Pointsbet Australia Pty Limited

ABN 91 606 814 920

Financial Report - 30 June 2017

Pointsbet Australia Pty Limited
Directors' report
30 June 2017

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2017.

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

Sam Swanell
Anthony Peter Symons
Nicholas James Fahey
Peter Damien McCluskey (appointed 27 November 2017)
Andrew Richard Fahey (resigned 30 June 2017)

Principal activities
During the financial year the principal continuing activities of the company consisted of online bookmaking services for sports betting.

Dividends
No dividends were paid during the financial year (2016: $0).

Review of operations
The loss for the company after providing for income tax amounted to $1,792,609 (30 June 2016: $181,519).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
As part of a corporate restructure, the ownership of Pointsbet Australia Pty Ltd was transferred to a newly formed entity, Pointsbet Holdings Pty Ltd on 28 September 2017.

There are no other matters or circumstances which have arisen since 30 June 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

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

Shares under option
There were no unissued ordinary shares of the company under option at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

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

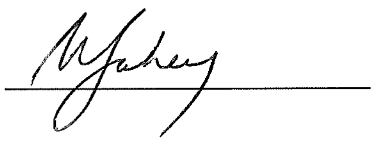
During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of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

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

Auditor's Independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 of the financial report.

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

On behalf of the directors



Director

17 April 2019

General information

The financial statements cover Pointsbet Australia Pty Limited. The financial statements are presented in Australian dollars, which is Pointsbet Australia Pty Limited 's functional and presentation currency.

Pointsbet Australia Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office
155 Cremorne Street
Cremorne VIC 3121

Principal place of business
155 Cremorne Street
Cremorne VIC 3121

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 April 2019. The directors have the power to amend and reissue the financial statements.

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Pointsbet Australia Pty Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

P T SEXTON
Partner

Dated: 17 April 2019
Melbourne, VIC

Pointsbet Australia Pty Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue	4	373,049	-
Cost of sales		(458,625)	(50,000)
Gross profit		85,576	50,000
Other income	4	121,637	-
Depreciation and amortisation	5	(13,381)	(418)
Employee benefits expenses	5	(980,450)	(1,668)
Administration expenses		(69,243)	(67,197)
Consulting fees		(2,000)	(20,867)
Marketing expenses		(551,795)	(12,103)
Information technology costs		(90,736)	-
Fees and permits		(15,452)	(18,242)
Occupancy expenses		(72,049)	(3,294)
Finance costs		-	(60)
Travel and accomodation expenses		(11,580)	(5,572)
Other expenses		(21,984)	(2,098)
Loss before income tax expense		**(1,792,609)**	**(181,519)**
Income tax expense	7	-	-
Loss for the period		**(1,792,609)**	**(181,519)**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**(1,792,609)**	**(181,519)**
		Cents	**Cents**
Basic earnings per share	25	(1,370)	(248)
Diluted earnings per share	25	(1,370)	(248)

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

Pointsbet Australia Pty Limited
Statement of financial position
As at 30 June 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	8	1,430,047	59,949
Trade and other receivables	9	148,264	-
Other assets	10	344,589	260,968
Total current assets		**1,922,900**	**320,917**
Non-current assets			
Financial assets	11	400,000	-
Plant and equipment	12	82,297	4,678
Intangibles	13	-	15,000
Total non-current assets		**482,297**	**19,678**
Total assets		**2,405,197**	**340,595**
Liabilities			
Current liabilities			
Trade and other payables	14	294,922	23,310
Other liabilities	15	978,690	60,029
Provisions	16	62,265	-
Total current liabilities		**1,335,877**	**83,339**
Total non-current liabilities		**-**	**-**
Total liabilities		**1,335,877**	**83,339**
Net assets		**1,069,320**	**257,256**
Equity			
Share capital	17	3,038,915	438,775
Reserves		4,533	-
Retained earnings/(losses)		(1,974,128)	(181,519)
Total equity		**1,069,320**	**257,256**

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

Pointsbet Australia Pty Limited
Statement of changes in equity
For the year ended 30 June 2017

	Share capital	Reserves	Retained earnings/ (losses)	Total equity
	$	$	$	$
Balance at 1 July 2015	-	-	-	-
Shares issued	438,775	-	-	438,775
Loss for the period	-	-	(181,519)	(181,519)
Share options issued	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Balance at 30 June 2016	**438,775**	-	**(181,519)**	**257,256**
Shares issued	2,600,139	-	-	2,600,139
Loss for the period	-	-	(1,792,609)	(1,792,609)
Share options issued	-	4,533	-	4,533
Other comprehensive income for the year	-	-	-	-
Balance at 30 June 2017	**3,038,914**	**4,533**	**(1,974,128)**	**1,069,319**

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

Pointsbet Australia Pty Limited
Statement of cash flows
For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,203,475	-
Payments to suppliers and employees (inclusive of GST)		(1,907,905)	(156,481)
Interest received		10,417	-
Finance cost		-	(60)
Net cash from operating activities	24	(694,013)	(156,541)
Cash flows from investing activities			
Payments for plant and equipment		(91,000)	-
Disposal of intangible assets		15,000	-
Investment in term deposits		(400,000)	-
Net cash used in investing activities		(476,000)	-
Cash flows from financing activities			
Proceeds from equity issue		2,540,111	199,979
Net cash used in financing activities		2,540,111	199,979
Net increase/(decrease) in cash and cash equivalents		1,370,098	43,438
Cash and cash equivalents at the beginning of the financial year		59,949	16,511
Cash and cash equivalents at the end of the financial year	8	**1,430,047**	**59,949**

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Basis of preparation

The financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB). These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The company reports the gains and losses on all betting activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments. Revenue includes free bets, promotions and bonuses. Pending bet positions are accounted for as derivative financial instruments and are carried at fair value. Gains and losses arising on the positions are recognised in revenue.

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

Note 1. Significant accounting policies (continued)

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

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

Current and non-current classification

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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

Note 1. Significant accounting policies (continued)

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

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

Computer equipment	2.5- 6 years
Office equipment	2-10 years

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

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

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

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

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

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

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

Intangible assets
Betting platform development
Significant costs associated with the betting platform development are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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

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

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

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

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

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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

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

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

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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

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

Note 1. Significant accounting policies (continued)

Employee benefits (continued)

Share-based payments (continued)
The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Binomial option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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

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

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

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

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

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

The company had no assets or liabilities measured at fair value.

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

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 1. Significant accounting policies (continued)

Earnings Per Share
The Group presents basic and, when applicable, diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic earnings for the impact of the after-tax effect of costs associated with dilutive ordinary shares and the weighted average number of additional ordinary shares that would be outstanding assuming the conversion of all dilutive potential ordinary shares. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective. Other than changes to disclosure formats, it is not expected that the initial application of these new standards in the future will have any material impact on the financial report, except for AASB 16. This standard requires operating leases which are currently held off balance sheet to be brought onto the balance sheet. Future expected lease payments will be capitalized and brought onto the balance sheet as an asset (right of use) with an offsetting liability, and both will be amortized together with interest costs over the expected remaining period of the leases. The expected value of assets and liabilities at 30 June 2017 is $320,290 and the company has not brought such assets or liabilities to account.

Reference	Title	Summary	Application date (financial years beginning)
AASB 15	*Revenue from Contracts with Customers*	It contains a single model for contracts with customers based on a five-step analysis of transactions for revenue recognition, and two approach, a single time or over time, for revenue recognition. Revenue earned from the company's bookmaking activities is accounted for in accordance with AASB 9 Financial Instruments; consequently AASB 15 will not apply to those activities.	1 January 2018
AASB 9	*Financial Instruments*	This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a "fair value through other comprehensive income" category for debt instruments, contains requirements for impairment of financial assets, etc.	1 January 2018
AASB 16	Leases	AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts, effectively resulting in the recognition of almost all leases on the statement of financial position.	1 January 2019

Note 2. Critical accounting judgements, estimates and assumptions

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

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Operating segments

The company operates one operating segment in one geographical area, being Australia.

Note 4. Revenue and other income	**2017**	**2016**
	$	**$**
Revenue		
Revenue received from customers	989,793	-
Less client promotion expenses	(616,744)	-
Total revenue	**373,049**	**-**
Other income		
Fair value gain on assets	111,220	-
Interest received	10,417	-
Total other income	**121,637**	**-**

Note 5. Expenses

	2017 $	2016 $
Profit before income tax includes the following specific expenses:		
Employee benefits expenses		
Salaries	763,119	-
Superannuation	72,137	-
Fringe benefits tax	5,432	-
Payroll tax	43,715	-
Share option expense	4,533	-
Other employee expenses	91,514	1,668
Total employee benefits expenses	**980,450**	**1,668**
Depreciation and amortisation		
Depreciation	13,381	418
Total depreciation and amoritsation	**13,381**	**418**

Note 6. Remuneration of auditors

	2017 $	2016 $
During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:		
Audit services	20,000	-
Other services	-	-
	20,000	**-**

Note 7. Income tax expense

	2017 $	2016 $
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense	**-**	**-**
The prima facie tax on profit or loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax receivable on profit from ordinary activities before income tax at 27.5%	(492,967)	(49,918)
Less:		
Tax effect of:		
- unrecognised deferred tax assets	463,563	53,524
- non assessable items	29,404	(3,607)
Income tax expense	**-**	**-**
The applicable weighted average effective tax rates are as follows:	0%	0%
The value of deferred tax assets which have not been recognised in the statement of financial position	517,087	53,524

Note 8. Cash and cash equivalents

	2017	2016
	$	$
Current		
Cash at bank	739,892	59,949
Player cash accounts	690,155	-
Total cash and cash equivalents	**1,430,047**	**59,949**

Note 9. Trade and other receivables

	2017	2016
	$	$
Current		
Trade receivables	232,860	-
Less provision for doubtful debts	(84,596)	-
Total trade and other receivables	**148,264**	**-**

Impairment of trade receivables
The company has recognised a loss of $0 (2016: $nil) in profit or loss in respect of impairment of trade receivables for the year ended 30 June 2017.

The ageing of the impaired trade receivables provided for above are as follows:

0 to 3 months overdue	(84,596)	-
	(84,596)	-

Movements in the provision for impairment of trade receivables are as follows:

Opening balance	-	-
Additional provisions recognised	(84,596)	-
Closing balance	(84,596)	-

Past due but not impaired
Customers with balances past due but without provision for impairment of trade receivables amount to $nil as at 30 June 2017 ($nil as at 30 June 2016).

The company did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired trade receivables are as follows:

0 to 3 months overdue	-	-
3 to 6 months overdue	-	-
Over 6 months overdue	-	-
	-	-

Note 10. Other assets

	2017	2016
	$	$
Current		
Rental bond	29,544	-
Prepayments	315,045	260,968
Total other assets	**344,589**	**260,968**

Note 11. Financial assets

	2017	2016
	$	$
Non-current		
Term deposits	400,000	-
Total financial assets	**400,000**	**-**

Note 12. Plant and equipment

	2017	2016
	$	$
Non-current		
Computer equipment - at cost	73,011	5,096
Less accumulated depreciation	(12,477)	(418)
	60,534	4,678
Office equipment - at cost	23,085	-
Less accumulated depreciation	(1,322)	-
	21,763	-
Total plant and equipment	**82,297**	**4,678**

Reconciliations

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

	Computer equipment	Office equipment	Total
	$	$	$
Balance at 1 July 2015	**5,096**	**-**	**5,096**
Addition	-	-	-
Disposal	-	-	-
Depreciation expense	(418)	-	(418)
Balance at 30 June 2016	**4,678**	**-**	**4,678**
Addition	67,915	23,085	91,000
Disposal	-	-	-
Depreciation expense	(12,059)	(1,322)	(13,381)
Balance at 30 June 2017	**60,534**	**21,763**	**82,297**

Note 13. Intangibles

	2017 $	2016 $
Non-current		
Betting platform development	-	15,000
Less accumulated amortisation	-	-
	-	15,000
Total intangibles	**-**	**15,000**

Reconciliations

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

	Betting platform development $	Total $
Balance at 1 July 2015	-	-
Addition	**15,000**	**15,000**
Disposal	-	-
Amortisation expense	-	-
Balance at 30 June 2016	**15,000**	**15000**
Addition	-	-
Disposal	(15,000)	(15,000)
Amortisation expense	-	-
Balance at 30 June 2017	-	-

Note 14. Trade and other payables

	2017 $	2016 $
Current		
Trade payables	225,322	20,924
Accruals and other payables	69,600	2,386
Total trade and other payables	**294,922**	**23,310**

Note 15. Other liabilities

	2017 $	2016 $
Current		
Funds held in trust	-	60,029
Player cash accounts	690,155	-
Player bonus wallet payable	288,535	-
Total other liabilities	**978,690**	**60,029**

Pointsbet Australia Pty Limited
Notes to the financial statements
30 June 2017

Note 16. Provisions

	2017 $	2016 $
Current		
Annual leave	62,265	-
Total provisions	**62,265**	**-**

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 17. Contributed equity

	2017 $	2016 $
Contributed equity	**3,038,915**	**438,775**

Movements in ordinary share capital	Shares Price	Number	$
Balance at 1 July 2015		-	-
Capital raising	1.00	5,000	5,000
Capital raising	1.00	45,000	45,000
Capital raising	1.00	15,000	15,000
Capital raising	8.33	15,000	124,950
Capital raising	21.77	11,430	248,825
Balance at 30 June 2016		91,430	438,775
Capital raising	31.45	27,834	875,240
Capital raising	31.45	9,856	309,922
Capital raising	31.45	10,812	339,983
Capital raising	64.32	13,767	885,452
Capital raising	64.32	2,947	189,542
Balance at 30 June 2017		156,646	3,038,915

Ordinary shares

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

Note 18. Financial instruments

Financial risk management objectives
The company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

Risk management is carried out by management under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Management identifies, evaluates and hedges financial risks within the company and reports to the Board on a regular basis.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk
Vigilant liquidity risk management requires the company 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.

Remaining contractual maturities
The following tables detail the company'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.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Over 2 years	Remaining contractual maturities
	%	$	$	$	$
2017					
Trade and other payables	0.0%	294,922	-	-	294,922
Other liabilities	0.0%	978,690	-	-	978,690
Total		1,273,612	-	-	1,273,612
2016					
Trade and other payables	0.0%	23,310	-	-	23,310
Other liabilities	0.0%	60,029	-	-	60,029
Total		83,339	-	-	83,339

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

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 19. Key management personnel disclosures

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

	2017 $	2016 $
Short-term employee benefits	480,000	-
Post-employment benefits	45,600	-
Long-tem benefits	-	-
Share based payments	-	-
	525,600	**-**

Note 20. Related party transactions

	2017 $	2016 $

Key management personnel
Disclosures relating to key management personnel are set out in Note 19.

Transactions with related parties
The following transactions occurred with related parties:

	2017 $	2016 $
Payment for services from shareholder	120,000	-

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

Note 21. Contingent assets and contingent liabilities

The company had no contingent assets and contingent liabilities as at 30 June 2017 (2016: $0).

Note 22. Commitments

Lease commitments - operating
Committed at the reporting date but not recognised as liabilities, payable:

	2017 $	2016 $
Within one year	121,588	-
One to five years	198,702	-
Total commitment	**320,290**	**-**

Operating lease commitments includes contracted amounts for offices under non-cancellable operating leases expiring within one to five years with options to extend. On renewal, the terms of the leases are renegotiated.

Note 23. Events after the reporting period

As part of a corporate restructure, the ownership of Pointsbet Australia Pty Ltd was transferred to a newly formed entity, Pointsbet Holdings Pty Ltd on 28 September 2017.

There are no other matters or circumstances which have arisen since 30 June 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 24. Reconciliation of profit after income tax to net cash from operating activities

	2017 $	2016 $
Profit after income tax expense for the year	(1,792,609)	(181,519)
Adjustments for:		
Depreciation and amortisation	13,381	418
Share options expense	4,533	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(148,264)	-
(Increase)/decrease in other assets	(83,621)	1,250
Increase/(decrease) in trade and other payables	271,612	23,310
Increase/(decrease) in other liabilities	978,690	-
Increase/(decrease) in provisions	62,265	-
Net cash from operating activities	**(694,013)**	**(156,541)**

Note 25. Earnings per share

	2017 No.	2016 No.
Weighted average number of ordinary shares used in calculating basic earnings per share	130,847	73,093
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	781	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**131,628**	**73,093**

	Cents	Cents
Basic earnings per share	(1,370)	(248)
Diluted earnings per share	(1,370)	(248)

Note 26. Share based payments

A share option plan has been established by the company and approved by the directors. Set out below are summaries of options granted under the plan:

2017

Grant Date	Expiry Date	Exercise Price $	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at year end
20/02/2017	20/02/2020	31.445	-	1,460	-	-	1,460
27/02/2017	27/02/2020	31.445	-	160	-	-	160
6/03/2017	6/03/2020	31.445	-	200	-	-	200
16/03/2017	16/03/2020	31.445	-	880	-	-	880
1/05/2017	1/05/2020	64.317	-	58	-	-	58
16/06/2017	16/06/2020	64.317	-	388	-	-	388
			-	3,146	-	-	3,146
Weighted average exercise price			-	36.11	-	-	36.11

2016

Grant Date	Expiry Date	Exercise Price $	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at year end
			-	-	-	-	-
			-	-	-	-	-
Weighted average exercise price			-	-	-	-	-

The weighted average share price during the financial year was $37.12 (2016: $3.23)

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.62 years.

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

Grant date	Expiry date	Share price at grant date $	Exercise price $	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date $
20/02/2017	20/02/2020	31.445	31.445	100%	0%	1.95%	19.119
27/02/2017	27/02/2020	31.445	31.445	100%	0%	1.95%	19.119
6/03/2017	6/03/2020	31.445	31.445	100%	0%	1.95%	19.119
16/03/2017	16/03/2020	31.445	31.445	100%	0%	1.95%	19.119
1/05/2017	1/05/2020	64.317	64.317	100%	0%	1.95%	39.088
16/06/2017	16/06/2020	64.317	64.317	100%	0%	1.95%	39.088

Pointsbet Australia Pty Limited
Directors' declaration
30 June 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director

17 April 2019

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INDEPENDENT AUDITOR'S REPORT
To the Members of Pointsbet Australia Pty Limited

Opinion

We have audited the financial report of Pointsbet Australia Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and 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 Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; 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 Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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 Company 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 Company or to cease operations, or have 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS

P T SEXTON
Partner

Dated: 18 April 2019
Melbourne, VIC