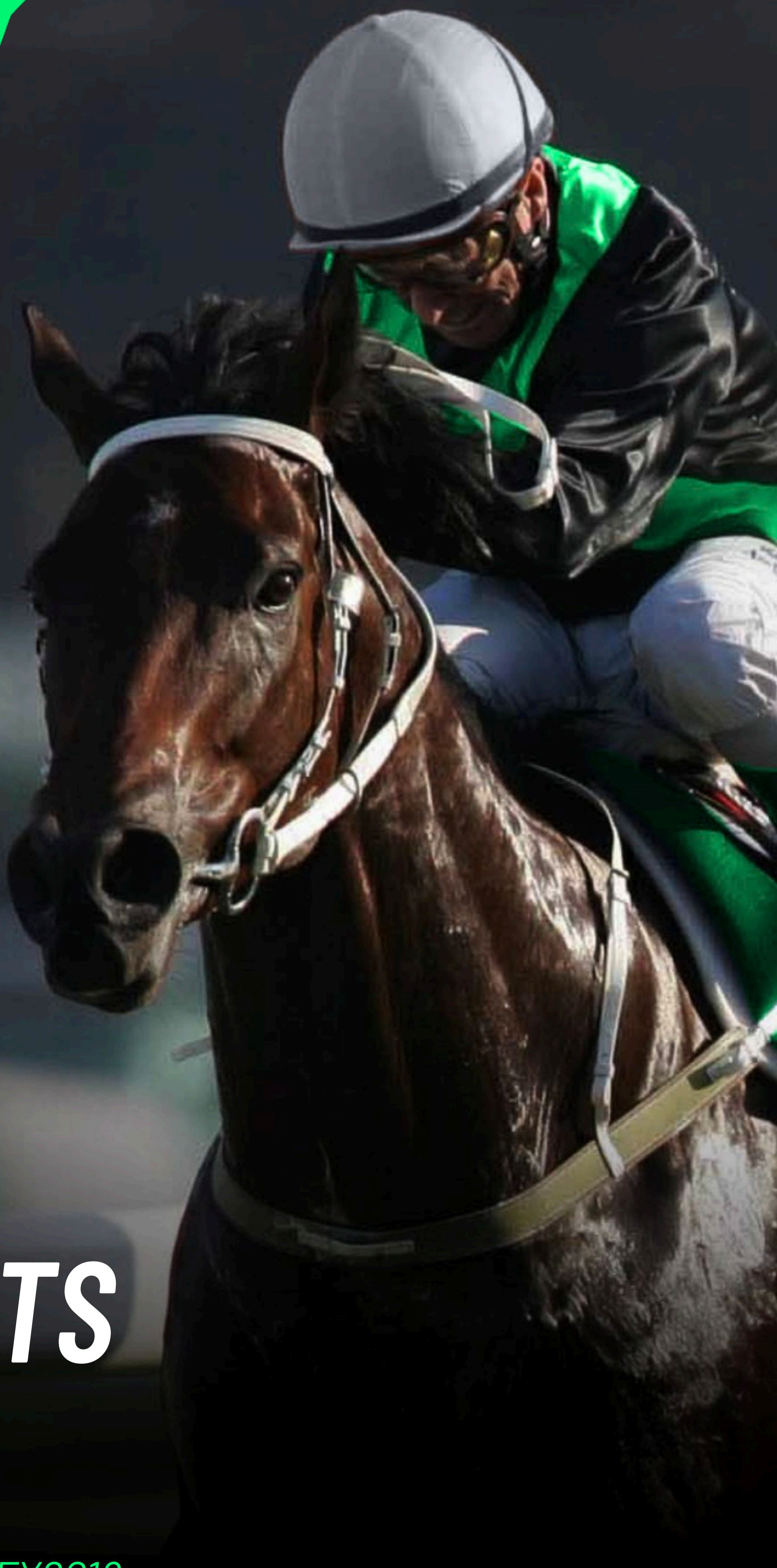
PlayUp Limited
ACN: 612 529 307



FINANCIAL STATEMENTS FY2018

For the Year Ended 30 June FY2018

DOCUMENT DATED: 15 APRIL 2020

PLAYUP

CONTENT

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

INFORMATION ON DIRECTORS

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

- Daniel Simic
- Richard Sapsford
- Michael Costa (Appointed effective 21 Nov 2018)
- Prashant Arora (Resigned effective 20 Feb 2019)
- Ryan Bowman (Appointed effective 21 Nov 2018, resigned effective 23 Oct 2019)

PRINCIPAL ACTIVITIES

The groups principal activities of the company during the financial year were:

- Developing proprietary wagering platform
- Enhancing Fantasy Sports platform, adding new sports, new features and new game types.
- Offering Fantasy Sports Wagering and traditional Sports and Racing Wagering to the Australian consumer market.
- Research & Development on new products, game types and new markets such as India and the United States of America.

PlayUp develops, owns and operates state-of-the-art interactive gaming technologies for the online wagering and gaming consumer markets.

OPERATING RESULTS

The loss for the group after providing for income tax amounted to $10,044,767 (FY 2017; Loss $2,708,638).

REVIEW OF OPERATIONS

PlayUp's focus during this period was to grow through acquisition.
During the year, PlayUp Limited acquired the 'Draftstar's business from CrownBet. Draftstars is Australia's largest Daily Fantasy Sports Provider which was established by a consortium of larger sport, wagering and media organisations including CrownBet, Fox Sports, AFL and Channel 7.

PlayUp replaced Draftstars legacy white label platform with its own Proprietary Daily Fantasy Sports technology. 'Sports Fantasy Pro' was merged into the more dominate Draftstars brand to consolidate the daily fantasy sports brands into one.

Also, during this period PlayUp acquired five tier two online wagering operators: ClassicBet BestBet, Betting.Club, TopBetta and Madbookie. These companies offers fixed odds sports betting (Sportsbook), fixed odds and tote derivative race betting (Racebook).

PlayAGC, a golf specific fantasy sport and competition related platform was also acquired.
PlayAGC not only supplies its own revenue to the group via a weekly subscription-based tipping and challenge competition service but has massive cross sell potential to convert its golf centric database into wagering clients of PlayUp.

Towards the end of this financial period, PlayUp commenced an 18-month plan to consolidate costs and brands across the entire organisation.

The company's operations during the year performed as expected in the opinion of the directors.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

PlayUp expanded on its core business and grew rapidly by making strategic acquisitions. Firstly, PlayUp grew its Daily Fantasy Sports business (or product line) by acquiring Draftstars, Australia's biggest daily fantasy sports provider. Secondly, PlayUp acquired five tier two wagering operators.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No 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, except those noted below.

However, of relevance to the group's state of affairs in future financial years are several interlinked legal matters pertaining to the purchase of shares in A.C.N 167 422 406 Pty Ltd (formerly Winky Bet Pty Ltd, formerly ClassicBet Pty Ltd and A.C.N 607 108 645 Pty Ltd (formerly BestBet (NSW) Pty Ltd) by Fanma Pty Ltd (formerly PlayUp Australia Pty Ltd) in March 2018.

These Matters are;

1. **Ryan Kay v Fanma Pty Ltd - Supreme Court of NSW Proceedings 2018/277171**

   Particulars: Application filed by Ryan Kay to commence windup proceedings on Fanma Pty Ltd for failure to comply with a statutory demand served 10/08/2018.
   The Statutory Demand related to the first instalment of the "Deferred Payment" under the Best Bet (NSW) Pty Ltd Share Sale and Purchase Agreement executed on 23/03/2018.
   On 12/10/2018, Ryan Kay withdrew the demand on the basis Fanma Pty Ltd paid out the remaining Deferred Payment in its entirety ($520,050.44). The proceedings were discontinued with each party bearing their own costs.

   Status: Matter closed with all legal fees paid in full.

2. Fanma Pty Ltd v Ryan Kay – Supreme Court of NSW Proceedings 2018/290218

Particulars: As a repercussion of legal Matter 1 above, Fanma Pty Ltd sort to ensure all guarantees in the Share Sale and Purchase Agreement were upheld by Ryan Kay, including restriction of trade. Fanma Pty Ltd contended that on proper construction of the Best Bet Share Sale and Purchase Agreement, a statutory demand should never have been issued and in the alternative should be void as a penalty and/or relief against forfeiture should be sort.

On 05/07/19, Judge Stevenson found in favour of Fanma Pty Ltd and ordered Ryan Kay to pay 80% of Fanma's costs. However, an appeal was lodged by Ryan Kay which was heard on 11/09/2019 with Judgement reserved. If Fanma Pty Ltd, a company owned in its entirety by PlayUp Limited, is unsuccessful in the appeal proceedings, the company may be liable for Ryan Kay's costs and disbursements incurred from the originating matter and the appeal proceedings.

Status: Originating judgement in favour of Fanma Pty Ltd. Judgment on appeal is reserved. Any legal fees incurred by Fanma Pty Ltd and relating to this Matter have been paid in full.

3. KRM (VIC) Pty Ltd v A.C.N 167 422 406 Pty Ltd (formerly Winky Bet Pty Ltd, formerly Classic Bet (NSW) Pty Ltd), A.C.N 607 108 645 Pty Ltd (formerly Best Bet (NSW) Pty Ltd) and Ryan Kay – Supreme Court of NSW Proceedings 2018/314837

Particulars: KRM claimed a Lump Sum Payment pursuant to an Affiliation Program Agreement between KRM and the defendants dated 28/07/2017.

A.C.N 167 422 406 Pty Ltd and A.C.N 607 108 645 Pty Ltd cross-claimed against Alex Kay and Ryan Kay respectively for breach of clause 6.1 of the Share Sale and Purchase Agreement and in the alternative, contravening their director duties.

A.C.N 167 422 406 Pty Ltd and A.C.N 607 108 645 Pty Ltd also cross-claimed against KRM for overpayment of commissions.

The matter was heard on 23/09/209 and orders entered into on 19/12/2019.

Outcome: Defendants (including Ryan Kay) to pay KRM the sum of $3,684,690.98 plus costs. KRM to pay A.C.N 167 422 406 Pty Ltd and A.C.N 607 108 645 Pty plus costs of the third cross-claim. A.C.N 167 422 406 Pty Ltd and A.C.N 607 108 645 Pty to pay first and second cross-defendants' costs of the first and second cross-claims.
Status: Defendants intend to lodge an appeal. The court has granted a stay on any enforcement by KRM until 07/02/2020.

Note that PlayUp is NOT a party to these proceedings however final orders made in this Matter 3 are relevant in Matter 4 below.

4. Fanma Pty Ltd v Ryan Kay and Alex Kay - Supreme Court of NSW Proceedings 2018/319830

Fanma Pty Ltd contends that Ryan Kay and Alex Kay failed to satisfy and discharge liabilities of A.C.N 167 422 406 Pty Ltd and A.C.N 607 108 645 Pty Ltd respectively incurred or accrued before the completion date of the Share Sale and Purchase Agreements. Consequently, they have breached their seller warranties by failing to disclose the Affiliation Program Agreement with KRM and any liability.

If Fanma Pty Ltd, a company owned in its entirety by PlayUp Limited, is unsuccessful in these proceedings, the company may be liable for Ryan Kay's and Alex Kays' costs and disbursements incurred.

Status: Matter not listed for hearing and its chance of being heard is dependent on the outcomes of Matters 2 and 3 above. Any legal fees incurred by Fanma Pty Ltd and relating to this Matter have been paid in full.

COVID-19

The outbreak of the coronavirus (COVID-19) pandemic in January 2020 and its subsequent spread to Australia has led to a severe contraction in economic activity, the cancellation of sporting events and a generally depressed business environment. The group does not have sufficient information to quantify the extent of this impact as of the date of this financial report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

PlayUp will focus on growing its market share within Australia through digital marketing, offering better odds and providing an exclusive VIP service to high value, high volume clients.

Notwithstanding the above, PlayUp will take advantage of the opportunities it has in the nascent USA Sports Betting market and secure market access and licences in select states. In due course operations will be expanded to provide Sports Betting, Fantasy Sports and Pari-Mutuel Horse Racing on a state by state basis throughout the USA.

Management believe that PlayUp continues to be well positioned to generate sustainable long-term growth and value creation.

DIVIDENDS PAID AND DECLARED

Dividends paid or declared since the start of the financial year are as follows:

- No dividends were paid since the start of the financial year
- No dividends were declared since the start of the financial year
- No recommendation for payment of dividends has been made

ENVIRONMENTAL REGULATION

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2018 has been received and is included with the financial statements.

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:

Daniel Simic
Director

Michael Costa
Director

Richard Sapsford
Director

Dated: 3 April 2020
Sydney, Australia

UHY Haines Norton
Chartered Accountants

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

To the Directors of PlayUp Limited

As auditor for the audit of PlayUp Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of PlayUp Limited and the entities it controlled during the year.

M.D. Nicholaeff
Partner
Sydney
3 April 2020

UHY Haines Norton

UHY Haines Norton
Chartered Accountants

	Note	Consolidated 2018 $	Restated* 2017 $
Revenue	4	899,157	63,631
Other Income	5	637,707	573,620
Expenses:			
Sporting taxes		420,586	—
Sport data and live feed expenses		369,062	256,144
IT expenses		407,024	116,203
Advertising and promotions		1,721,113	709,439
Employee benefits expense		1,721,087	1,258,794
Depreciation and amortisation	7	652,522	99,813
Impairment of goodwill	15	2,666,174	—
Professional Fees Paid		1,096,170	—
Rent		98,210	46,663
Share-based payment expenses	23	400,362	—
Other expenses		835,253	841,432
Finance costs	6	742,426	17,400
Loss before income tax	4	**(9,593,125)**	**(2,708,638)**
Income tax benefit/(expense)	12	(451,642)	—
Loss Attributable to Members of the Company		**(10,044,767)**	**(2,708,638)**
Other Comprehensive Income:			
Other comprehensive income for the year		—	—
Total Comprehensive Income		**(10,044,767)**	**(2,708,638)**

* Refer to Restatement Note 31

	Note	2018	2017
Earnings per share for loss to members of the company			
Basic earnings per share	32	(0.0253)	(0.0078)
Diluted earnings per share	32	(0.0247)	(0.0078)

	Note	Consolidated 2018 $	Restated* 2017 $
Current Assets			
Cash and Cash Equivalents	8	5,087,126	240,801
Trade and Other Receivables	10	694,748	633,430
Other Financial Assets	11	117,339	76,616
Current Tax Assets	12	192,016	—
Other Current Assets	13	44,457	10,000
Total Current Assets		**6,135,686**	**960,847**
Non-Current Assets			
Other Financial Assets	11	19,555	19,555
Property, Plant and Equipment	14	39,191	—
Intangible Assets	15	18,425,524	1,508,307
Deferred Tax Assets	12	—	—
Total Non-Current Assets		**18,484,270**	**1,527,861**
Total Assets		**24,619,956**	**2,488,708**
Current Liabilities			
Trade and Other Payables	16	16,166,859	846,371
Current Tax Liabilities	12	—	2,510
Financial Liabilities	17	121,204	315,628
Short Term Provisions	20	317,365	75,577
Total Current Liabilities		**16,605,428**	**1,240,086**
Non-Current Liabilities			
Trade and Other Payables	16	972,802	—
Financial Liabilities	17	9,617,731	3,096,044
Deferred Tax Liabilities	12	2,040,785	—
Long Term Provisions	20	21,913	—
Total Non-Current Liabilities		**12,653,231**	**3,096,044**
Total Liabilities		**29,258,659**	**4,336,130**
Net Assets		**(4,638,703)**	**(1,847,422)**
Equity			
Issued Capital	22	9,982,141	3,129,021
Reserves	23	1,939,281	1,538,919
Accumulated Losses	24	(16,560,125)	(6,515,362)
Total Equity		**(4,638,703)**	**(1,847,422)**

* Refer to Restatement Note 31

Consolidated	Issued Capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2016	7,704,021	—	(1,844,162)	5,859,859
Prior period Restatement	—	1,538,919	(1,962,562)	(423,643)
Balance as at 1 July 2016-Restated	**7,704,021**	**1,538,919**	**(3,806,724)**	**(5,436,216)**
Total comprehensive income for the year - Restated	**—**	**—**	**(2,708,638)**	**(2,708,638)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 22)	850,000	—	—	850,000
Remission of equity (note 22)	(5,425,000)	—	—	(5,425,000)
Balance at 30 June 2017 - Restated	**3,129,021**	**1,538,919**	**(6,515,362)**	**(1,847,422)**

Consolidated	Issued Capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017 - Restated	**3,129,021**	**1,538,919**	**(6,515,362)**	**(1,847,422)**
Loss after income tax for the year	—	—	(10,044,767)	(10,044,767)
Total comprehensive income for the year	—	—	**(10,044,767)**	**(10,044,767)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 21)	6,853,120	—	—	6,853,120
Share-based payments (note 22)	—	400,362	—	400,362
Balance at 30 June 2018	**9,982,141**	**1,939,281**	**(16,560,125)**	**(4,638,703)**

	Note	Consolidated 2018 $	Restated* 2017 $
Cash Flows from Operating Activities			
Receipts from customers		2,716,545	746,562
Payments to suppliers and employees		(4,749,731)	(3,160,872)
Interest received		279	3,390
Interest paid		(16,486)	(4,364)
Duties and taxes		(615,112)	550,068
Research and development incentive received		570,229	—
Net cash outflow from operating activities	9	**(2,094,276)**	**(1,865,216)**
Cash Flow from Investing Activities			
Sale of investments		—	3,543
Acquisition of investments		—	(1,184,471)
Acquisition of intangibles		(2,515,880)	(625,073)
Acquisition of subsidiaries, net of cash acquired	30	(1,611,710)	—
Net cash provided by (used in) investing activities		**(4,127,590)**	**(1,806,001)**
Cash Flow from Financing Activities			
Proceeds from issuance of share capital		1,385,000	850,000
Share buyback		48,000	—
Proceeds from borrowings		13,815,480	3,450,705
Repayment of borrowings		(4,084,289)	(467,957)
Net cash provided by (used in) financing activities		**11,068,191**	**3,832,748**
Net increase (decrease) in cash held		4,846,325	161,531
Cash at the beginning of financial year		240,801	79,270
Cash and Cash Equivalents as at 30 June 2018	8	**5,087,126**	**240,801**

The financial report covers Playup Limited as a consolidated entity. Playup Limited is a for profit public company, incorporated and domiciled in Australia.

The functional and presentation currency of Playup Limited is Australian dollars.
The financial report was authorised for issue by the Directors on 12 March 2020.
Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.
These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.
Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

The financial statements are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements has been prepared on the going concern basis which assumes the company and consolidated entity will have sufficient cash to pay its debts as and when they become payable for a period of at least 12 months from the date the financial report was authorised for issue.

As at 30 June 2018, the consolidated entity has net negative net assets of $4,638,703 (2017: negative $1,847,422). During the financial year the consolidated entity had cash inflows from operating activities of $2,094,276 (2017: outflow of $1,865,216) and cash outflows from investing activities of $4,127,590 (2017: $1,806,001).

The consolidated entity has prepared a cash flow forecast which indicates that the consolidated entity does not have sufficient cash to meet its minimum expenditure commitments and support its current level of corporate overheads and therefore needs to raise additional funds to continue as a going concern.

To address the future additional funding requirements of the consolidated entity, since 30 June 2018, the directors have undertaken the following initiatives:

- entered into discussions to secure additional equity funding from current or new shareholders;
- undertaken a programme to continue to monitor the consolidated entity's ongoing working capital requirements and minimum expenditure commitments; and
- continued their focus on maintaining an appropriate level of corporate overheads in line with the consolidated entity's available cash resources.

The majority shareholder has provided a letter of comfort confirming continued financial support including injections of working capital. This will provide the consolidated entity with sufficient funding to meet its minimum expenditure commitments and support its planned level of overhead expenditures, and therefore that it is appropriate to prepare the financial statements on the going concern basis.

However, in the event that the consolidated entity is not able to successfully achieve additional funding referred to above, significant uncertainty would exist as to whether the company and consolidated entity will continue as going concerns and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

2. Summary of Significant Accounting Policies

a. Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Playup Limited at the end of the reporting period. A controlled entity is any entity over which Playup Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the consolidated group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 'Investments' to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

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 27.

Business Combinations

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

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

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

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

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

c. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

d. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value.

Defined Contribution Schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Property

Land and buildings are measured using the revaluation model.

Depreciation

Property, plant and equipment is depreciated on a straight line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The estimated useful lives for each class of depreciable asset are shown below:

Fixed Asset Class	Useful Life
Leasehold Improvements	7 years
Plant and Equipment	4 years
Office Furniture	10 years
Office Equipment	2-4 years

We note that no effective life assessments were made available on acquired entities. The depreciation included was taken from the information supplied from the purchased entities prior Directors and Accountants and could not be verified.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

f. Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and Balances

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

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

Group Companies

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

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

g. Borrowing Costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

h. Intangible Assets

Goodwill

Goodwill is calculated as the excess of the sum of:

i. the consideration transferred;
ii. any non-controlling interest; and
iii. the acquisition date fair value of any previously held equity interest;
over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the group holds a less than 100% interest will depend on the method adopted in measuring aforementioned the non-controlling interest. The group can elect to measure the non-controlling interest in the acquire either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). The group determines which method to adopt for each acquisition.

Under the "full goodwill method", the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of the market information where available.

Fair Value / Equity Accounting

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where the investment has been equity accounted, any credit reserve balances are recycled to the statement of comprehensive income.

Net Identifiable Assets Acquired
In determining the net identifiable assets acquired, contingent liabilities of the acquiree are included to the extent to which they represent a present obligation and can be measured reliably.

Acquisitions of Subsidiaries
Goodwill on acquisition of subsidiaries is included in intangible assets.

Testing for Impairment
Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Accounting for Changes in Ownership Interest in Subsidiary
Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Patents and Trademarks
Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their estimated useful life.

Research and Development
Expenditure during the research phase of a project is recognised as an expense when incurred. Software development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.
The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other software development expenditure is recognised in profit or loss as incurred.
Capitalised software development costs are measured at cost less accumulated amortisation and accumulated impairment losses.
The relevant criteria for capitalisation of expenditure includes;

- The software development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Software development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the estimated useful life of the project.

Amortisation
Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows;

• Trademarks and Brand names	7 years
• Software Development Costs	5 years
• Customer Relationships	5 years
• Domains and Social Media	5 years
• Licencing	5 years

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

i. Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

j. Investments and Other Financial Assets

Recognition

Financial assets are initially measured at cost, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available for Sale Financial Assets

All investments are classified as available for sale financial assets. Available for sale financial assets are reflected at fair value unless their fair value cannot be reliably measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Investments held are originally recognised at cost, which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

k. Investments in Associates

Associate companies are companies in which the group has significant influence generally holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the group's share of net assets of the associate

company. In addition, the group's share of the profit or loss of the associate company is included in the group's profit or loss.
The carrying amount of the investment includes goodwill relating to the associate. Any excess of the group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.
Profits and losses resulting from transactions between the group and the associate are eliminated to the extent of the group's ownership interest in the associate.

When the group's share of losses in an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the group will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

l. Leases

Finance Leases
Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the group, are classified as finance leases.
Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that entities in the group will obtain ownership of the asset or over the term of the lease.

m. Financial Instruments
Financial instruments are recognised initially using trade date accounting, i.e. on the date that company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets
Financial assets are divided into the following categories which are described in detail below:
- loans and receivables;
- available-for-sale financial assets.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

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 arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and most other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the

present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial Assets at Fair Value through Profit and Loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial Liabilities

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets
At the end of each reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial Assets at Amortised Cost
If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-Sale Financial Assets
A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

n. Financial Guarantees
Where material, financial guarantees issued that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

o. Revenue and Other Income
Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).
All revenue is generated in Australia.

Revenue from Wagering Activities
PlayUp earns revenue via online wagering offered to the consumer market. Its product lines comprise of fixed odds sports betting (Sportsbook), fixed odds and tote derivative race betting (Racebook). Fixed Odds refer to ‘a bookmaker financial derivative offered and accepted at a singular point in time’. A Tote Derivate product is where the odds offered by the bookmaker match the odds offered by an official tote (or best of multiple totes) however, the money bet by the client does not directly enter the pool but is held as a risk by the bookmaker.

Revenue from Sportsbook and Racebook wagering is derived from accepted client bets less winnings paid out. The net gain or loss from betting activities over a specific period represents the revenue earnt during that period. Customer promotions such as free bets and bonuses are deducted from Sportsbook and Racebook revenues. Revenue is recognised when the betting event is settled.

Daily Fantasy Sports
Revenue from Daily Fantasy Sports is derived from entry fees paid by clients into Challenges less winnings paid out. Revenue is recognised once the Challenges are settled.

Rendering of Services
Playup may time to time provide services to parties outside the group. Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case, then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. Depending on the service agreement and the extent of work involved Playup may recognise revenue in advance for initial setup and engagement of external parties in performing the works involved.

Interest Revenue
Interest is recognised using the effective interest method.

Other Revenue
Other revenue is recognised on the accrual of that revenue.

p. Trade and Other Payables
Trade and other payables represent the liabilities at the end of the reporting period for goods services received by the group that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

q. Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis and the GST component of cash flows arising from investing or financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

r. Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.
Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

3. Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key Judgments – 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 the Black-Scholes model, 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.

Key Judgments – 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.

Key Judgments - Provision for Impairment of Receivables

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history. The value of the provisional and credit quality of receivables in monitored on a monthly basis.

Key Judgments - Taxes

Deferred Tax Assets

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset.

s. New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The group's assessment of the impact of these new or amending 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 36 "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 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 credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces also additional new disclosures. The group will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements.

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 a amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contract (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 obligation on a basis of relative stand-alone selling 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 in accordance with AASB 139 (AASB 9 from 1 July 2018).

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 distinction between operating 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 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' assets 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 leased 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. The group will adopt this standard from 1 July 2019.The group has not yet assessed the impact of adopting AASB 16.

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 accounting 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.

4. Operating segments

Identification of reportable operating segments
The group operates in two segments being;

- Wagering
- Daily Fantasy and Online Gaming.

Types of products and services
Wagering – The group operates an online wagering service which utilizes robust and scalable cloud-based technology to provide a consumer facing betting platform. The platform interfaces to risk, odds, content and customer relationship management systems.
Daily Fantasy Sports & Online Gaming – The group operates an online daily fantasy sports service which utilizes proprietary cloud-based technology to provide a consumer facing fantasy sports platform. The platform interfaces to risk, odds, content and customer relationship management systems.

Consolidated - 2018	**Wagering**	**Fantasy & Online Gaming**	**Other Corporate**	**Total**
Revenue	$	$	$	$
Sales to external customer	790,115	109,042	—	**899,157**
Total revenue	**790,115**	**109,042**	**—**	**899,157**
Research and development rebate	—	—	596,595	**596,595**
Other Income				
Other Income	—	40,833		**40,833**
Interest Income	279	—	—	**279**
Sporting taxes	(336,469)	(84,117)	—	**(420,586)**
Sport data and live feed expenses	(117,305)	(251,757)	—	**(369,062)**
IT expenses	(138,388)	(264,566)	(4,070)	**(407,024)**
Advertising and promotions	(344,223)	(430,278)	(946,612)	**(1,721,113)**
Employee benefits expense	(258,163)	(172,109)	(1,290,815)	**(1,721,087)**
Professional fees	(219,234)	(328,851)	(548,085)	**(1,096,170)**
Rent & outgoings	—	—	(98,210)	**(98,210)**
Depreciation & amortisation	(4,600)	(529,000)	(118,922)	**(652,522)**
Impairment of goodwill	—	(2,666,174)	—	**(2,666,174)**
Share based payments expense	—	—	(400,362)	**(400,362)**
Other expenses	—	—	(835,253)	**(835,253)**
Finance Costs	—	—	(742,426)	**(742,426)**
Profit/(loss) before income tax	**(627,988)**	**(4,576,977)**	**(4,388,160)**	**(9,593,125)**
Income tax benefit				(451,642)
Loss after income tax				**(10,044,767)**

Consolidated - 2018	Wagering $	Fantasy & Online Gaming $	Other Corporate $	Total $
Assets				
Segment Assets	**17,472,766**	**4,172,591**	**2,974,599**	**24,619,956**
Liabilities				
Segment Liabilities	**5,915,479**	**1,337,873**	**22,005,307**	**29,258,659**

Major Customer
There are two major customers that represented 30% (2017: NIL) of the total wagering segment revenue. This was mainly due to only one month of trading in the acquired entities in the consolidated report.

Consolidated - 2017
All income and expenses were generated by the fantasy and online gaming segment. The group operated under a single segment in the 2017 financial year.

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 chief operating decision maker.

5. Other Income

	Note	Consolidated 2018 $	Restated 2017 $
Other Income			
Interest Received		279	3,391
Other Income		40,833	—
Government Subsidies		596,595	570,229
		637,707	**573,620**

Government subsidies are the research and development tax offset. The rebate is recognised at fair value, being the expected amount to be received.

6. Finance Costs

Interest paid		
- Other	638,832	998
- ATO	7,782	3,366
Bank charges	87,506	11,745
Foreign Currency Exchange (Gain)/Loss	8,306	1,291
	742,426	**17,400**

Finance costs are expensed in the period in which they are incurred.

7. Depreciation & Amortisation

	Note	**Consolidated** 2018 $	**Restated** 2017 $
Depreciation			
Leasehold improvements		3,421	—
Plant & Equipment		12,754	—
Office furniture & equipment		4,006	—
	14	**20,181**	**—**
Amortisation			
Formation costs		1,460	—
Client databases		258,350	—
Trademarks		43,367	38,160
Domain and social media		53,914	48,023
Licences		4,600	13,630
Software development		270,650	—
	15	**632,341**	**99,813**
		652,522	**99,813**

8. Cash and Cash Equivalents

Cash on Hand	525	205
Deposits	635,465	205,465
Cash at Bank	4,451,136	35,131
	5,087,126	**240,801**

Term Deposits held are for bank guarantees on behalf of players funds under Northern Territory ('NT') licence as security for wager licence.

9. Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	Consolidated 2018 $	Restated 2017 $
Loss after Income Tax	(10,044,767)	(2,708,638)
Adjustments for Non-Cash Components in Profit:		
Depreciation and amortisation	652,522	110,011
Impairment of goodwill	2,666,174	—
Impairment of receivables	442,342	11,745
Share based payments	400,362	—
Other	(55,472)	—
Net gain on disposal of property, plant and equipment	—	248,457
Operating assets and liabilities acquired in business combination	(6,902,151)	—
Changes in Assets and Liabilities		
Increase in trade and other receivables	(503,660)	14,952
Increase in other financial assets	(123,180)	—
Increase in other financial assets	(192,016)	—
Increase in trade and other payables	8,633,466	517,724
Decrease in income tax payable	(2,510)	(1,090)
Increase in provisions – short term	241,788	(58,377)
Increase in provisions – long term	21,913	—
Increase in other financial liabilities	630,128	—
Increase in deferred tax liability	2,040,785	—
Net Cash Provided By/(Used in) Operating Activities	**(2,094,276)**	**(1,865,216)**

10.Trade and Other Receivables

	Note	Consolidated 2018 $	Restated 2017 $
Current			
Trade Debtors		15,835	—
Other Debtors			
- Research & Development Refundable Tax Offset		596,595	570,229
- Other Debtors		32,800	2,500
Goods and Services Tax ('GST') receivable		49,518	60,701
		694,748	**633,430**
Movement in provision of doubtful debts			
Opening Balance		—	—
Amounts collected		—	—
Additional provision raised		442,342	—
Bad debt written off		(442,342)	—

Bad debt provisions are based upon an annual review of the actual debtors outstanding and as assessment of the recoverability of overdue balances. These balances are written off as bad debts after a period of 12 months outstanding. Further information as to the group's credit policies are and ageing of debtors is presented in note 19.

Total Trade and Other Receivables		**694,748**	**633,430**

11.Other Financial Assets

	Note	Consolidated 2018 $	Restated 2017 $
Current			
Loans - Unsecured			
- Loan Top 8 Holdings Pty Ltd		—	48,000
Betback Account		117,339	28,616
		117,339	**76,616**
Non-Current			
Loans - Unsecured			
- Fantasy Studio India Private Limited	27	1,535	1,535
- Fantasy Sports USA Inc.	27	17,929	17,929
Shares in Associated Companies		(442,342)	—
- 60 Ordinary Shares in StarCoach Sports Digital Pty Ltd		60	60
- 30 Shares in Social Figures Global Pty Ltd		30	30
- 1 Ordinary Share in One Sport Limited		1	—
		19,555	**19,554**
Total Financial Assets		**136,894**	**96,170**

Movement in the Betback is included in revenue rather than movement in fair value through the profit and loss as a separate line item as these funds are held on behalf of players to generate gaming revenue.

12.Tax Assets and Liabilities

	Consolidated 2018 $	Restated 2017 $
Current		
Assets		
Current Tax Asset	192,016	—
	192,016	**—**
Liabilities		
Current Tax Liabilities	—	2,510
	—	**2,510**
Non-Current		
Assets		
Deferred Tax Asset	—	—
	—	**—**
Liabilities		
Deferred Tax Liabilities	2,040,785	—
	2,040,785	**—**
Net Tax Assets	(1,848,769)	(2,510)
Reconciliation of Income tax benefit		
Loss before income tax for the year	(9,593,125)	(2,708,638)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation and amortisation	632,342	99,813
Impairment	2,666,174	—
Share-based payments	400,362	—
Research and development tax offset	(596,595)	(570,229)
Research and development tax incentive expenditure	1,371,482	922,273
Capital raise costs	267,331	—
Employee benefits	10,447	37,326
Other Corporate Expenses	54,473	—
Sundry items	1,079	4,884
Total Tax effect amounts	**4,807,095**	**494,067**
Current tax expense	—	—
Deferred tax expense	—	—
Aggregated tax benefit	**—**	**—**

13.Other Assets

	Note	Consolidated 2018 $	Restated 2017 $
Current			
Accrued Income		4,096	—
Prepayments		40,361	10,000
		44,457	**10,000**

14.Property, Plant and Equipment

Leasehold Improvements		
Leasehold Improvements	5,515	—
Less Accumulated Depreciation	(3,421)	—
Total Leasehold Improvements	**2,094**	**—**
Plant and Equipment		
Plant & Equipment	12,754	—
Less Accumulated Depreciation	(12,754)	—
Office Furniture & Equipment	41,103	
Less Accumulated Depreciation	(4,006)	
Total Plant and Equipment	**37,097**	**—**
Total Property, Plant and Equipment	**39,191**	**—**

Reconciliations

Reconciliations of the written down values at the beginning and end of the year are set out below;

Consolidated - 2018	**Leasehold improvements** $	**Plant and equipment** $	**Office furniture and equipment** $	**Total** $
Balance at 1 July 2017	—	—	—	**—**
Additions	—	12,754	—	**12,754**
Additions through business combinations	5,515	—	41,103	**46,618**
Depreciation expense	(3,421)	(12,754)	(4,006)	**(20,181)**
Balance at 30 June 2018	**2,094**	**—**	**37,097**	**39,191**

Consolidated - 2017

There were no movements in property, plant and equipment during the 2017 financial year.

15.Intangible Assets

	Consolidated 2018 $	Restated 2017 $
Non-Current		
Formation Expenses	—	1,460
Goodwill	10,336,959	—
Less Accumulated Impairment	(2,666,174)	—
Intellectual Property		
- Client Databases	8,573,054	—
- Less Accumulated Amortisation	(258,350)	—
- Trademarks	332,470	300,000
- Less Accumulated Amortisation	(81,528)	(38,160)
- Domains and Social Media	399,474	351,387
- Less Accumulated Amortisation	(101,937)	(48,023)
Licences	23,000	33,000
Less Accumulated Amortisation	(8,230)	(13,630)
Software Development	2,147,436	922,273
Less Accumulated Amortisation	(270,650)	—
	18,425,524	**1,508,307**

Reconciliations

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

Consolidated	Formation costs	Goodwill $	Client Databases $	Trademarks $	Domain and Social Media $	Licences $	Software Development $	Total $
Balance at 1 July 2016	1,460	—	—	—	49,314	10,000	—	**60,774**
- Additions		—	12,754	—		23,000	922,273	**945,273**
- Additions through business combinations	—	—	—	300,000	302,073	—	—	**602,073**
- Amortisation expense	—	—	—	(38,160)	(48,023)	(13,630)	—	**(99,813)**
Balance at 30 June 2017	1,460	—	—	261,840	303,364	19,370	922,273	**1,508,307**
- Additions	—	—	—	—	48,087	—	797,339	**845,426**
- Additions through business combinations	—	10,336,959	8,573,054	32,470	—	—	427,824	**19,370,307**
- Impairment of assets	—	(2,666,174)	—	—	—	—	—	**(2,666,174)**
- Amortisation expense	(1,460)	—	(258,350)	(43,368)	(53,914)	(4,600)	(270,650)	**(632,342)**
Balance at 30 June 2018	—	7,670,785	8,314,704	250,942	297,537	14,770	1,876,786	**18,425,524**

Impairment testing

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. To measure the impairment value, the carrying value of its cash generating units were compared with its recoverable amount.

Goodwill acquired through business combinations has been allocated to the following cash generating units (CGU):

Wagering

The group operates an online wagering platform which utilizes risk management systems, odds management and consumer facing platforms. The Group retains clients and acquires new wagering clients by way of direct marketing and affiliation programs in the Australian market. Revenue from Sportsbook and Racebook wagering is derived from accepted client bets less winnings paid out. The net gain or loss from betting activities over a specific period represents the revenue earnt during that period.

	2018 $
Carrying value	11,557,286
Recoverable amount	21,251,164
Goodwill before impairment	7,670,785
Impairment	—

Fantasy

The online daily fantasy sports platform (Draftstars) utilizes proprietary technology which allows sports fans to compete against each other on real sporting events by paying an entry fee to a challenge. At the end of the challenge the clients with the highest accrued points win the cash prizes. Revenue is generated by way of the difference in entries paid less prizes paid.

	2018 $
Carrying value	2,803,916
Recoverable amount	5,013,109
Impairment	—

Online Golf Challenge

Golfers sign up to the proprietary website which allows golfers who have an official club handicap to enter ‘challenges’ so the next time the golfer plays in a club competition and beat their handicap the golfer wins a non-cash prize (for example retail vouchers). Winners are notified via email within 3 days following the round once all clubs have submitted their results. Revenue is generated by way of the difference in entries paid less prizes paid.

	2018 $
Carrying value	3,085,748
Recoverable amount	475,000
Goodwill before impairment	2,666,174
Impairment	2,666,174

During the financial year, the company recorded an impairment loss against its Online Golf Challenge CGU. The revenue earned by the business was not consistent to what was originally estimated at the time of the acquisition. The estimate on higher revenue was based on additional capital required for funding the marketing activities in Sportopia which was not achieved in the year.

The recoverable amount of the Online Golf Challenge CGU's goodwill was determined based its fair value less costs of disposal (FVLCD), based on a fair value categorised as Level 1 within the framework of AASB 13.

The recoverable amount of group's goodwill for its Wagering and Fantasy CGU's was determined by the value-in-use method using a discounted cash flow model, based on a five-year projections period approved by the management using a steady growth rate, together with a terminal value. The key assumptions used to derive the recoverable value for CGU's measured using a value in use model are as follows:

- a pre-tax discount rate of 18.5%
- terminal value is calculated using a perpetual growth rate of 3%
- Revenue growth in line with management's expectation, being;
- Wagering 29%
- Daily Fantasy Sports 45%

The above estimates were determined by management based on past performance and management's future expectations.

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

Wagering
- Revenue generated would need to decrease by more than 11% in the cashflow modelling before goodwill in relation to the wagering business acquisitions would become impaired, with all other assumptions remaining constant.
- the pretax discount rate to 27.5% in the cashflow modelling before goodwill in relation to the wagering business acquisitions would become impaired, with all other assumptions remaining constant.

- Perpetual growth rate would need to be reduced to be in negative in the cashflow modelling before goodwill in relation to the wagering business acquisitions would become impaired, with all other assumptions remaining constant.

Fantasy

- Revenue generated would need to decrease by more than 7% in the cashflow modelling before goodwill in relation to the wagering business acquisitions would become impaired, with all other assumptions remaining constant.
- the pretax discount rate to 26.5% in the cashflow modelling before goodwill in relation to the wagering business acquisitions would become impaired, with all other assumptions remaining constant.
- Perpetual growth rate would need to be reduced to be in negative in the cashflow modelling before goodwill in relation to the wagering business acquisitions 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.

16.Trade and Other Payables

The carrying amounts are considered to be a reasonable approximation of fair value.

	Consolidated 2018 $	**Restated** 2017 $
Current		
Player Funds Accounts	6,679,656	87,000
Player Withdrawals Pending	148,391	—
Trade Creditors	1,483,631	633,381
Other Creditors		
- Pay As You Go Withholding Payable	193,177	27,006
- Superannuation Payable	49,351	36,093
- Other	347,444	54,671
Credit Card Liability	45,875	8,220
Accrued Charges	412,248	—
Deferred Consideration Liability		
- Draftstars Client Database	1,250,000	—
- Sportopia Group Pty Ltd	557,700	—
- Best Bet (NSW) Pty Ltd	589,293	—
- Classic Bet Pty Ltd	294,460	—
- Betting.Club.com.au Pty Ltd	100,000	—
- TopBetta Pty Ltd	4,015,633	—
	16,166,859	**846,371**

Non-Current		
Deferred Consideration Liability		
- Sportopia Group Pty Ltd	33,936	—
- Classic Bet Pty Ltd	938,866	—
	972,802	—
Total Trade and Other Payables	**17,139,661**	**846,371**

Deferred Consideration Liability

Deferred consideration liabilities relate to the acquisition of businesses during the year. Various settlement adjustments have taken place as a consequence of the subsidiaries acquired during the 2018 financial year.

The total deferred payments due on these acquisitions was $7,779,888 at 30 June 2018.

17.Financial Liabilities

	Consolidated 2018 $	**Restated** 2017 $
Current		
Loans from Directors	1,080	4,679
Convertible Note (expires 30 November 2017)	—	50,000
Player Unresulted Bets	120,064	—
Other sundry liability	60	60
Loans - Unsecured		
- Loan DNS Assets Trust	—	260,889
	121,204	**315,628**
Non-Current		
Loans - Secured		
- Wizer Unit Trust	3,843,652	—
Loans - Unsecured		
- Wizer Unit Trust	—	3,096,044
Other Financial liability		
- PlayChip Foundation Limited	5,774,079	—
	9,617,731	**3,096,044**
Total Financial Liabilities	**9,738,935**	**3,411,672**

The group's loans from related parties-borrowings with Wizer Unit Trust was secured during the period. This is a cash flow funding loan which was facilitated from 1 August 2017 and is secured over tangible, general, intangible and financial property of Playup Limited. The interest rate is fixed 8% calculated daily and compounded monthly. The facility period will end on 30 June 2025 with repayments calculated on the balance outstanding at 31 July 2020, commencing repayment on

31 August 2020. The schedule of repayment will be decided on 1 August 2020. The lender has an option of converting any outstanding balance and accrued interest to shares in Playup Limited anytime on or before 30 June 2020 subject to approval by shareholders. On conversion the shares shall rank equally with all other shares and will be issued at fair market price at issue date in accordance with the constitution and compliant with the Corporations Act 2001.

The group held an amount on behalf of Playchip Foundation Limited for the purposes of reimbursing any expenses incurred by the group. The remaining outstanding balance is planned to be converted to ordinary shares in the group. On conversion the shares shall rank equally with all other shares and will be issued at fair market price at issue date in accordance with the constitution and compliant with the Corporations Act 2001.

18.Financial Assets and Financial Liabilities Fair Value Measurement

This note provides information about the group's financial instruments, including:

- an overview of all financial instruments held by the group
- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved

Recognised fair value measurement
This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements at 30 June 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Betback Account	11	—	—	117,339	117,339
Total Financial Assets		—	—	**117,339**	**117,339**
Financial Liabilities					
Player unresulted bets	17	—	—	120,064	120,064
Total Financial Liabilities		**—**	**—**	**120,064**	**120,064**

Recurring fair value measurements at 30 June 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Betback Account	11	—	—	28,616	28,616
Total Financial Assets		—	—	**28,616**	**28,616**

Disclosed Fair Values
There was no transfers between the levels during the year.

The carrying amounts of trade and other receivable and trade and other payables are assumed to approximate their fair values.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. There are no Level 1 instruments in the group for this reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. There are no Level 2 instruments in the group for this reporting period.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for Betback accounts and Players unresulted bets.

Valuation technique used to determine fair values
Pending bets have been valued based on the amount of Players unresulted bets and Betback Account at the financial year end. There is no reasonably probable change in assumptions that would result in a material change in fair value.

19.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 the finance executive ('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, evaluate and hedges financial risks within the group's operating units.

Market Risk

Foreign currency risk
The group is exposed to foreign currency risk from trading. Overseas suppliers represent a minor percentage of the total number of suppliers during the year. Foreign currency exposure approximates less than 1% of total expenditure. Movements in foreign exchange rates have an immaterial impact on the groups trading.

Interest rate risk

The group is not exposed to a significant interest rate risk as all borrowings are subject to fixed interest rate. The group also have term deposits held with Aa3 rated Australian financial institutions and the movement of interest rates have an immaterial impact on the groups trading. All cash is held in chequing account which do not earn interest.

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 statement. The group does not hold any collateral. Group does not offer any credit sales to its clients which mitigated any credit risks on the receivables. Material trade and other receivables held are the amounts due from Australian Government bodies.

The group maintains a policy of holding deposits with banks and financial institutions with a minimum independent rating of “A”.

Trade and other receivables loss allowances are established against individual receivable balances when there is objective evidence that such balances are likely to be uncollectable, either in full or part.

30 June 2018	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Gross carrying amount – trade & other receivables	692,248	—	—	2,500	694,748
Gross carrying amount – Financial assets	117,339	—	—	19,555	136,894
Loss allowance	—	—	—	—	—

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, cash flow funding facility through related party and raising capital to fund growth and by monitoring actual and forecast cash flows and matching profiles of financial assets and liabilities. The group has the following debt financing facilities available to draw from as at 30 June 2018.

	Consolidated 2018 $	Restated 2017 $
Total facility available	10,000,000	3,500,000
Amount drawn	3,843,652	3,096,044
Amount undrawn	6,156,348	403,956

There are no restrictions on drawing any undrawn amount up to the facility limit.

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 the carrying amount in the statement of financial position.

Consolidated 2018	1 year or less	Between 1 and 2 years	Over 2 years	Carrying Amount	Total Remaining contractual maturities
Non-derivatives					
Non-interest bearing					
Trade & other payables	16,166,859	972,802	—	17,139,661	17,139,661
Financial Liabilities	—	—	4,539,791	3,843,652	4,539,791*
Other Financial Liabilities	—	—	5,774,079	5,774,079	—
Total non-derivatives	**16,166,859**	**972,802**	**10,313,870**	**26,757,392**	**27,453,531**

* The group anticipates the outstanding financials liabilities of any secured and unsecured loan balance to be converted to equity as per note 17.

Consolidated 2017	1 year or less	Between 1 and 2 years	Over 2 years	Carrying Amount	Total Remaining contractual maturities
Non-derivatives					
Non-interest bearing					
Trade & other payables	846,371	—	—	846,371	846,371
Financial Liabilities	—	3,610,399	—	3,096,044	3,610,399
Other Financial Liabilities	—	—	—	—	—
Total non-derivatives	**846,371**	**3,610,399**	**—**	**3,942,415**	**4,456,770**
Derivatives					
Players un-resulted bets	—	—	—	—	—
Total derivatives	**—**	**—**	**—**	**—**	**—**

Wagering risk

The group faces wagering risk as part of it wagering business. This risk is controlled by setting limitations on the amount 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.

20. Provisions

	Consolidated 2018 $	Restated 2017 $
Current		
Provision for Annual Leave	317,365	75,577
Non-Current		
Provision for Long Service Leave	21,913	—
	339,278	**75,577**

Reconciliation

Reconciliations of the provision values at the beginning and end of the current and previous financial years are set out below:

Consolidated	Provision for Annual Leave	Provision for Long Service Leave	Total
	$	$	$
Balances at 1 July 2016	38,251	—	38,251
- Leave Paid	(59,308)	—	(59,308)
- Leave Accrued	96,634	—	96,634
Balance at 30 June 2017	75,577	—	75,577
- Leave Paid	(185,296)	(1,500)	(104,015)
- Leave Accrued	174,652	22,591	249,697
- Acquired in Business combination	252,432	822	118,019
Balance at 30 June 2018	**317,365**	**21,913**	**339,278**

21.Auditors Remuneration

The following fees were paid or payable to Finncorp Accountants Pty Ltd, Finncorp Auditors Pty Ltd & UHY Haines Norton during the financial year;

	Consolidated	Restated
	2018	2017
	$	$
Audit & review of financial reports		
- UHY Haines Norton	70,000	—
- Finncorp Auditors Pty Ltd	15,000	—
Other Services		
- Finncorp Pty Ltd	23,395	8,164
	108,395	**8,164**

22.Contributed Equity

Issued Capital	**No of Shares FY 2018**	**Amount Paid FY 2019**	**No of Shares FY 2017**	**Amount Paid FY 2017**
Ordinary Class Shares @ $1.00	1	1	1	1
Ordinary Class Shares @ $0.0001	319,175,233	31,918	319,175,233	31,918
Ordinary Class Shares @ $0.1030	22,107,786	2,277,102	22,107,786	2,277,102
Ordinary Class Shares @ $0.1060	71,869,060	7,618,120	7,735,850	820,000
Ordinary Class Shares @ $0.05	1,100,000	55,000	—	—
	414,252,080	**9,982,141**	**349,018,870**	**3,129,021**
Share Movements				
Shares on Issue at Beginning of the Reporting Period	349,018,870	3,129,021	393,952,923	7,704,021
Movement in Ordinary Class Shares @ $0.1030	—	—	(52,669,903)	(5,395,000)
Movement in Ordinary Class Shares @ $0.1060	64,133,210	6,798,120	7,735,850	820,000
Movement in Ordinary Class Shares @ $0.05	1,100,000	55,000	—	—
Shares on Issue at End of the Reporting Period	**414,252,080**	**9,982,141**	**349,018,870**	**3,129,021**

(a) Fully paid ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, or via a show of hands.

Capital risk management
The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that is 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 arrangement covenants.

23. Reserves

	Consolidated 2018 $	Restated 2017 $
Reorganisation Reserve	1,538,919	1,538,919
Share-based Payments	400,362	—
	1,939,281	**1,538,919**
Share-based Payments Reserve		
Options Granted during the year	400,362	—
	400,362	**—**

Reorganisation Reserve

The Group recognises business combinations outside the scope of AASB 3 'Business Combinations', including combinations of entities under common control using the predecessor value method. This method values acquired assets and liabilities of the acquiree at book value, with any difference between this value and the fair value of consideration paid taken to a reorganisation reserve. The group has elected to only present financial results of combined entities from the date the group took control of the entity.

Share-based Payments

The company has a share option scheme for key employees of the company. Options are exercisable at the strike price. The vesting period is 3 years. If the options remain unexercised after a period of 3 years from the date of grant, the options expire. Options are forfeited if the employee leaves the group before the options vest, unless Director discretion is exercised.

Details of the share options outstanding during the year are as follows:

				Life of Options	30/06/2018	
Tranche #	**Nº of Options**	**Tranche Valuation**	**Issue Date**	**Days**	**Days FY**	**Expense FY**
1	16,886,791	$889,833	1/12/2017	1,096	211	$171,309
2	4,245,283	$223,701	16/04/2018	1,096	1,096	$223,701
3	1,886,792	$99,423	2/05/2018	1,096	59	$5,352
4	1,886,792	$99,423	30/06/2018	1,096	—	$0
Total	**24,905,658**	**$1,312,380**				**$400,362**

These fair values for share options granted during the year were calculated using The Black-Scholes pricing model. The weighted average exercise price of options outstanding was $0.106. 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;

Tranche #	Share Price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
1	$0.106	$0.106	75.3%	0%	1.50%	$0.0527
2	$0.106	$0.106	75.3%	0%	1.50%	$0.0527
3	$0.106	$0.106	75.3%	0%	1.50%	$0.0527
4	$0.106	$0.106	75.3%	0%	1.50%	$0.0527

24. Retained Earnings

	Consolidated 2018 $	Restated 2017 $
Accumulated Losses at the Beginning of the Financial Year	(6,515,362)	(3,806,724)
Add		
Net loss attributable to members of the company	(9,593,125)	(2,708,638)
Income tax expense	(451,642)	—
Accumulated Loss at the End of the Financial Year	**(16,560,125)**	**(6,515,362)**

25. Dividends

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

Franking Credits
$1,100 franking credits are available at 30 June 2018 (FY 2017: $1,100)

26. Key Management personnel disclosures

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

	Consolidated 2018 $	Restated 2017 $
Salary	400,289	391,818
Superannuation	37,854	37,050
Share-based payments	42,676	—
	480,819	**428,868**

Key management persons consist of all C-Level executives in the company. In addition to the above, certain key personnel received payments for consultancy services directly or indirectly as

27. Related Party Disclosures

We refer to Note 10. Trade and Other Receivables and note the following;

- An unsecured loan exists to Fantasy Studio India Private Limited of $1,535 whom key management personnel, Prashant Arora owns 99%, the interest rate on this loan is NIL, this loan and due and payable by 30 June 2020
- An unsecured loan exists to Fantasy Sports USA Inc of $17,929 which is majority owned by Wizer Pty Ltd ATF Wizer Unit Trust whom Daniel Simic owns 50% of the units through Simic Management International Pty Ltd ATF Daniel Simic Family Trust and Richard Sapsford owns 50% of the units through Sapsford Financial Services Pty Ltd ATF Sapsford Investment Trust, the interest rate on this loan is NIL, this loan is due and payable by 30 June 2020.

We refer to Note 17. Financial Liabilities and note the following;

- Convertible Notes totalling $50,000 were converted to shares on 30 November 2017. These were issued to DNS Assets Trust whom Daniel Simic owns 50% of the units through Simic Management International Pty Ltd ATF Daniel Simic Family Trust.
- The unsecured loan from DNS Assets Trust of $260,889 was extinguished, partly through an equity conversion to the value of $200,000, whom Daniel Simic owns 50% of the units through Simic Management International Pty Ltd ATF Daniel Simic Family Trust.
- The unsecured loan from Wizer Unit Trust was transferred to a secured loan from Wizer Unit Trust of $3,843,652, whom Daniel Simic owns 50% of the units through Simic Management International Pty Ltd ATF Daniel Simic Family Trust and Richard Sapsford owns 50% of the units through Sapsford Financial Services Pty Ltd ATF Sapsford Investment Trust.
- An unsecured loan of $5,774,079 exists from PlayChip Foundation Limited. PlayChip Foundation Limited and PlayUp Limited have common Directors being Daniel Simic and Michael Costa. An agreement exists between PlayChip Foundation Limited and Fan Technology Pty Ltd for the loan to be reduced through reimbursement of expenditure incurred by Fan Technology Pty Ltd on PlayChip Foundation Limited's behalf. The interest rate on this loan is NIL.

We refer note 26. Key management personnel and note the following;

- Consultancy fees were paid to Corporate Compliance Pty Ltd (a company controlled by key management personnel, Prashant Arora) totalling $143,400 (net of GST) for the 2018 financial year. There was also a share-based payment made totalling $47,852 to Prashant Arora.
- Motor vehicle hire expenses were paid to Corporate Compliance Pty Ltd (a company controlled by key management personnel, Prashant Arora) totalling $26,911 (net of GST) for the 2018 financial year. These expenses related to motor vehicle expenses related to hire of the company cars for;
- Scott Simic and employee of Playup Ltd (also an associate of Daniel Simic, Director of Playup Limited).
- Michael Costa (CTO of Playup Limited)
- Salaries and superannuation payments were made to Scott Simic totalling to $110,597, he was employed as operations manager for daily fantasy sports business during the financial year.

- Salaries and superannuation payments were made to Nishant Arora totalling to $72,490, he was employed as a junior accountant by the Group during the financials year.

28. Parent entity information

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

	Consolidated 2018 $	Restated 2017 $
Statement of profit or loss and other comprehensive income		
Loss after income tax	(1,052,874)	(512)
Total comprehensive income	**(1,052,874)**	**(512)**
Statement of financial position		
Total current assets	11,954,775	5,271,760
Total assets	13,181,978	6,498,963
Total current liabilities	9,209	310,889
Total liabilities	3,843,652	3,370,454
Equity		
Issued Capital	9,982,141	3,129,021
Share based payment reserve	400,362	—
Accumulated Losses	(1,053,386)	(512)
Total equity	**9,329,117**	**3,128,509**

29. Commitments

	Consolidated 2018 $	Restated 2017 $
Commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:	(1,052,874)	(512)
Within one year	1,160,250	135,899
One to two years	880,005	—
Two to three years	221,085	—
	9,329,117	**3,128,509**

30. Investments in Subsidiaries

The ultimate parent entity within the Group is Playup Limited. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries who all operate in Australia;

	Ownership Interest	
Name	**2018**	**2017**
	%	%
Fantigma Pty Ltd	100.00	100.00
Playup Australia Pty Ltd	100.00	100.00
Fantasy Centre Pty Ltd	100.00	100.00
Fan Central Pty Ltd	100.00	100.00
Fan Technology Pty Ltd	100.00	100.00
One Sport Limited	100.00	—
Playup Digital Pty Ltd	100.00	100.00
Playup Interactive Pty Ltd	100.00	100.00
Sportopia Group Pty Ltd	100.00	—
Classic Bet (NSW) Pty Ltd	100.00	—
Best Bet (NSW) Pty Ltd	100.00	—
Betting.Club.com.au Pty Ltd	100.00	—
TopBetta Pty Ltd	100.00	—

Acquisition of subsidiaries

Sportopia Group Pty Ltd

Fanma Pty Limited purchased 100% of the shares Sportopia Group Pty Ltd for $2,714,643 on 23 January 2018. This included two wholly owned subsidiaries being Amateur Golf Challenge Pty Ltd and Tip2Win Pty Ltd. Purchasing the group through the use of its established software and applications, is expected to increase the revenue stream of the group via a weekly subscription based tipping and challenge competition service and has massive cross sell potential to convert its golf centric database into wagering clients of PlayUp.

Consideration		**2018**
		$
Total consideration to be transferred in cash		2,714,643
Deferred cash consideration;		
- Current liability	557,700	
- Non-current liability	33,936	
Total deferred consideration liability	**591,636**	

Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	70,959
Trade and other receivables	16,025
Property, plant and equipment	1,812
Intangible assets	430,294
Deferred tax liability	(117,652)
Trade and other payables	(352,969)
Total identifiable net assets acquired	**48,469**

Goodwill	**2018**
	$
Consideration transferred	2,714,643
Fair value of identifiable Net Assets	(48,469)
Total Goodwill	**2,666,174**

Revenue and profit contribution

The acquired business contributed revenues of $52,422 and net loss of ($136,754) to the group for the period from 23 January 2018 to 30 June 2018. If the acquisition had occurred on 1 July 2017, consolidated pro-forma revenue and loss for the year ended 30 June 2018 would have been $7,542 and ($483,300) respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2017.

Purchase Consideration – cash outflow

	2018
	$
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	2,714,643
Less: Balances acquired	(70,958)
Net outflow of cash - investing activities	**2,643,685**

Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	2,714,643
Less: Deferred consideration and working capital adjustments	(591,636)
Less: Cash acquired	(70,959)
Net outflow of cash - investing activities	**2,052,048**

Acquisition of trade and other receivables	
Gross receivables acquired	16,025
Fair value of trade and other receivables recognised on acquisition	**16,025**

Acquisition-related costs

Acquisition-related costs of $9,238 that were not directly attributable to the issue of shares are included in professional fees paid in profit or loss and in operating cash flows in the statement of cash flows.

Classic Bet (NSW) Pty Ltd and Best Bet Pty Ltd

Fanma Pty Limited purchased 100% of the shares of Classic Bet (NSW) Pty Ltd for $4,300,000 and Best Bet Pty Ltd for $1,600,000 for a total of $5,900,000 on 31 May 2018. Purchasing the group to increase the client database, whilst securing additional trademarks, domain names and websites.

The acquisition, through the use of its established software and applications, is expected to increase the revenue stream of the group in fixed odds sports betting (Sportsbook), fixed odds and totes derivative race betting (Racebook).

Consideration		**2018**
		$
Total consideration to be transferred in cash		5,900,000
Deferred cash consideration;		
- Current liability - Best Bet Pty Ltd	589,293	
- Current liability - Classic Bet (NSW) Pty Ltd	294,460	
- Non-current liability - Classic Bet (NSW) Pty Ltd	938,866	
Total deferred consideration liability	**1,822,619**	

Identifiable assets acquired and liabilities assumed	**Classic Bet**	**Best Bet**
Cash and cash equivalents	1,543,006	177,726
Trade and other receivables	442,342	—
Property, plant and equipment	3,991	—
Intangible assets	2,465,818	896,661
Deferred tax liability	(663,841)	(246,582)
Trade and other payables	(1,321,497)	(149,850)
Provisions	(51,848)	—
Total identifiable net assets/(deficit) acquired	**2,417,971**	**677,955**

Goodwill	**2018**
	$
Consideration transferred	5,900,000
Fair value of identifiable Net Assets - Classic Bet	(2,417,971)
Fair value of identifiable Net Assets - Best Bet	(677,955)
Total Goodwill	**2,804,074**

Revenue and profit contribution

The acquired business contributed revenues of $741,400 and net loss of ($216,804) to the group for the period from 7 June 2018 to 30 June 2018. If the acquisition had occurred on 1 July 2017, consolidated pro-forma revenue and loss for the year ended 30 June 2018 would have been $6,830,266 and ($472,092) respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2017.

Purchase Consideration – cash outflow

	2018 $
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	5,900,000
Less: Deferred consideration and working capital adjustments	(1,822,619)
Less: Cash acquired	(1,720,732)
Net outflow of cash - investing activities	**2,356,649**
Acquisition of trade and other receivables	
Gross receivables acquired	1,392,734
Less: impairment recognised on acquisition	(950,392)
Fair value of trade and other receivables recognised on acquisition	**442,342**

Acquisition-related costs

Acquisition-related costs of $17,675 that were not directly attributable to the issue of shares are included in professional fees paid in profit or loss and in operating cash flows in the statement of cash flows. Additionally, $3,570 was paid in the subsequent financial year.

Betting.club Pty Ltd

Fanma Pty Limited purchased 100% of the shares of Betting.club Pty Ltd on 31 May 2018 for $600,000. Purchasing the group to increase the client database, whilst securing additional trademarks, domain names and websites. The acquisition, through the use of its established software and applications, is expected to increase the revenue stream of the group in fixed odds sports betting (Sportsbook), fixed odds and totes derivative race betting (Racebook).

Consideration		**2018**
		$
Total consideration to be transferred in cash		600,000
Deferred cash consideration;		
- Current liability	100,000	
- Non-current liability	—	
Total deferred consideration liability	**100,000**	

Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,173,473
Trade and other receivables	12,333
Property, plant and equipment	46,563
Intangible assets	310,206
Deferred tax liability	(23,753)
Trade and other payables	(1,015,830)
Provisions	(193,833)
Total identifiable net assets/(deficit) acquired	**309,159**

Goodwill	**2018**
	$
Consideration transferred	600,000
Fair value of identifiable Net Assets	(309,159)
Total Goodwill	**290,841**

Revenue and profit contribution

The acquired business contributed revenues of $48,714 and net loss of ($171,480) to the group for the period from 1 June 2018 to 30 June 2018. If the acquisition had occurred on 1 July 2017, consolidated pro-forma revenue and loss for the year ended 30 June 2018 would have been $2,540,870 and ($5,597,108) respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2017.

Purchase Consideration – cash outflow

	2018 $
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	600,000
Less: Deferred consideration and working capital adjustments	(100,000)
Less: Cash acquired	(1,173,473)
Net outflow of cash - investing activities	**(673,473)**

Acquisition of trade and other receivables	
Gross receivables acquired	12,333
Fair value of trade and other receivables recognised on acquisition	**12,333**

Acquisition-related costs

Acquisition-related costs of $7,363 that were not directly attributable to the issue of shares are included in professional fees paid in profit or loss and in operating cash flows in the statement of cash flows.

Topbetta Pty Ltd

Fanma Pty Limited purchased 100% of the shares of Topbetta Pty Ltd on 30 June 2018 for $4,015,633. Purchasing the group to increase the client database, whilst securing additional trademarks, domain names and websites. The acquisition, through the use of its established software and applications, is expected to increase the revenue stream of the group in fixed odds sports betting (Sportsbook), fixed odds and totes derivative race betting (Racebook).

Consideration		**2018** $
Total consideration to be transferred in cash		4,015,633
Deferred cash consideration;		
- Current liability	4,015,633	
- Non-current liability	—	
Total deferred consideration liability	**4,015,633**	

Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	713,514
Trade and other receivables	100,000
Property, plant and equipment	1,961,445
Intangible assets	310,206
Deferred tax liability	(537,315)
Trade and other payables	(2,790,308)
Provisions	(7,573)
Total identifiable net assets/(deficit) acquired	**(560,237)**

Goodwill	**2018** $
Consideration transferred	4,015,633
Fair value of identifiable Net Assets	560,237
Total Goodwill	**4,575,870**

Revenue and profit contribution

The acquired business contributed revenues of $NIL and net profit/loss of $NIL to the group for the period from 30 June 2018 to 30 June 2018. If the acquisition had occurred on 1 July 2017, consolidated pro-forma revenue and loss for the year ended 30 June 2018 would have been $4,508,121 and ($7,660,926) respectively.

Purchase Consideration – cash outflow

	2018 $
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	4,015,633
Less: Deferred consideration and working capital adjustments	(4,015,633)
Less: Cash acquired	(713,514)
Net outflow of cash - investing activities	**(713,514)**

Acquisition of trade and other receivables	
Other financial assets acquired	100,000
Fair value of trade and other receivables recognised on acquisition	**100,000**

Acquisition-related costs

Acquisition-related costs of $8,007 that were not directly attributable to the issue of shares are paid in the subsequent year.

31. Re-statement Note

Statement of Profit or Loss and Other Comprehensive Income

	Reported 2017	Re-Classification	Correction	Restated 2017
Revenue	701,815	(638,185)	—	63,630
Other Income	582,347	(8,727)	—	573,620
Expenses:				
Sport data and live feed expenses	320,138	—	(63,994)	256,144
IT Expenses	130,655	—	(14,452)	116,203
Advertising and promotions	1,356,350	(646,912)	1	709,439
Employee benefits expense	1,540,992	—	(282,198)	1,258,794
Depreciation and amortisation	105,911	—	(6,098)	99,813
Rent	90,082	—	(43,419)	46,663
Other expenses	1,332,967	—	(491,535)	841,432
Finance costs	17,400	—	—	17,400
Loss before income tax	**(3,610,333)**	**—**	**901,695**	**(2,708,638)**
Income tax benefit/(expense)	1,253,803	—	(1,253,803)	—
Loss Attributable to Members of the Company	**(2,356,530)**	**—**	**(352,108)**	**(2,708,638)**
Other Comprehensive Income:				
Other comprehensive income for the year	—	—	—	—
Total Comprehensive Income	**(2,356,530)**	**—**	**(352,108)**	**(2,708,638)**

The group's management assessed the statement of profit and loss and Other comprehensive income for the year ended 30 June 2017 and reclassified and corrected some items. The material Re-classification included offsetting some promotional expenditure (prize distribution for daily fantasy sports clients) from revenue for appropriate presentation of income and expenditure. Some expenses such as sports data, employee benefits, rent and other expenses have been corrected and capitalised as intangible assets for the development activities. De-Recognition of deferred Tax Asset due to the group not meeting the recognition criteria of AASB 112.

Statement of Financial Position

	Reported 2017	Re-Classification	Correction	Restated 2017
Current Assets				
Cash and Cash Equivalents	240,801	—	—	240,801
Trade and Other Receivables	647,330	—	(13,900)	633,430
Other Financial Assets	28,616	—	48,000	76,616
Other Current Assets	30,000	—	(20,000)	10,000
Total Current Assets	**946,747**	**—**	**14,100**	**960,847**
Non-Current Assets				
Trade and Other Receivables	19,464	—	—	19,464
Other Financial Assets	7,281,124	—	(7,281,034)	90
Intangible Assets	1,003,579	—	504,728	1,508,307
Deferred Tax Assets	1,253,803	—	(1,253,803)	—
Total Non-Current Assets	**9,557,970**	—	**(8,030,109)**	**1,527,861**
Total Assets	**10,504,717**	**—**	**(8,016,009)**	**2,488,708**
Current Liabilities				
Trade and Other Payables	704,699	—	141,672	846,371
Current Tax Liabilities	2,510	—	—	2,510
Financial Liabilities	2,272,558	—	(1,956,930)	315,628
Short Term Provisions	75,577	—	—	75,577
Total Current Liabilities	**3,055,344**	**—**	**(1,815,258)**	**1,240,086**
Non-Current Liabilities				
Financial Liabilities	3,096,044	—	—	3,096,044
Deferred Tax Liabilities	—	—	—	—
Long Term Provisions	—	—	—	—
Total Non-Current Liabilities	**3,096,044**	—	—	**3,096,044**
Total Liabilities	**6,151,388**	**—**	**(1,815,258)**	**4,336,130**
Net Assets	**4,353,329**	**—**	**(6,200,751)**	**(1,847,422)**
Equity				
Issued Capital	8,554,021	—	(5,425,000)	3,129,021
Reserves	—	1,538,919	—	1,538,919
Accumulated Losses	(4,200,692)	(1,538,919)	(775,751)	(6,515,362)
Total Equity	**4,353,329**	**—**	**(6,200,751)**	**(1,847,422)**

The group's management assessed the statement of financial position for the year ended 30 June 2017 and Re-classified and corrected some items. The Correction of an unpaid investment in the share capital of a UK company recorded at par value.
Some development related cost which had been incorrectly expensed have now been capitalised.

A correction in Other Financials Assets (Non-Current) and Issued Capital was made, this transaction was in relation to the rescission of share transaction between Revo Pty Ltd and Playup. The transaction was agreed between the parties in June 2017, but previously recorded in the financials of June 2018.

32. Earnings per share

	Consolidated 2018 $	**Restated** 2017 $
Earnings per share for loss		
Loss after income tax attributable to the owners	(10,400,767)	(2,708,638)
Weighted average number of ordinary shares used in calculating basic earnings per share	396,334,210	394,974,552
Weighted average number of ordinary shares used in calculating Diluted earnings per share	406,352,871	394,974,552
Basic earnings per share	(0.0253)	(0.0069)
Diluted earnings per share	(0.0247)	(0.0069)

Accounting policy for earning per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit (loss) attributable to the owners, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per shares
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.

33. Contingent Liability

The group has given three bank guarantees of $200,000 each to the Northern Territory Government as security for its wagering licences held. Playup has made adjustment of $87,234 reducing the deferred payment liability on the purchase of ClassicBet Pty Ltd for its liability incurred before the date of completion (NIL 2017).

34. Contingent Liability

Various settlement adjustments will take place in the 2019 financial year in line with the settlement statements as a consequence of the subsidiaries acquired during the 2018 financial year (refer Note 29).
The total deferred payments due on these acquisitions was $7,779,888 at 30 June 2018 (refer Note 16).

No 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, except those noted below.

1. Ryan Kay v Fanma Pty Ltd - Supreme Court of NSW Proceedings 2018/277171
2. Fanma Pty Ltd v Ryan Kay – Supreme Court of NSW Proceedings 2018/290218
3. KRM (VIC) Pty Ltd v A.C.N 167 422 406 Pty Ltd (formerly Winky Bet Pty Ltd, formerly Classic Bet (NSW) Pty Ltd), A.C.N 607 108 645 Pty Ltd (formerly Best Bet (NSW) Pty Ltd) and Ryan Kay – Supreme Court of NSW Proceedings 2018/314837
4. Fanma Pty Ltd v Ryan Kay and Alex Kay - Supreme Court of NSW Proceedings 2018/319830

Additional information regarding these matters is contained in the Directors Report.

The outbreak of the coronavirus (COVID-19) pandemic in January 2020 and its subsequent spread to Australia has led to a severe contraction in economic activity, the cancellation of sporting events and a generally depressed business environment. The group does not have sufficient information to quantify the extent of this impact as of the date of this financial report.

35. Statutory Information

The registered office and principal place of business of the company is:
Playup Limited
48-56 Epsom Road, Zetland NSW 2017

The directors of the company declare that:

1. The financial statements and notes for the year ended 30 June 2018 are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standards, which, as stated in basis of preparation note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the company.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the directors:

Daniel Simic
Director

Michael Costa
Director

Richard Sapsford
Director

Dated 3rd day of April 2020.

UHY Haines Norton
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of PlayUp Limited

Opinion

We have audited the financial report of PlayUp Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's consolidated financial position as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Auditor's Responsibilities for the Audit of the Financial Report

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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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- 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 Group'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 Group to cease to continue as a going concern.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group 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.

M Nicholaeff

UHY Haines Norton

M. D. Nicholaeff
Partner

UHY Haines Norton
Chartered Accountants

Sydney
3 April 2020