

## 1. Company details

|                   |  |
|-------------------|--|
| Name of entity:   | TopBeta Holdings Limited                 |
| ABN:              | 21 164 521 395                           |
| Reporting period: | For the half-year ended 31 December 2017 |
| Previous period:  | For the half-year ended 31 December 2016 |

## 2. Results for announcement to the market

|  |    |           | \$          |
|--|----|-----------|-------------|
| Revenues from ordinary activities  | up | 350.0% to | 10,118,871  |
| Loss from ordinary activities after tax attributable to the owners of TopBeta Holdings Limited | up | 14.0% to  | (5,076,828) |
| Loss for the half-year attributable to the owners of TopBeta Holdings Limited                  | up | 14.0% to  | (5,076,828) |

### Dividends

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

### Comments

The loss for the Group after providing for income tax amounted to \$5,076,828 (31 December 2016: \$4,455,081).

Further information on the 'Review of operations' is detailed in the Directors' report which is part of the Interim Report.

## 3. Net tangible assets

|   | Reporting<br>period<br>Cents | Previous<br>period<br>Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | <u>4.60</u>                  | <u>5.53</u>                 |

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## 6. Details of associates and joint venture entities

| Name of associate / joint venture   | Reporting entity's percentage holding |                   | Contribution to profit/(loss) (where material) |                    |
|---|---------------------------------------|-------------------|--|--------------------|
|   | Reporting period %                    | Previous period % | Reporting period \$                            | Previous period \$ |
| Modern Wagering Systems Pty. Ltd.   | -                                     | 12.50%            | -  | (19,293)           |
| <i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i> |                                       |                   |  |                    |
| Profit/(loss) from ordinary activities before income tax  |                                       |                   | -  | (19,293)           |
| Income tax on operating activities  |                                       |                   | -  | -                  |

The investment of associates was divested during the year ended 30 June 2017. Refer to the Annual Report for further details.

## 7. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

## 8. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report, which includes an emphasis of matter relating to going concern and the recoverability of intangibles and deferred tax assets, is attached as part of the Interim Report.

## 9. Attachments

*Details of attachments (if any):*

The Interim Report of TopBeta Holdings Limited for the half-year ended 31 December 2017 is attached.

## 10. Signed

Signed   
Todd Buckingham  
Director  
Newcastle

Date: 20 February 2018

# **TopBetta Holdings Limited**

**ABN 21 164 521 395**

**Interim Report - 31 December 2017**

|  |    |
|--|----|
| Directors' report  | 2  |
| Auditor's independence declaration   | 4  |
| Statement of profit or loss and other comprehensive income                     | 5  |
| Statement of financial position  | 6  |
| Statement of changes in equity   | 7  |
| Statement of cash flows  | 8  |
| Notes to the financial statements  | 9  |
| Directors' declaration   | 17 |
| Independent auditor's review report to the members of TopBeta Holdings Limited | 18 |

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of TopBetta Holdings Limited (referred to hereafter as the 'company', 'TopBetta' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

### **Directors**

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

Nicholas Chan - Chairman  
Todd Buckingham  
Matthew Cain  
Simon Dulhunty

### **Principal activities**

The group's principal activities during the financial half-year were digital fantasy wagering, wagering, content services and wholesale wagering which was started by the group in the current half-year.

### **Review of operations**

The loss for the Group after providing for income tax amounted to \$5,076,828 (31 December 2016: \$4,455,081).

The Group has recorded significant Turnover growth during the half-year on the back of the launch of The Global Tote wholesale division to \$137.53 million (December 2016 half-year \$26.84 million).

The Group operates online platforms offering wagering products.

During the half-year to 31 December 2017, the Company raised \$8,693,121 net of raising costs by way of a placement, to fund acceleration of the roll out of The Global Tote thereby: expanding race meeting products; on-boarding of local and international bookmakers; and establishing distribution of The Global Tote product into the UK and US markets.

On 9 October 2017, the Company announced it had secured the acquisition of the code base from Modern Wagering Systems (MWS) for a purchase price of \$500,000. The Company had previously secured an irrevocable, perpetual, royalty-free licence to use MWS's wagering technologies for the Global Tote. The purchase gives the Company control to increase the speed of future product development while retaining the intellectual property rights to all future development.

#### *Retail Division*

The TopBetta retail division grew strongly during the period, recording 14,223 unique active clients during the December 2017 quarter (December 2016 quarter: 8,730). This growth was achieved on the back of significant marketing and promotional expenditure during the peak Spring Carnival racing period which totalled \$2.58 million.

#### *Wholesale Division*

In December 2017, the Group announced that the Global Tote had entered into agreements to provide its services in relation to racing events with Australian online bookmaker Neds, UK's UK Totepool and US based Watch & Wager.

### **Significant changes in the state of affairs**

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

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

There were no other significant changes in the state of affairs of the Group during the financial half-year.

### **Auditor's independence declaration**

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'N Chan', written over a horizontal line.

Nicholas Chan  
Chairman

A handwritten signature in black ink, appearing to be 'T Buckingham', written over a horizontal line.

Todd Buckingham  
Director

20 February 2018  
Newcastle

## TOPBETTA HOLDINGS LIMITED

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

I am pleased to provide the following declaration of independence to the directors of TopBeta Holdings Limited.

As lead audit partner for the review of the financial statements of TopBeta Holdings Limited for the half-year ended 31 December 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.



PKF



MARTIN MATTHEWS  
PARTNER

20 FEBRUARY 2018  
NEWCASTLE, NSW

**TopBetta Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2017**



|  |             | <b>Consolidated</b>       |                           |
|--|-------------|---------------------------|---------------------------|
|  | <b>Note</b> | <b>31/12/2017</b>         | <b>31/12/2016</b>         |
|  |             | <b>\$</b>                 | <b>\$</b>                 |
| Revenue  | 3           | 10,118,871                | 2,248,852                 |
| Cost of sales  |             | <u>(8,416,504)</u>        | <u>(886,905)</u>          |
| Gross profit   |             | <u>1,702,367</u>          | <u>1,361,947</u>          |
| Other income   | 4           | 1,532,203                 | 650,216                   |
| <b>Expenses</b>  |             |                           |                           |
| Employee benefits expense  |             | (2,333,239)               | (1,973,800)               |
| Professional fees  |             | (567,944)                 | (877,833)                 |
| Marketing expenses   |             | (3,829,168)               | (1,525,391)               |
| Administration expenses  |             | (743,065)                 | (378,613)                 |
| IT expenses  |             | (829,472)                 | (363,701)                 |
| Occupancy expenses   |             | (81,791)                  | (87,183)                  |
| Depreciation and amortisation expense  |             | (190,831)                 | (43,316)                  |
| Impairment of goodwill   | 9           | (1,081,660)               | (1,802,453)               |
| Share of losses of associates accounted for using the equity method  |             | -                         | (19,293)                  |
| Non-recurring expenses   | 5           | (56,478)                  | (29,000)                  |
| Other expenses   |             | (159,143)                 | (78,899)                  |
| Finance costs  |             | <u>(114,150)</u>          | <u>(83,402)</u>           |
| <b>Loss before income tax benefit</b>  |             | <b>(6,752,371)</b>        | <b>(5,250,721)</b>        |
| Income tax benefit   |             | <u>1,675,543</u>          | <u>795,640</u>            |
| <b>Loss after income tax benefit for the half-year attributable to the owners of TopBetta Holdings Limited</b> |             | <b>(5,076,828)</b>        | <b>(4,455,081)</b>        |
| Other comprehensive income for the half-year, net of tax   |             | <u>-</u>                  | <u>-</u>                  |
| <b>Total comprehensive income for the half-year attributable to the owners of TopBetta Holdings Limited</b>    |             | <b><u>(5,076,828)</u></b> | <b><u>(4,455,081)</u></b> |
|  |             | <b>Cents</b>              | <b>Cents</b>              |
| Basic earnings per share   | 17          | (3.22)                    | (4.08)                    |
| Diluted earnings per share   | 17          | (3.22)                    | (4.08)                    |

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



**TopBeta Holdings Limited**  
**Statement of financial position**  
**As at 31 December 2017**



|                                      |             | <b>Consolidated</b> |                     |
|--------------------------------------|-------------|---------------------|---------------------|
|                                      | <b>Note</b> | <b>31/12/2017</b>   | <b>30/06/2017</b>   |
|                                      |             | \$                  | \$                  |
| <b>Assets</b>                        |             |                     |                     |
| <b>Current assets</b>                |             |                     |                     |
| Cash and cash equivalents            | 6           | 4,716,872           | 3,267,188           |
| Trade and other receivables          | 7           | 2,437,671           | 1,885,769           |
| Prepayments                          |             | 300,416             | 148,591             |
| <b>Total current assets</b>          |             | <u>7,454,959</u>    | <u>5,301,548</u>    |
| <b>Non-current assets</b>            |             |                     |                     |
| Property, plant and equipment        | 8           | 385,406             | 425,920             |
| Intangibles                          | 9           | 5,117,257           | 5,800,073           |
| Deferred tax                         |             | 5,421,851           | 3,602,051           |
| <b>Total non-current assets</b>      |             | <u>10,924,514</u>   | <u>9,828,044</u>    |
| <b>Total assets</b>                  |             | <u>18,379,473</u>   | <u>15,129,592</u>   |
| <b>Liabilities</b>                   |             |                     |                     |
| <b>Current liabilities</b>           |             |                     |                     |
| Trade and other payables             | 10          | 4,123,406           | 3,526,350           |
| Employee benefits                    |             | 345,070             | 288,416             |
| Earn-out provision                   | 11          | 1,133,820           | 2,215,480           |
| Deferred revenue                     |             | -                   | 200                 |
| <b>Total current liabilities</b>     |             | <u>5,602,296</u>    | <u>6,030,446</u>    |
| <b>Non-current liabilities</b>       |             |                     |                     |
| Employee benefits                    |             | 80,988              | 59,478              |
| <b>Total non-current liabilities</b> |             | <u>80,988</u>       | <u>59,478</u>       |
| <b>Total liabilities</b>             |             | <u>5,683,284</u>    | <u>6,089,924</u>    |
| <b>Net assets</b>                    |             | <u>12,696,189</u>   | <u>9,039,668</u>    |
| <b>Equity</b>                        |             |                     |                     |
| Issued capital                       | 12          | 31,484,365          | 22,791,244          |
| Reserves                             |             | 1,514,186           | 1,473,958           |
| Accumulated losses                   |             | <u>(20,302,362)</u> | <u>(15,225,534)</u> |
| <b>Total equity</b>                  |             | <u>12,696,189</u>   | <u>9,039,668</u>    |

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

**TopBeta Holdings Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2017**



| <b>Consolidated</b>  | <b>Issued<br/>capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Accumulated<br/>losses<br/>\$</b> | <b>Total equity<br/>\$</b> |
|--|----------------------------------|------------------------|--------------------------------------|----------------------------|
| Balance at 1 July 2016                                       | 14,696,667                       | 1,253,340              | (7,607,277)                          | 8,342,730                  |
| Loss after income tax benefit for the half-year              | -                                | -                      | (4,455,081)                          | (4,455,081)                |
| Other comprehensive income for the half-year, net of tax     | -                                | -                      | -                                    | -                          |
| Total comprehensive income for the half-year                 | -                                | -                      | (4,455,081)                          | (4,455,081)                |
| <i>Transactions with owners in their capacity as owners:</i> |                                  |                        |                                      |                            |
| Contributions of equity, net of transaction costs            | 5,342,205                        | -                      | -                                    | 5,342,205                  |
| Share-based payments   | -                                | 197,900                | -                                    | 197,900                    |
| Balance at 31 December 2016                                  | <u>20,038,872</u>                | <u>1,451,240</u>       | <u>(12,062,358)</u>                  | <u>9,427,754</u>           |
| <b>Consolidated</b>  | <b>Issued<br/>capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Accumulated<br/>losses<br/>\$</b> | <b>Total equity<br/>\$</b> |
| Balance at 1 July 2017                                       | 22,791,244                       | 1,473,958              | (15,225,534)                         | 9,039,668                  |
| Loss after income tax benefit for the half-year              | -                                | -                      | (5,076,828)                          | (5,076,828)                |
| Other comprehensive income for the half-year, net of tax     | -                                | -                      | -                                    | -                          |
| Total comprehensive income for the half-year                 | -                                | -                      | (5,076,828)                          | (5,076,828)                |
| <i>Transactions with owners in their capacity as owners:</i> |                                  |                        |                                      |                            |
| Contributions of equity, net of transaction costs (note 12)  | 8,693,121                        | -                      | -                                    | 8,693,121                  |
| Share-based payments   | -                                | 56,478                 | -                                    | 56,478                     |
| Share-based payments - exercise of options                   | -                                | (16,250)               | -                                    | (16,250)                   |
| Balance at 31 December 2017                                  | <u>31,484,365</u>                | <u>1,514,186</u>       | <u>(20,302,362)</u>                  | <u>12,696,189</u>          |

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

**TopBeta Holdings Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2017**



|   | <b>Consolidated</b>     |                         |
|---|-------------------------|-------------------------|
| <b>Note</b>   | <b>31/12/2017</b>       | <b>31/12/2016</b>       |
|   | <b>\$</b>               | <b>\$</b>               |
| <b>Cash flows from operating activities</b>                           |                         |                         |
| Receipts from customers - net   | 11,038,182              | 2,572,643               |
| Payments to suppliers and employees                                   | (17,597,055)            | (6,584,837)             |
| Interest received   | 48,038                  | 5,988                   |
| Interest and other finance costs paid                                 | (3,932)                 | (83,402)                |
| Research and development tax rebate received                          | 1,667                   | -                       |
|   | <u>(6,513,100)</u>      | <u>(4,089,608)</u>      |
| <b>Net cash used in operating activities</b>                          |                         |                         |
| <b>Cash flows from investing activities</b>                           |                         |                         |
| Payments for investments  | -                       | (50,000)                |
| Payments for property, plant and equipment                            | (49,161)                | (22,861)                |
| Payments for intangibles  | 9 (500,000)             | -                       |
|   | <u>(549,161)</u>        | <u>(72,861)</u>         |
| <b>Net cash used in investing activities</b>                          |                         |                         |
| <b>Cash flows from financing activities</b>                           |                         |                         |
| Proceeds from issue of shares   | 12 9,057,186            | 5,601,842               |
| Share issue transaction costs   | (545,241)               | (130,380)               |
|   | <u>8,511,945</u>        | <u>5,471,462</u>        |
| <b>Net cash from financing activities</b>                             |                         |                         |
| Net increase in cash and cash equivalents                             | 1,449,684               | 1,308,993               |
| Cash and cash equivalents at the beginning of the financial half-year | <u>3,267,188</u>        | <u>2,435,693</u>        |
| Cash and cash equivalents at the end of the financial half-year       | <u><u>4,716,872</u></u> | <u><u>3,744,686</u></u> |

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

### **Note 1. General information**

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

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

22 Lambton Road  
Broadmeadow, NSW 2292

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 February 2018.

### **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

#### **Going concern and recoverability of intangible assets and deferred tax assets**

During the period, the company incurred a net loss after tax of \$5,076,828 (Dec 2016: \$4,455,081) and net operating cash outflows of \$6,513,100 (Dec 2016: \$4,089,608). The half yearly report has been prepared on a going concern basis which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business. The company has prepared cash flow forecasts as at 31 December 2017 to determine the appropriateness of the going concern assumption and the recoverability of the Group's intangibles and deferred tax assets. The key assumptions underlying these forecasts are as follows:

- a) The Retail Division will continue to enhance its product offering that is expected to improve client retention metrics during the current half year
- b) The Global Tote generating cashflows from other wagering operators by May 2018

As detailed in the Subsequent Events note (note 17), there is uncertainty as to the timing of the Northern Territory Racing Commission ("NTRC") providing approval to Ladbrokes Australia and other Australian bookmakers licenced by the NTRC to use the Global Tote. An extended delay in approval would have a material negative impact on the anticipated trading results and cash flows that underline the use of the going concern assumption and the recoverability of the Group's intangibles and deferred tax assets. The Directors are confident that should there be an extended delay, the Group will be able to source alternative capital to ensure the going concern assumption is appropriate.

Based on the above and cash flow forecasts prepared, the directors are of the opinion that the Company is well positioned to meet its objectives and obligations going forward and therefore that the basis upon which the financial statements are prepared is appropriate in the circumstances.

The financial statements indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern. Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities should the consolidated entity not continue as a going concern.

## Note 2. Significant accounting policies (continued)

### Intellectual property

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

### Comparative figures

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

### New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018.

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

## Note 3. Operating segments

### Identification of reportable operating segments

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

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

### Types of products and services

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

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

### Major customers

There is one customer that represented 46% of the total segment revenue.

**Note 3. Operating segments (continued)**

*Operating segment information*

|                                       | Retail<br>wagering<br>and fantasy<br>wagering<br>\$ | Content<br>services<br>\$ | Wholesale<br>wagering<br>\$ | Other<br>segments<br>\$ | Total<br>\$        |
|---------------------------------------|---|---------------------------|-----------------------------|-------------------------|--------------------|
| <b>Consolidated - 31/12/2017</b>      |   |                           |                             |                         |                    |
| <b>Revenue</b>                        |   |                           |                             |                         |                    |
| Sales to external customers           | 2,936,550   | 29,706                    | 866,890                     | -                       | 3,833,146          |
| Intersegment sales                    | -   | -                         | 6,285,725                   | -                       | 6,285,725          |
| <b>Total revenue</b>                  | <b>2,936,550</b>                                    | <b>29,706</b>             | <b>7,152,615</b>            | <b>-</b>                | <b>10,118,871</b>  |
| <b>Segment results</b>                |   |                           |                             |                         |                    |
| Depreciation and amortisation         | (9,342,919)   | (14,603)                  | 4,597,891                   | (2,118,938)             | (6,878,569)        |
| Research and development tax rebate   |   |                           |                             |                         | (190,831)          |
| Interest revenue                      |   |                           |                             |                         | 402,504            |
| Finance costs                         |   |                           |                             |                         | 28,675             |
|                                       |   |                           |                             |                         | (114,150)          |
| <b>Loss before income tax benefit</b> |   |                           |                             |                         | <b>(6,752,371)</b> |
| Income tax benefit                    |   |                           |                             |                         | 1,675,543          |
| <b>Loss after income tax benefit</b>  |   |                           |                             |                         | <b>(5,076,828)</b> |

|                                       | Retail<br>wagering<br>and fantasy<br>wagering<br>\$ | Content<br>services<br>\$ | Wholesale<br>wagering<br>\$ | Other<br>segments<br>\$ | Total<br>\$        |
|---------------------------------------|---|---------------------------|-----------------------------|-------------------------|--------------------|
| <b>Consolidated - 31/12/2016</b>      |   |                           |                             |                         |                    |
| <b>Revenue</b>                        |   |                           |                             |                         |                    |
| Sales to external customers           | 1,922,834   | 326,018                   | -                           | -                       | 2,248,852          |
| <b>Total revenue</b>                  | <b>1,922,834</b>                                    | <b>326,018</b>            | <b>-</b>                    | <b>-</b>                | <b>2,248,852</b>   |
| <b>Segment results</b>                |   |                           |                             |                         |                    |
| Depreciation and amortisation         | (1,145,270)   | (11,272)                  | -                           | (2,751,476)             | (3,908,018)        |
| Impairment of goodwill                |   |                           |                             |                         | (43,316)           |
| Research and development tax rebate   |   |                           |                             |                         | (1,802,453)        |
| Interest revenue                      |   |                           |                             |                         | 628,773            |
| Finance costs                         |   |                           |                             |                         | 5,988              |
| Non-recurring expenses                |   |                           |                             |                         | (83,402)           |
| Share of losses of associates         |   |                           |                             |                         | (29,000)           |
|                                       |   |                           |                             |                         | (19,293)           |
| <b>Loss before income tax benefit</b> |   |                           |                             |                         | <b>(5,250,721)</b> |
| Income tax benefit                    |   |                           |                             |                         | 795,640            |
| <b>Loss after income tax benefit</b>  |   |                           |                             |                         | <b>(4,455,081)</b> |

**Note 4. Other income**

|                                       | <b>Consolidated</b> |                   |
|---------------------------------------|---------------------|-------------------|
|                                       | <b>31/12/2017</b>   | <b>31/12/2016</b> |
|                                       | <b>\$</b>           | <b>\$</b>         |
| Research and development tax rebate * | 402,504             | 628,773           |
| Payroll tax rebate                    | 19,364              | 15,455            |
| Interest received                     | 28,675              | 5,988             |
| Earn-out reversal **                  | 1,081,660           | -                 |
| Other income                          | <b>1,532,203</b>    | <b>650,216</b>    |

**Note 4. Other income (continued)**

\* In the prior period, research and development tax rebate income includes an amount of \$225,000 representing a reversal of a liability originally recognised to reflect R&D rebate receipts for which the company believed it was no longer entitled to. This was all settled in the annual report at 30 June 2017.

\*\* The company partially reversed the earn-out liability related to the Mad Bookie business which was acquired in May 2017. Included in the terms of the acquisition was an earn-out liability payable to the vendors which could be triggered during the period ending on the first anniversary of acquisition date and which would be based on 2 times net gaming revenue. The Net Gaming Revenue earned by the business are not as high as originally forecast. This resulted in a partial reversal of the earn-out liability and the impairment of goodwill. This transaction did not affect the net result for the period.

**Note 5. Non-recurring expenses**

|                              | <b>Consolidated</b> |                   |
|------------------------------|---------------------|-------------------|
|                              | <b>31/12/2017</b>   | <b>31/12/2016</b> |
|                              | \$                  | \$                |
| Share-based payments expense | 56,478              | 29,000            |

**Note 6. Current assets - cash and cash equivalents**

|                 | <b>Consolidated</b> |                   |
|-----------------|---------------------|-------------------|
|                 | <b>31/12/2017</b>   | <b>30/06/2017</b> |
|                 | \$                  | \$                |
| Cash on hand    | 211                 | 211               |
| Cash at bank    | 667,988             | 1,184,419         |
| Cash on deposit | 2,301,943           | 200,005           |
| Restricted cash | 1,746,730           | 1,882,553         |
|                 | <u>4,716,872</u>    | <u>3,267,188</u>  |

**Note 7. Current assets - trade and other receivables**

|   | <b>Consolidated</b> |                   |
|---|---------------------|-------------------|
|   | <b>31/12/2017</b>   | <b>30/06/2017</b> |
|   | \$                  | \$                |
| Trade receivables                         | 399,949             | 262,969           |
| Other receivables                         | 783,868             | 776,664           |
| Research and development tax receivable * | 1,207,785           | 805,281           |
| Rental bonds                              | 27,650              | 32,162            |
| Goods and services tax ('GST') receivable | 18,419              | 8,693             |
|   | <u>2,037,722</u>    | <u>1,622,800</u>  |
|   | <u>2,437,671</u>    | <u>1,885,769</u>  |

\* Refer to note 4 for further details.

**Note 8. Non-current assets - property, plant and equipment**

|                                  | <b>Consolidated</b>   |                       |
|----------------------------------|-----------------------|-----------------------|
|                                  | <b>31/12/2017</b>     | <b>30/06/2017</b>     |
|                                  | \$                    | \$                    |
| Leasehold improvements - at cost | 144,724               | 144,724               |
| Less: Accumulated depreciation   | (42,295)              | (27,825)              |
|                                  | <u>102,429</u>        | <u>116,899</u>        |
| Plant and equipment - at cost    | 15,544                | 16,627                |
| Less: Accumulated depreciation   | (11,738)              | (12,460)              |
|                                  | <u>3,806</u>          | <u>4,167</u>          |
| Computer equipment - at cost     | 342,472               | 294,962               |
| Less: Accumulated depreciation   | (152,471)             | (90,536)              |
|                                  | <u>190,001</u>        | <u>204,426</u>        |
| Furniture and fittings - at cost | 132,337               | 130,686               |
| Less: Accumulated depreciation   | (43,167)              | (30,258)              |
|                                  | <u>89,170</u>         | <u>100,428</u>        |
|                                  | <u><u>385,406</u></u> | <u><u>425,920</u></u> |

*Reconciliations*

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

| <b>Consolidated</b>         | Leasehold<br>improvements<br>\$ | Plant and<br>equipment<br>\$ | Computer<br>equipment<br>\$ | Furniture and<br>fittings<br>\$ | Total<br>\$    |
|-----------------------------|---------------------------------|------------------------------|-----------------------------|---------------------------------|----------------|
| Balance at 1 July 2017      | 116,899                         | 4,167                        | 204,426                     | 100,428                         | 425,920        |
| Additions                   | -                               | -                            | 47,511                      | 1,650                           | 49,161         |
| Depreciation expense        | (14,470)                        | (361)                        | (61,936)                    | (12,908)                        | (89,675)       |
| Balance at 31 December 2017 | <u>102,429</u>                  | <u>3,806</u>                 | <u>190,001</u>              | <u>89,170</u>                   | <u>385,406</u> |

**Note 9. Non-current assets - intangibles**

|                                 | <b>Consolidated</b>     |                         |
|---------------------------------|-------------------------|-------------------------|
|                                 | <b>31/12/2017</b>       | <b>30/06/2017</b>       |
|                                 | \$                      | \$                      |
| Goodwill - at cost              | 6,559,050               | 6,559,050               |
| Less: Impairment                | (2,884,113)             | (1,802,453)             |
|                                 | <u>3,674,937</u>        | <u>4,756,597</u>        |
| Brand - at cost                 | <u>50,000</u>           | <u>50,000</u>           |
| Intellectual property - at cost | 1,510,315               | 1,010,315               |
| Less: Accumulated amortisation  | (117,995)               | (16,839)                |
|                                 | <u>1,392,320</u>        | <u>993,476</u>          |
|                                 | <u><u>5,117,257</u></u> | <u><u>5,800,073</u></u> |



**Note 9. Non-current assets - intangibles (continued)**

*Reconciliations*

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

| <b>Consolidated</b>         | <b>Goodwill<br/>\$</b> | <b>Brand<br/>\$</b> | <b>Intellectual<br/>property<br/>\$</b> | <b>Total<br/>\$</b> |
|-----------------------------|------------------------|---------------------|---|---------------------|
| Balance at 1 July 2017      | 4,756,597              | 50,000              | 993,476                                 | 5,800,073           |
| Additions *                 | -                      | -                   | 500,000                                 | 500,000             |
| Impairment of assets        | (1,081,660)            | -                   | -                                       | (1,081,660)         |
| Amortisation expense        | -                      | -                   | (101,156)                               | (101,156)           |
| Balance at 31 December 2017 | <u>3,674,937</u>       | <u>50,000</u>       | <u>1,392,320</u>                        | <u>5,117,257</u>    |

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

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

**Note 10. Current liabilities - trade and other payables**

|                  | <b>Consolidated</b> |                   |
|------------------|---------------------|-------------------|
|                  | <b>31/12/2017</b>   | <b>30/06/2017</b> |
|                  | <b>\$</b>           | <b>\$</b>         |
| Trade payables   | 1,204,403           | 581,209           |
| Accrued expenses | 852,041             | 808,448           |
| Other payables   | 2,066,962           | 2,136,693         |
|                  | <u>4,123,406</u>    | <u>3,526,350</u>  |

**Note 11. Current liabilities - Earn-out provision**

|                    | <b>Consolidated</b> |                   |
|--------------------|---------------------|-------------------|
|                    | <b>31/12/2017</b>   | <b>30/06/2017</b> |
|                    | <b>\$</b>           | <b>\$</b>         |
| Earn-out provision | <u>1,133,820</u>    | <u>2,215,480</u>  |

*Earn-out provision*

The provision represents the obligation to pay subject to satisfying certain earn-out conditions during the first anniversary of completion, a multiple of 2 times net gaming revenue following the acquisition of Mad Bookie which was acquired in May 2017. The company partially reversed the earn-out liability by \$1,081,650. Refer to note 4 for further details.

**Note 12. Equity - issued capital**

|                              | <b>Consolidated</b> |                    |                   |                   |
|------------------------------|---------------------|--------------------|-------------------|-------------------|
|                              | <b>31/12/2017</b>   | <b>30/06/2017</b>  | <b>31/12/2017</b> | <b>30/06/2017</b> |
|                              | <b>Shares</b>       | <b>Shares</b>      | <b>\$</b>         | <b>\$</b>         |
| Ordinary shares - fully paid | <u>164,697,158</u>  | <u>143,001,477</u> | <u>31,484,365</u> | <u>22,791,244</u> |

## Note 12. Equity - issued capital (continued)

### Movements in ordinary share capital

| Details             | Date             | Shares             | \$     |                   |
|---------------------|------------------|--------------------|--------|-------------------|
| Balance             | 1 July 2017      | 143,001,477        |        | 22,791,244        |
| Shares issued       | 29 August 2017   | 21,445,681         | \$0.42 | 9,007,186         |
| Exercise of options | 28 December 2017 | -                  | \$0.00 | 16,250            |
| Shares issued       | 28 December 2017 | 250,000            | \$0.20 | 50,000            |
| Transaction costs   |                  | -                  | \$0.00 | (380,315)         |
| Balance             | 31 December 2017 | <u>164,697,158</u> |        | <u>31,484,365</u> |

## Note 13. Equity - dividends

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

## Note 14. Fair value measurement

### Fair value hierarchy

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.

## Note 15. Contingent liabilities

The group had no contingent liabilities or assets as at 31 December 2017 and 30 June 2017.

## Note 16. Related party transactions

### Parent entity

TopBeta Holdings Limited is the parent entity.

### Transactions with related parties

The following transactions occurred with related parties:

|   | Consolidated |            |
|---|--------------|------------|
|   | 31/12/2017   | 31/12/2016 |
|   | \$           | \$         |
| Payment for other expenses:   |              |            |
| Consulting fees paid to Ferghana Capital Pty Ltd ('Ferghana') (a company controlled by director, Matthew Cain)      | 60,000       | 60,000     |
| Consulting fees paid to Media Solutions Company Pty Ltd ('SDMSC') (a company controlled by director Simon Dulhunty) | 60,000       | 60,000     |

### Receivable from and payable to related parties

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

|  | Consolidated |            |
|--|--------------|------------|
|  | 31/12/2017   | 30/06/2017 |
|  | \$           | \$         |
| Current payables:  |              |            |
| Trade payables to Ferghana for expenses on behalf of the company | 11,291       | 11,041     |
| Trade payables to SDMSC for consulting services                  | 11,000       | 11,231     |

**Note 16. Related party transactions (continued)**

*Loans to/from related parties*

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

*Terms and conditions*

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

**Note 17. Earnings per share**

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>31/12/2017</b>   | <b>31/12/2016</b>  |
|   | <b>\$</b>           | <b>\$</b>          |
| Loss after income tax attributable to the owners of TopBetta Holdings Limited             | <u>(5,076,828)</u>  | <u>(4,455,081)</u> |
|   | <b>Number</b>       | <b>Number</b>      |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>157,575,988</u>  | <u>109,185,788</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>157,575,988</u>  | <u>109,185,788</u> |
|   | <b>Cents</b>        | <b>Cents</b>       |
| Basic earnings per share  | (3.22)              | (4.08)             |
| Diluted earnings per share  | (3.22)              | (4.08)             |

42,121,681 options over ordinary shares are not included in the calculation of diluted earnings per share because they are antidilutive for the half-year ended 31 December 2017. These options could potentially dilute basic earnings per share in the future.

**Note 18. Events after the reporting period**

On 29 January 2018, the Company was notified by Ladbrokes Australia that its submission of the commercial agreement with The Global Tote to the Northern Territory Racing Commission (NTRC) had not been approved in its current format. Ladbrokes and The Global Tote are reviewing the agreement with a view to making changes that will allow it to be re-submitted to the NTRC imminently for reconsideration and approval.

On 19 February 2018, the Company announced it had received commitments to subscribe for 3,508,771 fully paid ordinary shares at 28.5 cents per share from sophisticated and institutional investors to raise AUD \$1,000,000. The funds received will be primarily used for working capital and to strengthen the Company's future cash flow obligations.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the financial half-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 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Nicholas Chan  
Chairman



Todd Buckingham  
Director

20 February 2018  
Newcastle

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TOPBETTA HOLDINGS LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of TopBetta Holdings Limited (the company) and its controlled entities (the "consolidated entity"), which comprises the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TopBetta Holdings Limited is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

As noted in Note 2, the half-year report has been prepared by the Directors on a going concern basis. The Directors have formed this view on the basis of projected cash flow forecasts prepared with assumptions regarding the anticipated timing of implementation of wagering operators onto the Global Tote. As detailed in Note 2, there is existing uncertainty regarding the implementation of wagering operators onto the Global Tote platform due to the regulatory process with the Northern Territory Racing Commission (NTRC). An extended delay in approval by the NTRC would have a material negative impact on:

- a) the anticipated trading results and cash flows underpinning the going concern assumption; and
- b) the recoverability of the Group's intangibles and deferred tax assets.

#### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

## Directors' Responsibility for the Half-Year Financial Report

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

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of TopBeta Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



PKF



MARTIN MATTHEWS  
PARTNER

20 FEBRUARY 2018  
NEWCASTLE, NSW