney, NSW 2000
Stock exchange listing	The BetMakers Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: TBH)
Website	http://investors.thebetmakers.com
Corporate Governance Statement	The Corporate Governance Statement which was approved at the same time as the Annual Report can be found at http://investors.thebetmakers.com/corporate-governance/

To my fellow shareholders,

I am pleased to present the Annual Report for The BetMakers Holdings for the year ended June 30, 2018.

This year has seen the transformation of the business back to the core principle of our existence with the launch of several internally-developed wagering products into the market.

Utilising the TopBetta platform we were able to successfully demonstrate the significance of The BetMakers' platforms and products.

The 'Wagering Platforms' performed well over this period and several features have been released in the previous 12 months to demonstrate leading technology, unique offerings and scalability to accommodate any small to medium-sized wagering operation.

The Global Tote's successful launch in 2017/18 has seen it process more than \$100million worth of bets since inception, again proving the scalability of our in-house technology.

We have continued to develop these technologies and are now able to focus on a more scalable approach to the business and, with several key deals already announced to the market, we can now capitalise on the investment of our work to date.

While taking our wholesale products and technology to the market over the past 12 months we spent a significant amount of money on marketing to ensure the successful roll-out and testing of these technologies. Approximately \$5.3million was spent marketing through the year, which allowed the business to showcase the products and win acceptance in the market.

On June 30, 2018, the company successfully sold its TopBetta and Mad Bookie assets for \$6million, with \$3million paid to date and a further \$3million to be paid on or before September 30, 2018 as part of the deferred payment sale agreement.

With the focus now on distribution of our products, platforms and technology, we have identified two key acquisition targets that operate precisely in this space and will further strengthen our product and service offerings both in the domestic and international markets. We have been pleased to be able to come to terms with both companies to acquire these businesses and bring them into The BetMakers' group of companies.

We now believe we have the most innovative wagering technology and the most comprehensive distribution network to offer these products in Australia, and we are on target to expand this rapidly into the International markets throughout 2019.

With the greater majority of Australian wagering operators already using at least some of The BetMakers group of company's products and services, we believe we are now integral in the Australian wagering landscape and about to leverage this combined group's extensive technology, products, service offerings and knowledge to be one of the most important and influential operations in the wagering world.

Regards



Todd Buckingham
CEO

31 August 2018
Sydney

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "group") consisting of The BetMakers Holdings Limited (referred to hereafter as the "company", "TBH" or "parent entity") and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors

The following persons were directors of The BetMakers Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Nicholas Chan - Chairman
Todd Buckingham
Simon Dulhunty
Matthew Cain (resigned on 25 May 2018)

Principal activities

The group's principal activities during the financial year were digital fantasy wagering, wagering, content services and wholesale wagering.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the group after providing for income tax amounted to \$5,976,540 (30 June 2017: \$7,618,257).

The loss included a non-recurring goodwill impairment expense of \$1,144,385 (2017: \$1,802,453) and an earn-out reversal of \$1,144,385 (2017: Nil). Accordingly, the loss from continuing operations after tax for the year amounted \$314,992 (30 June 2017: loss of \$5,499,823). The group had a gain on disposal of assets from TopBetta Pty Ltd and assets related to Mad Bookie of \$4,277,727.

Significant changes in the state of affairs

On 21 July 2017, the company announced it had received a licence to offer The Global Tote and the TopBetta retail offering into the UK market.

On 14 August 2017, the company announced it had received a licence to offer The Global Tote and TopBetta retail offerings into the US market.

On 25 June 2018, the company changed its name to The BetMakers Holdings Limited.

On 30 June 2018, the company completed the sale to PlayUp Australia Pty Limited ("PlayUp") of 100% of the shares in the company's wholly owned subsidiary, TopBetta Pty Ltd ("TopBetta"), and the associated retails assets, TopBetta and Mad Bookie. PlayUp has taken over the running of the TopBetta and Mad Bookie businesses from 1 July 2018.

There were no other significant changes in the state of affairs of the group during the financial year.

Matters subsequent to the end of the financial year

On 14 June 2018, the company expanded its wholesale strategy by entering into a conditional but binding Heads of Agreement ("HOA") to acquire 100% of the shares of DynamicOdds Pty Ltd ("DynamicOdds") including its brands, data and betting tools. Within 12 months of completion of the acquisition of assets, the company will make a payment of \$7,000,000. Final deal structure was announced on 29 August 2018, whereby \$7,000,000 consideration will be paid, with \$150,000 having been paid on 1 August 2018, \$1,350,000 to be paid on 31 August 2018, \$1,000,000 on 12 December 2018 and \$4,500,000 to be paid on 30 June 2019.

An additional \$3,000,000 is payable to the vendor if the business achieves the following; if the EBIT for the Performance Period is equal to or greater than AUD\$1.25m but less than AUD\$1.5m, the CDK Performance Payment will be AUD\$1.5m; or if the EBIT for the Performance Period is equal to or greater than AUD\$1.5m, the CDK Performance Payment will be AUD\$3m.

On 18 July 2018, the group acquired through its newly incorporated subsidiary, BetMakers DNA Pty Ltd, 100% of shares in leading global wagering service provider, Global Betting Services Pty Limited. Final deal structure was announced on 29 August 2018, whereby \$7,000,000 consideration will be paid, with \$1,000,000 to be paid in cash up-front on completion on 17 September 2018, \$2,500,000 to be paid on 31 January 2019 and \$3,500,000 to be paid 30 June 2019.

An additional \$3,000,000 is payable to the vendor if the business achieves the following; if the EBIT of GBS during the Performance Period is equal to or more than \$1.2m but less than \$1.5m, the Performance Payment will be \$1m; or if the EBIT of GBS during the Performance Period is equal to or more than \$1.5m, the Performance Payment will be \$3m.

On 20 July 2018, the company announced a non-renounceable Entitlements Offer for fully paid ordinary shares in TBH (new shares) to raise approximately \$6,700,000. Under the accelerated Institutional Offer, TBH successfully raised approximately \$1.04 million from the issue of 12,961,897 at an issue price of 8 cents (\$0.08) per share.

In after balance date events, the company completed the Entitlements Offer through a retail offering to existing shareholders and through a shortfall offering to both new and existing shareholders. The total amount raised through the offer was \$4,471,957.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Likely developments and expected results of operations

The group anticipates that it will continue to face risks such as:

Liquidity risks – the company's ability to grow is dependent upon sufficient liquid financial resources to fund operational growth.

In coming years, and to the extent that the group expands internationally, the company may also face currency risks.

Environmental regulation

The group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Nicholas Chan
Title:	Chairman and Non-Executive Director
Experience and expertise:	Nicholas (Nick) Chan has more than 31 years' experience in media. He has held senior leadership and operational roles with leading Australian media companies. Nick was most recently Group Chief Operating Officer ('COO') at Seven West Media and prior to that, Chief Executive Officer ('CEO') of Pacific Magazines, a subsidiary of Seven West Media, for nine years. He joined Pacific Magazines from Text Media, where he was a CEO. He held a range of senior positions at ACP Publishing including Group Publisher and COO. Nick is a former Chairman of The Magazines Publishers of Australia and CEO of Bauer Media ANZ.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and Chairman of Nomination and Remuneration Committee, as at 25 May 2018. After the resignation of Matthew Cain, given the composition of the Board, the Board agreed to assume all responsibilities of the Audit and Risk Committee and the Nomination and Remuneration Committee.
Interests in shares:	None
Interests in options:	2,000,000 options over ordinary shares

Name: Todd Buckingham
Title: Managing Director and Chief Executive Officer
Qualifications: Double Bachelor in teaching and health and physical education
Experience and expertise: Todd Buckingham has more than 22 years' experience working in the Sports and Wagering industry in Australia. After completing his double Bachelor degree in 2000, he taught secondary education for five years at Hunter Sports High School whilst simultaneously working as a sports manager at a successful sports management company, NSRT. During his time at NSRT, Todd negotiated more than \$20 million worth of sporting contracts, culminating in his appointment as Managing Director. As Managing Director of NSRT, Todd's responsibilities included managing the affairs of Rugby League athletes, negotiating contracts, sourcing sponsorships, managing accounting and budgeting affairs, crisis management and media relations. In 2009, he founded 12Follow and in 2010 TopBetta.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 4,870,862 ordinary shares
Interests in options: 16,667,000 options over ordinary shares (refer to 'Service agreements' section)

Name: Simon Dulhunty
Title: Non-Executive Director (Non-independent)
Experience and expertise: Simon Dulhunty has over 26 years' experience in print and digital media in management and operational roles at the top of metropolitan and regional Australian media, including as an award-winning Editor of The Sun-Herald newspaper in Sydney and General Manager of Fairfax Media's mobile development team responsible for acclaimed iPad apps for The Age, The Sydney Morning Herald and The Australian Financial Review. Simon now runs his own private media consultancy.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of the Audit and Risk Committee and Nomination and Remuneration Committee, as at 25 May 2018. After the resignation of Matthew Cain, given the composition of the Board, the Board agreed to assume all responsibilities of the Audit and Risk Committee and the Nomination and Remuneration Committee.
Interests in shares: 419,438 ordinary shares
Interests in options: 1,500,000 options over ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Ms Charly Duffy is a qualified and practising corporate and commercial lawyer with over nine years' of private practice experience and is the director and principal of cdPlus Corporate Services Services, a company secretarial and legal services business. Charly brings extensive legal experience to TopBetta, with a particular focus on equity capital markets, mergers and acquisitions, corporate governance, initial public offerings, secondary capital raisings, business and share sale transactions, takeovers, Takeovers Panel proceedings, financing, ASIC and ASX compliance and all aspects of general corporate and commercial law.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Nicholas Chan	11	11	7	7	8	8
Todd Buckingham	11	11	-	-	-	-
Matthew Cain	10	10	7	7	8	8
Simon Dulhunty	11	11	7	7	8	8

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the Key Management Personnel ('KMP') remuneration arrangements for the group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee ('NRC') is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the NRC. The NRC may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by shareholders. The most recent determination was under the Constitution, where the shareholders approved that the aggregate remuneration must not exceed \$500,000 per annum.

Executive remuneration

The group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments, such as long-term incentive plans; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are to be reviewed annually by the NRC based on individual and business unit performance, the overall performance of the group and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the group and provides additional value to the executive.

The long-term incentives plan ('LTIP') program is designed to assist in the reward, retention and motivation of executives and other KMP of the group. Subject to the ASX listing rules and under the terms of the LTIP, the Board may grant options and/or performance rights (options with a zero exercise price) to eligible participants ('awards'). Each award granted represents a right to receive one share once the award vests and is exercised by the relevant participant.

The Board has sole and absolute discretion to determine the terms and conditions of awards which are granted under the LTIP including, but not limited to, the following:

- which individuals will be invited to participate in the LTIP;
- the number of awards to be granted to each participant;
- the fee payable, if any, by participants on the grant of awards;
- the terms (e.g. vesting conditions or performance hurdles) on which the awards will vest and become exercisable;
- the exercise price, if any, of each award granted to participants;
- the period during which a vested award can be exercised; and
- any forfeiture conditions or disposal restrictions applying to the awards and shares received upon exercise of awards.

Group's performance and link to remuneration

Remuneration for certain individuals is linked to their divisional performance and the performance of the group, if relevant. Refer to section 'Details of remuneration' of the remuneration report for details.

Use of remuneration consultants

During the financial year ended 30 June 2018, the group had not engaged any remuneration consultants to review or advise upon its existing remuneration policies, including the implementation of the LTIP.

Voting and comments made at the company's 2017 Annual General Meeting ('AGM')

At the 2017 AGM, 97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

The KMP of the group consisted of the directors of The BetMakers Holdings Limited and the following persons:

- Oliver Shanahan - Chief Information Officer
- Paul Jeronimo - Chief Operating Officer

Details of the remuneration of KMP of the group are set out in the following tables:

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Leave benefits	Equity-settled shares	Equity-settled options	
2018	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Nicholas Chan	82,077	-	9,247	7,797	-	-	-	99,121
Matthew Cain *	40,895	-	-	3,885	-	-	-	44,780
Simon Dulhunty	45,662	-	-	4,338	-	-	-	50,000
<i>Executive Directors:</i>								
Todd Buckingham	180,000	-	5,241	17,100	-	-	-	202,341
<i>Other KMP:</i>								
Oliver Shanahan	170,000	-	-	16,150	-	-	-	186,150
Paul Jeronimo	160,001	-	-	15,200	-	-	-	175,201
	678,635	-	14,488	64,470	-	-	-	757,593

* Remuneration until date of resignation as Director.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Leave benefits	Equity-settled shares	Equity-settled options	
2017	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Nicholas Chan	91,324	-	-	8,642	-	-	300	100,266
Matthew Cain	45,662	-	-	4,338	-	-	300	50,300
Simon Dulhunty	45,662	-	-	4,338	-	-	300	50,300
<i>Executive Directors:</i>								
Todd Buckingham	180,000	36,000	5,023	20,520	-	-	-	241,543
<i>Other KMP:</i>								
Bill Butler *	136,494	-	-	8,331	-	-	-	144,825
Oliver Shanahan	158,462	-	-	15,054	-	-	-	173,516
Paul Jeronimo	160,001	-	-	15,200	-	-	29,000	204,201
	817,605	36,000	5,023	76,423	-	-	29,900	964,951

* Remuneration until date of resignation as KMP.

Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name:	Todd Buckingham
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	8 November 2015
Term of agreement:	Fixed term for two years and upon expiry may be mutually extended to continue on an ongoing basis.
Details:	Todd Buckingham receives a total fixed remuneration of \$180,000 per annum (excluding superannuation) which includes all non-cash benefits he may be entitled to receive plus a motor vehicle allowance of \$18,000 per annum.

In addition, the company has issued to Todd:

(1) Tranche 1 - 10,000,000 options each with an exercise price of \$0.25 and with an option term of five years. The options will only vest and be exercisable into fully paid ordinary shares in the company upon the earlier of either of the following vesting conditions being met:

- the group achieving gross revenue of at least \$3 million over a period of three consecutive months within five years of the date of issue of the options; and
- the company's 20 day volume weighted average price ('VWAP') of its shares as quoted on the ASX being at least \$0.50 within five years of the date of issue of the options; or
- a change of control event occurring within five years of the date of issue of the options.

(2) Tranche 2 - 6,667,000 options each with an exercise price of \$0.25 and with an option term of five years. Those options will only vest and be exercisable into fully paid ordinary shares in the company upon the earlier of either of the following vesting conditions being met:

- the group achieving Earnings, Before Interest, Tax, Depreciation and Amortisation ('EBITDA') of \$1 million over a period of three consecutive months within five years of the date of issue of the options; and
- the company's 20 day VWAP of its shares as quoted on the ASX being at least \$1.00 within five years of the date of issue of the options; or
- a change of control event occurring within five years of the date of issue of the options.

Both tranches were granted on 12 November 2015 and the fair value at grant date was \$0.047 for tranche 1 and \$0.020 for tranche 2.

Todd is also eligible to participate in the LTIP.

After the initial two year fixed term, Todd may terminate his employment contract by giving six months' notice in writing. In addition to the rights provided under the Constitution, subject to the requirements of the Corporations Act, if, amongst other circumstances, the Board determines that Todd is not satisfactorily performing his duties as Managing Director, the Board may recommend and put a resolution to the shareholders for his removal either during the fixed term or otherwise. Todd will be subject to a restraint on solicitation of clients, suppliers and employees for a period of 12 months following the termination of his employment.

The Board has agreed that, in lieu of any increase to his annual salary, Todd will be entitled to a short term cash incentive (including super) of up to 100% of his base salary. The cash incentive is payable in three tranches, each of which is conditional upon the satisfaction of various milestones of the company's financial and operational performance. One of the conditions was satisfied during the financial year ended 30 June 2017 and accordingly, \$36,000 of the cash incentive has been paid to Todd.

Name: Oliver Shanahan
 Title: Chief Information Officer
 Agreement commenced: 1 July 2014
 Term of agreement: Ongoing basis
 Details: Oliver Shanahan receives an annual salary of \$170,467 (excluding superannuation) and is also eligible for:

- mandatory superannuation contributions;
- a discretionary bonus and incentive payment scheme; and
- the LTIP.

Oliver may terminate his employment agreement by giving three weeks' notice in writing and the group may terminate his employment agreement by giving three weeks' notice in writing, or by the group making payment in lieu of part or all of the usual summary dismissal grounds. Other than in relation to the protection of confidential information and intellectual property, Oliver is not subject to any other restrictions on his activities after his employment with the group ceases.

Name: Paul Jeronimo
 Title: Chief Operating Officer
 Agreement commenced: 21 March 2016
 Term of agreement: Ongoing basis
 Details: Paul Jeronimo receives an annual salary of \$160,000 (excluding superannuation) and is also eligible for:

- mandatory superannuation contributions;
- a discretionary bonus and incentive payment scheme; and
- the LTIP.

The group or Paul may terminate his employment agreement by giving three months' notice in writing, or by the group making a payment in lieu of part or all of the notice period, in addition to the usual summary dismissal grounds. Other than in relation to the protection of confidential information and intellectual property, Paul is not subject to any other restrictions on his activities after his employment with the group ceases.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

No shares were issued to directors or other KMP as part of compensation during the year ended 30 June 2018.

Options

The terms and conditions of each grant of options issued by 30 June 2018 over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Nicholas Chan	2,000,000	12/11/2015	12/11/2018	12/11/2018	\$0.20	\$0.0650
Todd Buckingham						
- Tranche 1	10,000,000	12/11/2015	12/11/2020	12/11/2020	\$0.25	\$0.0470
Todd Buckingham						
- Tranche 2	6,667,000	12/11/2015	12/11/2020	12/11/2020	\$0.25	\$0.0200
Matthew Cain	1,250,000	12/11/2015	12/11/2018	12/11/2018	\$0.20	\$0.0650
Simon Dulhunty	1,500,000	12/11/2015	12/11/2018	12/11/2018	\$0.20	\$0.0650
Paul Jeronimo	2,000,000	28/07/2016	21/03/2019	21/03/2019	\$0.25	\$0.0145
Oliver Shanahan	1,954,681	03/07/2017	31/10/2020	31/10/2020	\$0.30	\$0.0200

Todd Buckingham has performance conditions attached to his options. These are detailed in 'Service agreements' section above. No other holders have performance conditions attached to their options.

Options granted carry no dividend or voting rights.

There were no options over ordinary shares vested or lapsed by directors and other KMP as part of compensation during the year ended 30 June 2018.

Additional disclosures relating to KMP

Shareholding

The number of shares in the company held during the financial year by each director and other members of KMP of the group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Todd Buckingham	4,870,862	-	-	-	4,870,862
Matthew Cain *	315,000	-	250,000	(565,000)	-
Simon Dulhunty	419,438	-	-	-	419,438
Paul Jeronimo	921,115	-	-	-	921,115
Oliver Shanahan	2,902,032	-	-	(502,564)	2,399,468
	<u>9,428,447</u>	<u>-</u>	<u>250,000</u>	<u>(1,067,564)</u>	<u>8,610,883</u>

* Disposals/other represents shares held at resignation date.

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of KMP of the group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Todd Buckingham *	16,667,000	-	-	-	16,667,000
Nicholas Chan	3,500,000	-	-	(1,500,000)	2,000,000
Matthew Cain	3,000,000	-	(250,000)	(1,500,000)	1,250,000
Simon Dulhunty	3,000,000	-	-	(1,500,000)	1,500,000
Paul Jeronimo	2,000,000	-	-	-	2,000,000
Oliver Shanahan	-	1,954,681	-	-	1,954,681
	<u>28,167,000</u>	<u>1,954,681</u>	<u>(250,000)</u>	<u>(4,500,000)</u>	<u>25,371,681</u>

* Conditions detailed in 'Service agreements' section above.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of The BetMakers Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
12 November 2015	12 November 2018	\$0.20	9,750,000
12 November 2015	12 November 2020	\$0.25	16,667,000
28 July 2016	21 March 2019	\$0.25	2,000,000
30 November 2016	30 November 2019	\$0.30	1,000,000
30 November 2016	30 November 2019	\$0.25	3,000,000
3 July 2017	31 October 2020	\$0.30	<u>2,954,681</u>
			<u><u>35,371,681</u></u>

10,250,000 options over ordinary shares are held by external parties to the group.

1,000,000 options over ordinary shares are held by non-KMP employees.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of The BetMakers Holdings Limited were issued during the year ended 30 June 2018 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
12 November 2015	\$0.20	250,000

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of PKF(NS) Audit & Assurance Limited Partnership

There are no officers of the company who are former partners of PKF(NS) Audit & Assurance Limited Partnership.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

PKF(NS) Audit & Assurance Limited Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Nicholas Chan
Chairman



Todd Buckingham
Director

31 August 2018
Sydney

The Betmakers Holdings Limited

ACN: 164 521 395

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

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of The Betmakers Holdings Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



PKF



MARTIN MATTHEWS
PARTNER

31 AUGUST 2018
NEWCASTLE, NSW

The BetMakers Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018



	Note	Consolidated 2018 \$	2017 \$
Revenue from continuing operations			
Revenue		12,738,356	1,381,079
Cost of sales		(11,148,002)	(788,712)
Gross profit		<u>1,590,354</u>	<u>592,367</u>
Other income	5	5,099,671	1,053,852
Expenses			
Employee benefits expense	6	(3,182,492)	(2,640,974)
Professional fees		(987,106)	(1,533,975)
Marketing expenses		(19,072)	(28,590)
Administration expenses		(670,403)	(582,907)
IT expenses		(779,996)	(592,217)
Occupancy expenses		(196,187)	(184,546)
Depreciation and amortisation expense	6	(392,689)	(141,027)
Impairment of goodwill	12	-	(1,802,453)
Share of losses of associates accounted for using the equity method		-	(11,932)
Non-recurring (expenses)/income	6	7,945	(51,718)
Other expenses		(254,623)	(140,180)
Finance costs	6	(27,269)	(55,864)
Profit/(loss) before income tax (expense)/benefit from continuing operations		188,133	(6,120,164)
Income tax (expense)/benefit	7	(503,125)	620,341
Loss after income tax (expense)/benefit from continuing operations		(314,992)	(5,499,823)
Loss after income tax benefit from discontinued operations	8	(5,661,548)	(2,118,434)
Loss after income tax (expense)/benefit for the year attributable to the owners of The BetMakers Holdings Limited	20	(5,976,540)	(7,618,257)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of The BetMakers Holdings Limited		<u>(5,976,540)</u>	<u>(7,618,257)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(314,992)	(5,499,823)
Discontinued operations		(5,661,548)	(2,118,434)
		<u>(5,976,540)</u>	<u>(7,618,257)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The BetMakers Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018



	Note	Consolidated 2018 \$	2017 \$
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of The BetMakers Holdings Limited			
Basic earnings per share	33	(0.19)	(4.62)
Diluted earnings per share	33	(0.19)	(4.62)
Earnings per share for loss from discontinued operations attributable to the owners of The BetMakers Holdings Limited			
Basic earnings per share	33	(3.49)	(1.78)
Diluted earnings per share	33	(3.49)	(1.78)
Earnings per share for loss attributable to the owners of The BetMakers Holdings Limited			
Basic earnings per share	33	(3.68)	(6.40)
Diluted earnings per share	33	(3.68)	(6.40)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The BetMakers Holdings Limited
Statement of financial position
As at 30 June 2018



	Note	Consolidated 2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	9	1,456,766	3,267,188
Trade and other receivables	10	5,407,432	1,885,769
Prepayments		105,746	148,591
Total current assets		<u>6,969,944</u>	<u>5,301,548</u>
Non-current assets			
Property, plant and equipment	11	306,037	425,920
Intangibles	12	3,235,774	5,800,073
Deferred tax	13	5,410,379	3,602,051
Total non-current assets		<u>8,952,190</u>	<u>9,828,044</u>
Total assets		<u>15,922,134</u>	<u>15,129,592</u>
Liabilities			
Current liabilities			
Trade and other payables	14	2,777,862	3,526,350
Employee benefits	15	322,915	288,416
Earn-out provision	16	-	2,215,480
Deferred revenue		-	200
Total current liabilities		<u>3,100,777</u>	<u>6,030,446</u>
Non-current liabilities			
Employee benefits	17	89,302	59,478
Total non-current liabilities		<u>89,302</u>	<u>59,478</u>
Total liabilities		<u>3,190,079</u>	<u>6,089,924</u>
Net assets		<u>12,732,055</u>	<u>9,039,668</u>
Equity			
Issued capital	18	32,484,366	22,791,244
Reserves	19	1,449,763	1,473,958
Accumulated losses	20	(21,202,074)	(15,225,534)
Total equity		<u>12,732,055</u>	<u>9,039,668</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	14,696,667	1,253,340	(7,607,277)	8,342,730
Loss after income tax benefit for the year	-	-	(7,618,257)	(7,618,257)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(7,618,257)	(7,618,257)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	8,094,577	-	-	8,094,577
Share-based payments (note 34)	-	220,618	-	220,618
Balance at 30 June 2017	<u>22,791,244</u>	<u>1,473,958</u>	<u>(15,225,534)</u>	<u>9,039,668</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	22,791,244	1,473,958	(15,225,534)	9,039,668
Loss after income tax expense for the year	-	-	(5,976,540)	(5,976,540)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,976,540)	(5,976,540)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	9,676,872	-	-	9,676,872
Share-based payments (note 34)	16,250	(24,195)	-	(7,945)
Balance at 30 June 2018	<u>32,484,366</u>	<u>1,449,763</u>	<u>(21,202,074)</u>	<u>12,732,055</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers - net		18,831,643	7,501,000
Payments to suppliers and employees		(31,098,922)	(14,216,548)
Interest received		97,079	28,505
Interest and other finance costs paid		(7,649)	(5,982)
Research and development tax received		766,099	560,708
Net cash used in operating activities	31	(11,411,750)	(6,132,317)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(100,000)
Payments for investments		-	(50,000)
Payments for property, plant and equipment		(64,305)	(262,566)
Payments for intangibles		(500,000)	(200,000)
Payment for earn-out on previous acquisitions		(150,000)	-
Proceeds from disposal of business		800,000	-
Net cash from/(used in) investing activities		85,695	(612,566)
Cash flows from financing activities			
Proceeds from issue of shares		10,057,186	7,716,003
Share issue transaction costs		(546,553)	(139,625)
Other		5,000	-
Net cash from financing activities		9,515,633	7,576,378
Net increase/(decrease) in cash and cash equivalents		(1,810,422)	831,495
Cash and cash equivalents at the beginning of the financial year		3,267,188	2,435,693
Cash and cash equivalents at the end of the financial year	9	<u>1,456,766</u>	<u>3,267,188</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover The BetMakers Holdings Limited as a group consisting of The BetMakers Holdings Limited (the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to in these financial statements as the 'group'). The financial statements are presented in Australian dollars, which is The BetMakers Holdings Limited's functional and presentation currency.

The BetMakers Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

22 Lambton Road
Broadmeadow, NSW 2292

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern and recoverability of intangible assets and deferred tax assets

During the year, the group incurred a net loss after tax of \$5,976,540 (2017: \$7,618,257) and net operating cash outflows of \$11,411,750 (2017: \$6,132,317). The yearly report has been prepared on a going concern basis which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business. The company has prepared cashflow forecasts as at 30 June 2018 to determine the appropriateness of the going concern assumption and the recoverability of the group's intangibles and deferred tax assets.

The key assumptions underlying these forecasts are as follows:

- (a) Capital raising of up to \$8m prior to 30 June 2019 depending on performance;
- (b) The successful transition of the GBS and Dynamic Odds businesses into the consolidated entity; and
- (c) Increased Global Tote turnover from additional bookmakers and international platforms.

The inability to achieve these strategies would have a material negative impact on the anticipated trading results and cash flows that underline the use of the going concern assumption. The Directors are confident of realizing these objectives and accordingly they believe the going concern assumption is appropriate and the group's intangibles and deferred tax assets are recoverable.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets at fair value through profit or loss.

Note 2. Significant accounting policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The BetMakers Holdings Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or reduction in profit or loss.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue includes fantasy wagering, wagering and content services.

Fantasy wagering

Fantasy wagering revenue, being the entry fees to tournaments, is brought to account as revenue in profit or loss when tournaments are completed.

Wagering

Wagering revenue is recognised as the residual value after deducting the return to customers from their paid wagers. The amounts bet on an event are recognised as a liability in the statement of financial position until the outcome of the events is determined, at which time the revenue is brought to account in profit or loss.

Content services

Content services revenue is recognised in profit or loss once the service has been rendered. Prepaid services are deferred and recognised as a liability in the statement of financial position until the service is rendered.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 2. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Significant accounting policies (continued)

Comparatives

Comparatives have been realigned where necessary to agree with current year presentation. There was no change in the profit or net assets.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2018. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The group will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements on the basis that the main financial assets recognised represent cash and cash equivalent and trade receivables that do not carry a significant financing component and involve a single cash flow representing the repayment of principal, which in the case of trade receivables is the transaction price. Both asset classes will continue to be measured at face value. Other financial asset classes are not material to the group. Financial liabilities of the group are not impacted as the group does not carry them at fair value.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The group will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements on the basis that most of the group's revenue is recognised at the time of transaction with the customer which represents the satisfaction of the primary performance obligation.

Note 2. Significant accounting policies (continued)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The group will adopt this standard from 1 July 2019 but the impact of its adoption has been assessed to only impact classification of assets, liabilities and expenses, no lending impact or covenant impact expected to occur.

IASB revised Conceptual Framework for Financial Reporting

The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accountings standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

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 using either the Binomial or Black-Scholes model, depending on the equity-settled transaction, and takes into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Goodwill

The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the stated accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Income tax

The group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on the group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Refer to Note 7 for further details.

Recovery of deferred tax assets

Deferred tax assets are recognised for tax losses and deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Operating segments

Identification of reportable operating segments

The group operates in four segments being the fantasy wagering and general wagering, content services, wholesale wagering and corporate. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on at least a monthly basis. The financial information presented in these financial statements are the same as that presented to the CODM.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Retail wagering and fantasy wagering	The group operates an online wagering platform which utilises proprietary technology across risk management systems, odds management, content delivery and consumer facing platforms. The online fantasy wagering tournaments platform is integrated into the group's general online wagering platforms and enable sports fans to compete against each other via fantasy wagering on real sports events, with the focus on the social engagement.
Content services	The group operates a free and premium content platform, which enables customers to seamlessly access a range of sporting and racing content.
Wholesale wagering	The group operates a wholesale B2B product The Global Tote. The Global Tote combines wagering liquidity from bookmakers and is licensed in Alderney, UK. The Global Tote is a new breed tote system without restrictions on size of events and entrants meaning that in addition to racing products, The Global Tote can operate on major sporting events.

Major customers

There is one major customers that represented 43% (2017: Nil) of the total segment revenue.

Note 4. Operating segments (continued)

Operating segment information

	Discontinued operations Retail wagering and fantasy wagering \$	Continuing operations Content services \$	Continuing operations Wholesale wagering \$	Continuing operations Corporate \$	Total \$
Consolidated - 2018					
Revenue					
Sales to external customers	4,508,121	42,629	12,695,727	-	17,246,477
Total revenue	4,508,121	42,629	12,695,727	-	17,246,477
Segment result	(7,660,926)	(3,683)	(232,700)	(4,263,142)	(12,160,451)
Depreciation and amortisation	-	-	(213,396)	(179,293)	(392,689)
Research and development tax rebate	-	-	-	733,180	733,180
Gain on disposal of discontinued operation	-	-	-	4,277,727	4,277,727
Payroll tax rebate	-	-	-	29,818	29,818
Earn-out reversal	1,144,385	-	-	-	1,144,385
Interest revenue	8,315	-	-	58,946	67,261
Finance costs	(162,383)	(176)	(1,824)	(25,269)	(189,652)
Impairment of goodwill	(1,144,385)	-	-	-	(1,144,385)
Share options expense	-	-	-	7,945	7,945
Profit/(loss) before income tax benefit	(7,814,994)	(3,859)	(447,920)	639,912	(7,626,861)
Income tax benefit					1,650,321
Loss after income tax benefit					(5,976,540)
Assets					
Segment assets	147,978	98,985	2,481,784	13,193,387	15,922,134
Total assets					15,922,134
Liabilities					
Segment liabilities	13,284	1,935	567,658	2,607,202	3,190,079
Total liabilities					3,190,079

Note 4. Operating segments (continued)

	Discontinued operations Retail wagering and fantasy wagering \$	Continuing operations Content services \$	Continuing operations Wholesale wagering \$	Continuing operations Corporate \$	Total \$
Consolidated - 2017					
Revenue					
Sales to external customers	4,796,222	534,249	846,830	-	6,177,301
Total revenue	<u>4,796,222</u>	<u>534,249</u>	<u>846,830</u>	<u>-</u>	<u>6,177,301</u>
Segment result	(2,806,054)	(3,580)	831,658	(5,939,190)	(7,917,166)
Depreciation and amortisation	(266)	-	(16,839)	(124,188)	(141,293)
Research and development tax rebate	-	-	-	1,031,277	1,031,277
Payroll tax rebate	-	-	-	15,545	15,545
Interest revenue	5,931	-	-	7,120	13,051
Finance costs	(109,612)	126	(10)	(55,980)	(165,476)
Share options expenses	-	-	-	(51,718)	(51,718)
Share of losses of associates	-	-	-	(11,932)	(11,932)
Impairment of goodwill	-	(1,802,453)	-	-	(1,802,453)
Profit/(loss) before income tax benefit	<u>(2,910,001)</u>	<u>(1,805,907)</u>	<u>814,809</u>	<u>(5,129,066)</u>	<u>(9,030,165)</u>
Income tax benefit					1,411,908
Loss after income tax benefit					<u>(7,618,257)</u>
Assets					
Segment assets	7,662,636	9,797	1,005,598	6,451,561	15,129,592
Total assets					<u>15,129,592</u>
Liabilities					
Segment liabilities	5,124,569	29,786	34,410	901,159	6,089,924
Total liabilities					<u>6,089,924</u>

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Other income

	Consolidated 2018 \$	2017 \$
Research and development tax rebate	733,180	1,031,277
Payroll tax rebate	29,818	15,455
Interest received	58,946	7,120
Gain on disposal of business *	<u>4,277,727</u>	<u>-</u>
Other income	<u><u>5,099,671</u></u>	<u><u>1,053,852</u></u>

* This gain on disposal of assets corresponds to the sale of TopBetta Pty Ltd and the assets of Mad Bookie. Refer to note 8 for further details.

Note 5. Other income (continued)

Accounting policy for other income

Research and development tax rebate

Research and development tax rebate is recognised at fair value, being the expected amount to be received.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Note 6. Expenses

	Consolidated 2018 \$	2017 \$
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	28,941	24,377
Plant and equipment	723	722
Computer equipment	127,652	74,820
Furniture and fittings	26,870	24,269
Total depreciation	184,186	124,188
<i>Amortisation</i>		
Intellectual property	208,503	16,839
Total depreciation and amortisation	392,689	141,027
<i>Employee benefits</i>		
Employee benefits expense excluding superannuation	2,931,814	2,442,837
Defined contribution superannuation expense	250,678	198,137
Total employee benefits	3,182,492	2,640,974
<i>Finance costs</i>		
Interest and finance charges paid/payable	27,269	55,864
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	158,834	172,583
<i>Non-recurring expenses</i>		
Share-based payments expense/(income)	(7,945)	51,718

Accounting for finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Accounting for defined contribution superannuation payments

Contributions to defined contribution superannuation plans are expensed to profit or loss in the period in which they are incurred.

Note 7. Income tax benefit

	Consolidated	
	2018	2017
	\$	\$
<i>Income tax benefit</i>		
Current tax	-	(13,750)
Deferred tax - origination and reversal of temporary differences	(1,650,321)	(1,398,158)
Aggregate income tax benefit	<u>(1,650,321)</u>	<u>(1,411,908)</u>
Income tax benefit is attributable to:		
Profit/(loss) from continuing operations	503,125	(620,341)
Loss from discontinued operations	(2,153,446)	(791,567)
Aggregate income tax benefit	<u>(1,650,321)</u>	<u>(1,411,908)</u>
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 13)	(1,650,321)	(1,398,158)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Profit/(loss) before income tax (expense)/benefit from continuing operations	188,133	(6,120,164)
Loss before income tax benefit from discontinued operations	(7,814,994)	(2,910,001)
	<u>(7,626,861)</u>	<u>(9,030,165)</u>
Tax at the statutory tax rate of 27.5%	(2,097,387)	(2,483,295)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	314,705	495,675
Share-based payments	(2,185)	14,235
Research and development tax incentive expenditure	(52,826)	346,624
Sundry items	144,532	(2,945)
	(1,693,161)	(1,629,706)
Adjustment to deferred tax balances as a result of change in statutory tax rate	-	181,551
Effect of temporary differences now recognised	42,840	36,247
Income tax benefit	<u>(1,650,321)</u>	<u>(1,411,908)</u>
	Consolidated	
	2018	2017
	\$	\$
<i>Amounts credited directly to equity</i>		
Deferred tax assets (note 13)	(144,257)	(25,275)

Accounting policy for income tax

Income tax for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 7. Income tax benefit (continued)

Accounting policy for deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, except for (i) when the deferred tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or (ii) when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Tax consolidated group

The BetMakers Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group ('tax group') under the tax consolidation regime. Each entity in the tax group continues to account for their own current and deferred tax amounts. The tax group has applied the 'group allocation' approach in determining the appropriate amount of taxes to allocate to group members. In addition to its own tax amounts, the head entity also recognises the tax arising from unused tax losses and tax credits assumed from each subsidiary in the tax group.

Assets or liabilities arising under tax funding agreements are recognised as amounts receivable from or payable to other entities in the tax group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 8. Discontinued operations

Description

On 30 June 2018, the group completed the sale to PlayUp Australia Pty Limited ('PlayUp') of 100% of the shares in the company's wholly owned subsidiary, TopBetta Pty Ltd ('TopBetta'), and the associated retails assets, TopBetta and Mad Bookie. PlayUp has taken over the running of the Topbetta and Mad Bookie businesses from 1 July 2018.

The retail businesses, TopBetta and Mad Bookie was sold to PlayUp for a consideration amount of \$6,000,000 (shares held in TopBetta and the goodwill totalled \$1,722,273 recognising a gain on sale of business for \$4,277,727 in other income (note 5)).

The non-current assets disposed included client databases and lists of both the TopBetta and Mad Bookie retail businesses, along with the trademarks for both brands. The sale did not include the sale of the proprietary technologies that these brands utilise.

Note 8. Discontinued operations (continued)

Financial performance information

	Consolidated 2018 \$	2017 \$
Revenue	4,508,121	4,796,222
Cost of sales	(3,965,072)	(2,605,356)
Gross profit	<u>543,049</u>	<u>2,190,866</u>
Interest received	8,315	5,931
Earn-out reversal *	1,144,385	-
Total other income	<u>1,152,700</u>	<u>5,931</u>
Employee benefits expense	(1,322,127)	(1,430,303)
Professional fees	-	275
Marketing expenses	(5,316,639)	(2,874,464)
Administration expenses	(576,485)	(320,784)
IT expenses	(991,083)	(356,828)
Occupancy expenses	16,400	7,108
Depreciation and amortisation expense	-	(266)
Impairment of goodwill *	(1,144,385)	-
Other expenses	(14,041)	(21,924)
Finance costs	(162,383)	(109,612)
Total expenses	<u>(9,510,743)</u>	<u>(5,106,798)</u>
Loss before income tax benefit	(7,814,994)	(2,910,001)
Income tax benefit	<u>2,153,446</u>	<u>791,567</u>
Loss after income tax benefit from discontinued operations	<u>(5,661,548)</u>	<u>(2,118,434)</u>

Cash flow information

	Consolidated 2018 \$	2017 \$
Net cash from/(used in) operating activities	(1,830,344)	1,562,282
Net cash used in investing activities	<u>(150,000)</u>	<u>(100,000)</u>
Net increase/(decrease) in cash and cash equivalents from discontinued operations	<u>(1,980,344)</u>	<u>1,462,282</u>

* Refer to note 23 for further details.

Accounting policy for discontinued operations

A discontinued operation is a component of the group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Note 9. Current assets - cash and cash equivalents

	Consolidated 2018 \$	2017 \$
Cash on hand	203	211
Cash at bank	1,356,563	1,184,419
Cash on deposit	100,000	200,005
Restricted cash	-	1,882,553
	<u>1,456,766</u>	<u>3,267,188</u>

Restricted cash represents amounts held on behalf of players funds under Northern Territory ('NT') license and is not available for use by the group. The corresponding liability is recognised in other payables and accruals at note 15. This was disposed at 30 June 2018, as part of the sale of the retail businesses.

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Current assets - trade and other receivables

	Consolidated 2018 \$	2017 \$
Trade receivables	184,098	262,969
Other receivables *	4,328,045	776,664
Research and development tax receivable	774,028	805,281
Rental bonds	27,650	32,162
Goods and services tax ('GST') receivable	93,611	8,693
	<u>5,223,334</u>	<u>1,622,800</u>
	<u>5,407,432</u>	<u>1,885,769</u>

* Other receivables include the amount receivable at year end for the sale of TopBetta of \$3,217,544. Refer to note 8 for further details.

Impairment of receivables

The group has not recognised an impairment of receivables in profit or loss for the year ended 30 June 2018 (2017: Nil).

Receivables are neither past due nor impaired.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 10. Current assets - trade and other receivables (continued)

Accounting policy loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value and subsequently carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Note 11. Non-current assets - property, plant and equipment

	Consolidated 2018 \$	2017 \$
Leasehold improvements - at cost	144,724	144,724
Less: Accumulated depreciation	(56,766)	(27,825)
	<u>87,958</u>	<u>116,899</u>
Plant and equipment - at cost	4,888	16,627
Less: Accumulated depreciation	(1,444)	(12,460)
	<u>3,444</u>	<u>4,167</u>
Computer equipment - at cost	348,263	294,962
Less: Accumulated depreciation	(218,187)	(90,536)
	<u>130,076</u>	<u>204,426</u>
Furniture and fittings - at cost	139,526	130,686
Less: Accumulated depreciation	(54,967)	(30,258)
	<u>84,559</u>	<u>100,428</u>
	<u><u>306,037</u></u>	<u><u>425,920</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements \$	Plant and equipment \$	Computer equipment \$	Furniture and fittings \$	Total \$
Balance at 1 July 2016	100,588	4,889	55,467	110,386	271,330
Additions	40,688	-	223,779	14,577	279,044
Depreciation expense	(24,377)	(722)	(74,820)	(24,535)	(124,454)
Balance at 30 June 2017	116,899	4,167	204,426	100,428	425,920
Additions	-	-	53,302	11,001	64,303
Depreciation expense	(28,941)	(723)	(127,652)	(26,870)	(184,186)
Balance at 30 June 2018	<u><u>87,958</u></u>	<u><u>3,444</u></u>	<u><u>130,076</u></u>	<u><u>84,559</u></u>	<u><u>306,037</u></u>

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 11. Non-current assets - property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	under the lease term
Plant and equipment	5 years
Computer equipment	2.5 years
Furniture and fittings	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 12. Non-current assets - intangibles

	Consolidated 2018 \$	2017 \$
Goodwill - at cost	3,753,254	6,559,050
Less: Impairment	(1,802,453)	(1,802,453)
	<u>1,950,801</u>	<u>4,756,597</u>
Intellectual property - at cost	1,542,513	1,010,315
Less: Accumulated amortisation	(257,540)	(16,839)
	<u>1,284,973</u>	<u>993,476</u>
Brand - at cost	-	50,000
	<u>3,235,774</u>	<u>5,800,073</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$	Intellectual property \$	Brand \$	Total \$
Balance at 1 July 2016	4,275,527	-	-	4,275,527
Additions	-	1,010,315	-	1,010,315
Additions through business combinations	2,283,523	-	50,000	2,333,523
Impairment of assets	(1,802,453)	-	-	(1,802,453)
Amortisation expense	-	(16,839)	-	(16,839)
Balance at 30 June 2017	4,756,597	993,476	50,000	5,800,073
Additions *	-	500,000	-	500,000
Disposals/impairment on discontinued operations	(2,805,796)	-	(50,000)	(2,855,796)
Amortisation expense	-	(208,503)	-	(208,503)
Balance at 30 June 2018	<u>1,950,801</u>	<u>1,284,973</u>	<u>-</u>	<u>3,235,774</u>

Note 12. Non-current assets - intangibles (continued)

- * The acquisition corresponds to MWS software code for the wholesale business. The company had previously secured an irrevocable, perpetual, royalty-free licence to use MWS's wagering technologies for the wholesale business. The purchase gives the company control to increase the speed of future product development while retaining the intellectual property rights to all future development.

Impairment testing

Goodwill acquired through business combinations has been allocated to the following cash-generating units:

	Consolidated	
	2018	2017
	\$	\$
Platforms and widgets	1,950,801	4,756,597

During the current financial year, the company partially impaired the goodwill related to the Mad Bookie business which was acquired in May 2017. Included in the terms of the acquisition was an earn-out liability payable to the vendors which could be triggered during the period ending on the first anniversary of acquisition date and which would be based on 2 times net gaming revenue. The Net Gaming Revenue earned by the business were not as high as originally forecast. This resulted in a partial reversal of the earn-out liability and the impairment of goodwill as shown in note 8. This transaction did not affect the net result for the period, as these items offset each other.

The recoverable amount of the group's goodwill has been determined by value-in-use calculations using discounted cash flow models, based on a one year projection period approved by management and extrapolated for a further four years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the tournaments and wagering division:

- (a) 17.5% (2017: 17.5%) pre-tax discount rate;
- (b) terminal value of 4.5x previous year's Earnings, Before Interest, Tax, Depreciation and Amortisation ('EBITDA');
- (c) 20% (2017: 3%) per annum increase in employee benefits expense; and
- (d) revenue growth at 80% of management's forecast for financial year to 30 June 2019.

The discount rate of 17.5% pre-tax reflects management's conservative estimate of the time value of money and the group's weighted average cost of capital adjusted for the risk free rate and the volatility of the share price relative to market movements.

The Board believes the projected revenue growth rate is prudent and justified, based on the combination of current growth rates and planned product introductions.

Sensitivity analysis

As disclosed in note 3, the directors have made judgements and estimates about the future in respect of impairment testing of goodwill. Should these judgements and estimates not occur as approximated, the resulting goodwill carrying amount may decrease. The sensitivities of the carrying value of goodwill to such judgements and estimates are as follows:

Either revenue per user, or the number of users, would need to decrease by 11% in cash flow modelling for the Tournament and Wagering division before goodwill would become impaired, with all other assumptions remaining constant.

The Board believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the recoverable amount to fall below the carrying amount.

Accounting policy for goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 12. Non-current assets - intangibles (continued)

Intellectual property

Intellectual property primarily consists of the cost of acquiring the software code for the wholesale business. Significant costs associated with the acquisition of additional intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

Brands

The Mad Bookie brand name acquired in the business combinations had an indefinite life which was assessed for impairment annually. It has now been disposed of.

Accounting policy for impairment of other non-financial assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 13. Non-current assets - deferred tax

	Consolidated 2018 \$	2017 \$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	5,031,953	3,338,791
Property, plant and equipment	(76,346)	(53,123)
Intangibles	-	(13,750)
Accrued expenses	30,365	50,136
Superannuation	12,704	12,551
	<u>4,998,676</u>	<u>3,334,605</u>
Amounts recognised in equity:		
Transaction costs on share issue	411,703	267,446
Deferred tax asset	<u><u>5,410,379</u></u>	<u><u>3,602,051</u></u>
<i>Movements:</i>		
Opening balance	3,602,051	2,178,618
Credited to profit or loss (note 7)	1,650,321	1,398,158
Credited to equity (note 7)	144,257	25,275
Adjustment from prior year	13,750	-
Closing balance	<u><u>5,410,379</u></u>	<u><u>3,602,051</u></u>

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2018	2017
	\$	\$
Trade payables	1,568,292	581,209
Accrued expenses	62,699	808,448
Consideration for business (note 23)	905,700	-
Other payables	241,171	2,136,693
	<u>2,777,862</u>	<u>3,526,350</u>

Refer to note 22 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 15. Current liabilities - employee benefits

	Consolidated	
	2018	2017
	\$	\$
Annual leave	<u>322,915</u>	<u>288,416</u>

Accounting policy for short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 16. Current liabilities - earn-out provision

	Consolidated	
	2018	2017
	\$	\$
Contingent consideration	<u>-</u>	<u>2,215,480</u>

Earn-out provision

The provision represents the obligation to pay consideration for Madbookie business acquired in May 2017. Refer to notes 8 and 23 for further details.

Accounting policy for provisions

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 17. Non-current liabilities - employee benefits

	Consolidated 2018 \$	2017 \$
Long service leave	89,302	59,478

Accounting policy for long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 18. Equity - issued capital

	2018 Shares	Consolidated 2017 Shares	2018 \$	2017 \$
Ordinary shares - fully paid	168,205,929	143,001,477	32,484,366	22,791,244

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2016	96,364,546		14,696,667
Shares issued	24 August 2016	14,454,681	\$0.18	2,601,842
Shares issued	30 November 2016	15,000,000	\$0.20	3,000,000
Shares issued	17 May 2017	9,843,750	\$0.16	1,575,000
Shares issued	24 May 2017	3,500,000	\$0.19	682,500
Share purchase plan	23 June 2017	3,838,500	\$0.16	614,160
Transaction costs		-	\$0.00	(404,200)
Deferred tax credit recognised directly in equity (note 13)		-	\$0.00	25,275
Balance	30 June 2017	143,001,477		22,791,244
Shares issued	29 August 2017	21,445,681	\$0.42	9,007,186
Exercise of options	28 December 2017	-	\$0.00	16,250
Shares issued	28 December 2017	250,000	\$0.20	50,000
Shares issued	26 February 2018	3,508,771	\$0.29	1,000,000
Transaction costs		-	\$0.00	(405,589)
Deferred tax credit recognised directly in equity (note 13)		-	\$0.00	25,275
Balance	30 June 2018	168,205,929		32,484,366

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 18. Equity - issued capital (continued)

Capital risk management

The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may raise additional capital, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group intends to raise capital to assist with working capital requirements or when an opportunity to invest in a business or company is seen as value-adding relative to the current company's share price at the time of the investment. The group is actively pursuing additional investments in the short term as it continues to grow its existing businesses.

The group is not subject to any financing arrangements covenants.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 19. Equity - reserves

	Consolidated	
	2018	2017
	\$	\$
Share-based payments reserve	<u>1,449,763</u>	<u>1,473,958</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in the share premium reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments
	\$
Balance at 1 July 2016	1,253,340
Share-based payments	<u>220,618</u>
Balance at 30 June 2017	1,473,958
Share-based payments	14,773
Exercise of options	(16,250)
Expired options	(900)
Non vested options	<u>(21,818)</u>
Balance at 30 June 2018	<u>1,449,763</u>

Note 20. Equity - accumulated losses

	Consolidated	
	2018	2017
	\$	\$
Accumulated losses at the beginning of the financial year	(15,225,534)	(7,607,277)
Loss after income tax (expense)/benefit for the year	(5,976,540)	(7,618,257)
Accumulated losses at the end of the financial year	<u>(21,202,074)</u>	<u>(15,225,534)</u>

Note 21. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 22. Financial instruments

Financial risk management objectives

The group's activities expose it to a variety of financial risks, particularly liquidity risk and wagering risk. The group's overall risk management program focuses on the unpredictability of wagering liabilities and liquidity.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The group is not exposed to any foreign currency risk.

Price risk

The group is not exposed to any price risk.

Interest rate risk

The group's main interest rate risk arose from loans to related parties-borrowings which have now been fully repaid. The group is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The group manages liquidity risk by maintaining adequate cash reserves, raising capital to fund growth and by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 22. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2018					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	1,568,292	-	-	-	1,568,292
Other payables	241,171	-	-	-	241,171
Consideration for business	905,700	-	-	-	905,700
Total non-derivatives	2,715,163	-	-	-	2,715,163
	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2017					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	581,209	-	-	-	581,209
Other payables	2,136,693	-	-	-	2,136,693
Earn-out provision	2,215,480	-	-	-	2,215,480
Total non-derivatives	4,933,382	-	-	-	4,933,382

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Wagering risk

The group faces wagering risk as part of its wagering business. This risk is controlled by setting limitations on the amounts that clients may win each day, and, in cases that an exposure is deemed too great or too likely according to the group's procedures and systems, that exposure is laid-off to other bookmakers.

Note 23. Fair value measurement

Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2018				
Liabilities				
Consideration for business	-	-	905,700	905,700
Total liabilities	-	-	905,700	905,700

Note 23. Fair value measurement (continued)

Consolidated - 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Liabilities</i>				
Earn-out provision	-	-	2,215,480	2,215,480
Total liabilities	-	-	2,215,480	2,215,480

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Earn-out provision \$
Balance at 1 July 2016	-
Earn-out provision	(2,215,480)
Balance at 30 June 2017	(2,215,480)
Amounts paid in cash after settle the purchase price	165,395
Amount reversed	1,144,385
Balance at 30 June 2018	<u>(905,700)</u>

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 24. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of KMP of the group is set out below:

	Consolidated 2018 \$	2017 \$
Short-term employee benefits	693,123	858,628
Post-employment benefits	64,470	76,423
Share-based payments	-	29,900
	<u>757,593</u>	<u>964,951</u>

In addition to the above, certain directors received payments for consultancy services directly or indirectly as disclosed in note 28.

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF(NS) Audit & Assurance Limited Partnership, the auditor of the company:

	Consolidated 2018 \$	2017 \$
<i>Audit services - PKF(NS) Audit & Assurance Limited Partnership</i>		
Audit or review of the financial statements	<u>92,623</u>	<u>125,164</u>
<i>Other services - PKF(NS) Audit & Assurance Limited Partnership</i>		
Advice on LTIP taxation	-	13,000
Review of Turnover certificate	17,500	3,600
Advice on performance of options	<u>6,500</u>	<u>-</u>
	<u>24,000</u>	<u>16,600</u>
	<u>116,623</u>	<u>141,764</u>

Note 26. Contingent liabilities

The group has given bank guarantees as at 30 June 2018 of \$Nil (2017: \$200,000) for Northern Territory Licence Requirements.

Note 27. Commitments

	Consolidated	
	2018	2017
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	123,799	120,723
One to five years	203,645	327,444
	<u>327,444</u>	<u>448,167</u>

Operating lease commitments include amounts related to five year leases of offices (with the option to extend for a further five years). Annual amounts will increase at the greater of 3% or CPI. Included also is a five year operating lease over a motor vehicle.

Note 28. Related party transactions

Parent entity

The BetMakers Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2018	2017
	\$	\$
Payment for other expenses:		
Consulting fees paid to Ferghana Capital Pty Ltd ('Ferghana') (a company controlled by director, Matthew Cain)	100,000	130,000
Consulting fees paid to Media Solutions Company Pty Ltd ('SDMSC') (a company controlled by director Simon Dulhunty)	100,000	120,000

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2018	2017
	\$	\$
Current payables:		
Trade payables to Ferghana for expenses on behalf of the company	-	11,041
Trade payables to SDMSC for consulting services	-	11,231

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018	2017
	\$	\$
Loss after income tax	(7,871,629)	(9,515,366)
Total comprehensive income	(7,871,629)	(9,515,366)

Statement of financial position

	Parent	
	2018	2017
	\$	\$
Total current assets	1,545,753	1,582,005
Total assets	3,981,960	2,514,893
Total current liabilities	-	-
Total liabilities	-	-
Equity		
Issued capital	32,154,135	22,791,244
Share-based payments reserve	1,449,763	1,473,958
Accumulated losses	(29,621,938)	(21,750,309)
Total equity	3,981,960	2,514,893

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2018 %	2017 %
Operis Momentum Pty Ltd	Australia	100.00%	100.00%
TopBetta Pty Ltd *	Australia	-	100.00%
12Follow Pty Ltd	Australia	100.00%	100.00%
OM IP Pty Ltd	Australia	100.00%	100.00%
OM Apps Pty Ltd	Australia	100.00%	100.00%
The Global Tote Australia Pty Limited	Australia	100.00%	100.00%
The Global Tote Limited	Alderney	100.00%	100.00%
Global Tote Lankan (PVT)	Sri Lanka	100.00%	-

* Divested on 30 June 2018.

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2018 \$	2017 \$
Loss after income tax (expense)/benefit for the year	(5,976,540)	(7,618,257)
Adjustments for:		
Depreciation and amortisation	392,689	141,293
Impairment of goodwill	1,144,385	1,802,453
Net gain on disposal of non-current assets	(4,277,727)	-
Share of loss - associates	-	11,392
Share-based payments	(7,945)	220,618
Revaluation of Earn-out	(1,144,385)	-
Finance costs - non-cash	(3,858)	159,493
Change in operating assets and liabilities:		
Increase in trade and other receivables	(304,119)	(656,399)
Increase in deferred tax assets	(1,808,328)	(1,384,334)
Decrease/(increase) in prepayments	42,845	(89,586)
Increase in trade and other payables	482,505	1,218,212
Increase in employee benefits	64,323	80,643
Decrease in other provisions	(15,395)	-
Increase in deferred revenue	(200)	(17,845)
Net cash used in operating activities	<u>(11,411,750)</u>	<u>(6,132,317)</u>

Note 32. Non-cash financing activities

	Consolidated	
	2018 \$	2017 \$
Shares issued for services received	<u>-</u>	<u>75,000</u>

Note 33. Earnings per share

	Consolidated 2018 \$	Consolidated 2017 \$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of The BetMakers Holdings Limited	<u>(314,992)</u>	<u>(5,499,823)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	162,308,941	119,096,279
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>162,308,941</u>	<u>119,096,279</u>
	Cents	Cents
Basic earnings per share	(0.19)	(4.62)
Diluted earnings per share	(0.19)	(4.62)
	Consolidated 2018 \$	Consolidated 2017 \$
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of The BetMakers Holdings Limited	<u>(5,661,548)</u>	<u>(2,118,434)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	162,308,941	119,096,279
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>162,308,941</u>	<u>119,096,279</u>
	Cents	Cents
Basic earnings per share	(3.49)	(1.78)
Diluted earnings per share	(3.49)	(1.78)
	Consolidated 2018 \$	Consolidated 2017 \$
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of The BetMakers Holdings Limited	<u>(5,976,540)</u>	<u>(7,618,257)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	162,308,941	119,096,279
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>162,308,941</u>	<u>119,096,279</u>
	Cents	Cents
Basic earnings per share	(3.68)	(6.40)
Diluted earnings per share	(3.68)	(6.40)

35,371,681 options over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2018. These options could potentially dilute basic earnings per share in the future.

Note 33. Earnings per share (continued)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of The BetMakers Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 34. Share-based payments

The long-term incentives plan ('LTIP') program has been established by the group. Subject to the ASX listing rules and under the terms of the LTIP, the Board may grant options and/or performance rights (options with a zero exercise price) to eligible participants ('awards'). Each award granted represents a right to receive one share once the award vests and is exercised by the relevant participant.

Set out below are summaries of options granted:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
12/11/2015	12/11/2018	\$0.20	5,000,000	-	(250,000)	-	4,750,000
12/11/2015	12/11/2018	\$0.20	5,000,000	-	-	-	5,000,000
12/11/2015	12/11/2020	\$0.25	16,667,000	-	-	-	16,667,000
28/07/2016	21/03/2019	\$0.25	2,000,000	-	-	-	2,000,000
30/11/2016	30/11/2019	\$0.30	1,000,000	-	-	-	1,000,000
30/11/2016	30/11/2019	\$0.25	3,000,000	-	-	-	3,000,000
16/03/2017	16/03/2018	\$0.30	4,500,000	-	-	(4,500,000)	-
14/06/2017	14/06/2020	\$0.20	2,000,000	-	-	(2,000,000)	-
03/07/2017	31/10/2020	\$0.30	-	1,954,681	-	-	1,954,681
03/07/2017	31/10/2020	\$0.30	-	1,000,000	-	-	1,000,000
			39,167,000	2,954,681	(250,000)	(6,500,000)	35,371,681

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
12/11/2015	12/11/2018	\$0.20	5,000,000	-	-	-	5,000,000
12/11/2015	12/11/2018	\$0.20	5,000,000	-	-	-	5,000,000
12/11/2015	12/11/2020	\$0.25	16,667,000	-	-	-	16,667,000
28/07/2016	21/03/2019	\$0.25	-	2,000,000	-	-	2,000,000
30/11/2016	30/11/2019	\$0.30	-	1,000,000	-	-	1,000,000
30/11/2016	30/11/2019	\$0.25	-	3,000,000	-	-	3,000,000
16/03/2017	16/03/2018	\$0.30	-	4,500,000	-	-	4,500,000
14/06/2017	14/06/2020	\$0.20	-	2,000,000	-	-	2,000,000
			26,667,000	12,500,000	-	-	39,167,000

* Shares granted under the Long Term Incentive Plan (LTIP), which has been established by the group. Subject to the ASX listing rules and under the terms of the LTIP, the Board may grant options and/or performance rights (options with a zero exercise price) to eligible participants ('awards'). Each award granted represents a right to receive one share once the award vests and is exercised by the relevant participant.

Note 34. Share-based payments (continued)

The weighted average share price was \$0.25 (2017: \$0.24).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.62 years (2017: 2.35 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
12/11/2015	12/11/2018	\$0.20	\$0.20	45.00%	-	2.17%	\$0.0650
12/11/2015	12/11/2018	\$0.00	\$0.20	45.00%	-	2.17%	\$0.0470
12/11/2015	12/11/2020	\$0.00	\$0.25	45.00%	-	2.17%	\$0.0200
28/07/2016	21/03/2019	\$0.19	\$0.25	45.00%	-	1.96%	\$0.0145
30/11/2016	30/11/2019	\$0.20	\$0.30	41.70%	-	1.93%	\$0.0339
30/11/2016	30/11/2019	\$0.20	\$0.25	41.70%	-	1.93%	\$0.0450
16/03/2017	16/03/2018	\$0.11	\$0.30	41.70%	-	1.51%	\$0.0002
14/06/2017	14/06/2020	\$0.20	\$0.20	41.70%	-	1.66%	\$0.0600
03/07/2017	31/10/2020	\$0.09	\$0.30	70.00%	-	1.89%	\$0.0200

Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees and advisers. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services and to others as part of their compensation for services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined for each option granted using either the Binomial or Black-Scholes option pricing model, as appropriate, that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 35. Events after the reporting period

On 14 June 2018, the company expanded its wholesale strategy by entering into a conditional but binding Heads of Agreement (“HOA”) to acquire 100% of the shares of DynamicOdds Pty Ltd (“DynamicOdds”) including its brands, data and betting tools. Within 12 months of completion of the acquisition of assets, the company will make a payment of \$7,000,000. Final deal structure was announced on 29 August 2018, whereby \$7,000,000 consideration will be paid, with \$150,000 having been paid on 1 August 2018, \$1,350,000 to be paid on 31 August 2018, \$1,000,000 on 12 December 2018 and \$4,500,000 to be paid on 30 June 2019.

An additional \$3,000,000 is payable to the vendor if the business achieves the following; if the EBIT for the Performance Period is equal to or greater than AUD\$1.25m but less than AUD\$1.5m, the CDK Performance Payment will be AUD\$1.5m; or if the EBIT for the Performance Period is equal to or greater than AUD\$1.5m, the CDK Performance Payment will be AUD\$3m.

On 18 July 2018, the group acquired through its newly incorporated subsidiary, BetMakers DNA Pty Ltd, 100% of shares in leading global wagering service provider, Global Betting Services Pty Limited. Final deal structure was announced on 29 August 2018, whereby \$7,000,000 consideration will be paid, with \$1,000,000 to be paid in cash up-front on completion on 17 September 2018, \$2,500,000 to be paid on 31 January 2019 and \$3,500,000 to be paid 30 June 2019.

An additional \$3,000,000 is payable to the vendor if the business achieves the following; if the EBIT of GBS during the Performance Period is equal to or more than \$1.2m but less than \$1.5m, the Performance Payment will be \$1m; or if the EBIT of GBS during the Performance Period is equal to or more than \$1.5m, the Performance Payment will be \$3m.

On 20 July 2018, the company announced a non-renounceable Entitlements Offer for fully paid ordinary shares in TBH (new shares) to raise approximately \$6,700,000. Under the accelerated Institutional Offer, TBH successfully raised approximately \$1.04 million from the issue of 12,961,897 at an issue price of 8 cents (\$0.08) per share.

In after balance date events, the company completed the Entitlements Offer through a retail offering to existing shareholders and through a shortfall offering to both new and existing shareholders. The total amount raised through the offer was \$4,471,957.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Nicholas Chan
Chairman



Todd Buckingham
Director

31 August 2018
Sydney

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BETMAKERS HOLDINGS LIMITED

Report on the Financial Report Opinion

We have audited the accompanying financial report of The Betmakers Holdings Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of The Betmakers Holdings Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Emphasis of Matter regarding Going Concern & Recoverability of Intangibles and Deferred Tax Assets

As noted in Note 2, the half-year report has been prepared by the Directors on a going concern basis. The Directors have formed this view on the basis of the cash flow forecasts prepared with assumptions regarding increased revenue growth from the wholesale wagering business and the successful transition of the two businesses acquired after 1 July 2018 into the consolidated entity's business activities.

As detailed in Note 2, the cash flow forecasts have included successful future capital raisings of \$8m before 30 June 2019 to assist with the settlement of the deferred consideration relating to these acquisitions. Should the consolidated entity be unable to raise the capital prior to 30 June 2019, this may have a material negative impact on cash flows underpinning the going concern assumption and the recoverability of the intangibles and deferred tax assets.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those Standards are further described in the Auditor's Responsibility section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PKF(NS) Audit & Assurance Limited
Partnership
ABN 91 850 861 839

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approved under Professional
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Independence

We are independent of the consolidated entity in accordance with 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context

1. Impairment testing of goodwill and other intangible assets

Why significant

As disclosed in Note 12, the consolidated entity has goodwill and other intangible assets of \$3.25m as at 30 June 2018.

At the end of each reporting period, the consolidated entity is required to determine whether there is any indication that the intangible assets are impaired under AASB 136 *Impairment of Assets*.

An asset is considered impaired if its carrying value is greater than its recoverable amount. The consolidated entity uses the "value-in-use" methodology in determining the recoverable amount which measures the present value of future cashflows expected to be derived from these assets.

The evaluation of the recoverable amount requires the consolidated entity to exercise significant judgment in determining key assumptions, which include:

- 5-year cash flow forecast;
- Terminal growth factor; and
- Discount rate.

The outcome of the impairment assessment could vary if different assumptions were applied. As a result, the evaluation of the recoverable amount of intangible assets including goodwill is a Key Audit Matter.

How our audit addressed the key audit matter

As part of our procedures we assessed the consolidated entity's determination of Cash Generating Units (CGUs). Our procedures included but were not limited to assessing and challenging:

- the accuracy of the FY19 budget approved by the Board by comparing the budget to FY18 actuals and other financial information;
- the key assumptions for long term growth in the forecast cash flows by comparing them to historical results and industry forecasts;
- the discount rate applied by comparing the Weighted Average Cost of Capital to industry benchmarks;
- on a sample basis, the mathematical accuracy of the cash flow models;
- the impact of the acquisitions recently announced to the market to the FY19 forecasts;
- management's sensitivity analysis in relation to key assumptions including discount rate, growth rate and terminal value; and
- we assessed the appropriateness of the disclosures including those relating to sensitivities in the assumptions used, included in Note 12.

Key Audit Matters (cont'd)

2. Sale of Topbetta Pty Limited

Why significant

The consolidated entity sold its interests in Topbetta Pty Limited on 30 June 2018 to PlayUp Limited for \$6m.

This transaction is material to the understanding of the 30 June 2018 financial statements and accordingly is considered to be a Key Audit Matter.

How our audit addressed the key audit matter

Our procedures included but were not limited to:

- reviewing the contract for sale and confirming the acquisition date;
- assessing and challenging:
 - the assumptions used to assess the value of the assets and liabilities disposed;
 - the assumptions used to estimate the consideration receivable;
- ensuring the profit on sale has been correctly calculated;

We have also assessed the appropriateness of the disclosures included in Note 8 in respect of the business disposal and discontinued operations.

3. Recognition and Valuation of Deferred Tax Assets

Why significant

As disclosed in Note 13 of the financial report, at 30 June 2017 the consolidated entity has recorded a deferred tax asset of \$5.4m relating to deductible temporary differences and tax losses incurred.

As noted in Note 3 of the financial report, deferred tax assets are only recognised if the consolidated entity considers it probable that future taxable income will be generated to utilise these temporary differences and losses.

Significant judgement is required in forecasting future taxable income.

Based on the above, we have considered the recognition and valuation of deferred tax assets to be a Key Audit Matter.

How our audit addressed the key audit matter

We have assessed and challenged management's judgements relating to the consolidated entity's forecasts and the ability to generate future taxable income, and also the recognition criteria under AASB 112.

Our procedures included but were not limited to:

- the reasonableness of key assumptions used in the forecasts with respect to income and expenditure;
- testing, on a sample basis, the mathematical accuracy of the cash flow models;
- reviewing the nature of the deferred tax asset (i.e. temporary differences or revenue / capital losses) and its probability of being realised in accordance with the carried forward tests.

We have also assessed the appropriateness of the disclosures included in Note 13 in respect of the deferred tax balances.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Topbetta Holdings Limited for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PKF



MARTIN MATTHEWS
PARTNER

31 AUGUST 2018
NEWCASTLE, NSW

The shareholder information set out below was applicable as at 20 July 2018.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	48	-
1,001 to 5,000	177	-
5,001 to 10,000	163	-
10,001 to 100,000	504	-
100,001 and over	214	13
	1,106	13
Holding less than a marketable parcel	240	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
J P Morgan Nominees Australia Limited	32,630,650	17.49
RBW Nominees Pty Ltd (RBW Discretionary A/C)	9,898,999	5.30
Spenceley Management Pty Ltd (Spenceley Family S/F A/C)	5,400,000	2.89
Gillard Superannuation Pty Limited (Gillard Super Fund A/C)	3,136,000	1.68
Lobster Beach Pty Ltd	2,976,897	1.60
Todd Cameron Buckingham	2,888,758	1.55
HSBC Custody Nominees (Australia) Limited	2,551,613	1.37
Mr Craig Graeme Chapman (Nampac Discretionary A/C)	2,486,167	1.33
Mr Craig Michael Pearce	2,221,205	1.19
Nicole Ann Bannerman (P B Family A/C)	2,219,438	1.19
Oliver Shanahan	2,139,842	1.15
Forsyth Barr Custodians Ltd (Forsyth Barr Ltd-Nominee A/C)	1,945,000	1.04
Trenwith Technology Pty Ltd	1,750,000	0.94
Mr Paul Andrew Hain	1,700,000	0.91
Jodahbi Pty Limited (Wilgaflo Investments Pty Ltd)	1,657,605	0.89
Redan Street Pty Ltd (The Consvest Super Fund A/C)	1,550,000	0.83
William Patrick Butler	1,509,692	0.81
Michael Guy Pearce	1,461,519	0.78
Jo-Anne Buckingham (Buckingham Family A/C)	1,437,652	0.77
SMSM Superannuation Pty Ltd (The Mace Family S/F A/C)	1,389,330	0.74
	82,950,367	44.45

Unquoted equity securities

	Number on issue	Number of holders
Unlisted Options expiring 12 November 2018 with strike price at \$0.20	9,750,000	5
Unlisted Options expiring 12 November 2020 with strike price at \$0.25	16,667,000	1
Unlisted Options expiring 21 March 2019 with strike price at \$0.25	2,000,000	1
Unlisted Options expiring 30 November 2019 with strike price at \$0.30	1,000,000	1
Unlisted Options expiring 30 November 2019 with strike price at \$0.25	3,000,000	2
Unlisted Options expiring 31 October 2020 with strike price at \$0.30	2,954,681	5

Substantial holders

The following holders are registered by the company as a substantial holder, having declared a relevant interest in accordance with the Corporations Act 2001 (Cth), in the voting shares below:

	Ordinary shares	
	Number held	% of total shares
	1	issued 2
RBW Nominees Pty Ltd (RBW Discretionary Trust)	10,245,033	5.49
Industry Super Holdings Pty Ltd	10,754,291	5.76
Ryder Capital Limited	8,272,222	4.43
Todd Cameron Buckingham & Jo-Anne Buckingham (Buckingham Family Trust)	4,850,862	2.60

	Options over ordinary shares	
	Number held	% of total options issued
Todd Cameron Buckingham	16,667,000	47.12

1 As disclosed in the last notice lodged with the ASX by the substantial shareholder

2 The percentage set out in the notice lodged with the ASX is based on the total issued capital of the Company at the date of interest.

Voting rights

Ordinary shares

Subject to any rights or restrictions for the time being attached to any class or classes at general meetings of shareholders or classes of shareholders:

- (a) each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, is entitled to one vote per share held.

Options

Options do not carry any voting rights.

Share Buy-Backs

There is no current on-market buy-back scheme.