The BetMakers Holdings Limited
(Formerly known as TopBetta Holdings Limited)
Appendix 4D
Half-year report

1. Company details

Name of entity:	The BetMakers Holdings Limited
ABN:	21 164 521 395
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	11.7%	to	2,788,025
Loss from ordinary activities after tax attributable to the owners of The BetMakers Holdings Limited	down	64.8%	to	(1,786,376)
Loss for the half-year attributable to the owners of The BetMakers Holdings Limited	down	64.8%	to	(1,786,376)

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 $1,786,376 (31 December 2017: $5,076,828).

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 period Cents	Previous period Cents
Net tangible assets per ordinary security	(2.76)	4.60

4. Control gained over entities

Refer to note 17 - Business combinations for further detail.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

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 contains an Emphasis of Matter section with regard to preparation of the financial statements on a going concern basis and the recoverability of deferred tax assets and intangibles, is attached as part of the Interim Report.

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9. Attachments

Details of attachments (if any):

The Interim Report of The BetMakers Holdings Limited for the half-year ended 31 December 2018 is attached.

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10. Signed

Signed ______________________________ Date: 28 February 2019

Todd Buckingham
Director
Newcastle

The BetMakers Holdings Limited

(Formerly known as TopBetta Holdings Limited)

ABN 21 164 521 395

Interim Report - 31 December 2018

Contents

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of The BetMakers Holdings Limited (referred to hereafter as the 'company', 'TBH' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors
The following persons were directors of The BetMakers 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
Simon Dulhunty

Principal activities
The group's principal activities during the financial half-year were the development and provision of data and analytic products for the B2B wagering market ('content services') and wholesale wagering.

Review of operations
The loss for the group after providing for income tax amounted to $1,786,376 (31 December 2017: $5,076,828).

Excluding the employee share loan impairment of $202,562, the group had an operating loss of $1,583,814.

During the half year to 31 December 2018, the group acquired two new businesses, DynamicOdds and Global Betting Services. The group agreed an acquisition price of $7,000,000 for each business (plus performance payments), and raised $4,268,870 net of costs to assist with the required funding. Both businesses greatly strengthen the group's content services division.

Significant changes in the state of affairs
On 14 June 2018, the company expanded its content services strategy by entering into a conditional but binding Heads of Agreement (“HOA”) to acquire 100% of the shares of DynamicOdds Pty Ltd (“DynamicOdds”) including its brands, data and betting tools. The acquisition settled on 1 September 2018. The arrangement requires that $7,000,000 be paid to the vendor within 12 months of completion of the acquisition of assets. A final deal structure was announced on 29 August 2018 whereby the $7,000,000 consideration will consist of the $150,000 cash payment paid on 1 August 2018, $1,350,000 paid on 31 August 2018, $1,000,000 paid on 12 December 2018 and $4,500,000 to be paid on 30 June 2019.

Up to an additional $3,000,000 is payable to the vendor if the business achieves the following; if the EBIT for the Performance Period is equal to or greater than $1,250,000 but less than $1,500,000, the Performance Payment will be $1,500,000; or if the EBIT for the Performance Period is equal to or greater than $1,500,000, the Performance Payment will be $3,000,000. The company has the discretion to pay the Performance Payment in cash, via the issue of ordinary shares in the capital of the company or a combination of both.

On 18 July 2018, the group agreed terms to acquire 100% of the shares in leading global wagering service provider, Global Betting Services Pty Limited ('GBS'). The acquisition settled on 17 September 2018. A revised deal structure was announced on 30 January 2019, whereby total consideration of $7,000,000 will be paid, comprising the $1,000,000 paid up-front on completion on 17 September 2018, $2,100,000 paid on 31 January 2019 and $3,900,000 to be paid 30 June 2019.

Up to an additional $3,000,000 is payable to the vendor if the business achieves the following; if the EBIT of GBS during the Performance Period is equal to or more than $1,200,000 but less than $1,500,000, the Performance Payment will be $1,000,000; or if the EBIT of GBS during the Performance Period is equal to or more than $1,500,000, the Performance Payment will be $3,000,000. The company has the discretion to pay the Performance Payment in cash, via the issue of ordinary shares in the capital of the company or a combination of both.

On 20 July 2018, the company announced a non-renounceable Entitlements Offer for fully paid ordinary shares in TBH (new shares) to raise approximately $6,700,000. Under the accelerated Institutional Offer, TBH successfully raised approximately $1,036,952 from the issue of 12,961,897 shares at an issue price of 8 cents ($0.08) per share.

On 22 August 2018, the company completed the Entitlements Offer through a retail offering to existing shareholders and through a shortfall offering to both new and existing shareholders. TBH successfully raised approximately $3,435,005 from the issue of 42,937,564 shares at an issue price of 8 cents ($0.08) per share.

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

Nicholas Chan	Todd Buckingham
Chairman	Director

28 February 2019
Newcastle

THE BETMAKERS 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 The Betmakers Holdings Limited.

As lead audit partner for the review of the financial statements of The Betmakers Holdings Limited for the half-year ended 31 December 2018, 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

PKF

MARTIN MATTHEWS
PARTNER

28 FEBRUARY 2019
NEWCASTLE, NSW

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

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The BetMakers Holdings Limited
(Formerly known as TopBetta Holdings Limited)
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	Consolidated 31/12/2018 $	Consolidated 31/12/2017 $
Revenue from continuing operations			
Revenue		2,780,059	1,080,947
Cost of sales		(1,449,801)	(1,429,409)
Gross profit/(loss)		1,330,258	(348,462)
Other income	4	250,000	421,868
Interest revenue calculated using the effective interest method		7,966	24,938
Expenses			
Employee benefits expense		(1,779,190)	(1,591,617)
Professional fees		(547,452)	(567,944)
Marketing expenses		(84)	(8,480)
Administration expenses		(434,534)	(402,306)
IT expenses		(575,951)	(432,892)
Occupancy expenses		(84,707)	(92,191)
Depreciation and amortisation expense		(194,046)	(190,831)
Impairment of receivables	7	(202,562)	-
Share-based payments expense		(37,664)	(56,478)
Other expenses		(103,429)	(145,101)
Finance costs		(17,021)	(22,566)
Loss before income tax benefit from continuing operations		(2,388,416)	(3,412,062)
Income tax benefit		602,040	1,675,543
Loss after income tax benefit from continuing operations		(1,786,376)	(1,736,519)
Loss after income tax expense from discontinued operations	5	-	(3,340,309)
Loss after income tax benefit for the half-year attributable to the owners of The BetMakers Holdings Limited		(1,786,376)	(5,076,828)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of The BetMakers Holdings Limited		(1,786,376)	(5,076,828)
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(1,786,376)	(5,076,828)
Discontinued operations		-	-
		(1,786,376)	(5,076,828)

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

The BetMakers Holdings Limited
(Formerly known as TopBetta Holdings Limited)
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	Consolidated 31/12/2018 $	Consolidated 31/12/2017 $
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of The BetMakers Holdings Limited			
Basic earnings per share	18	(0.86)	(1.10)
Diluted earnings per share	18	(0.86)	(1.10)
Earnings per share for loss from discontinued operations attributable to the owners of The BetMakers Holdings Limited			
Basic earnings per share	18	-	(2.12)
Diluted earnings per share	18	-	(2.12)
Earnings per share for loss attributable to the owners of The BetMakers Holdings Limited			
Basic earnings per share	18	(0.86)	(3.22)
Diluted earnings per share	18	(0.86)	(3.22)

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

The BetMakers Holdings Limited
(Formerly known as TopBetta Holdings Limited)
Statement of financial position
As at 31 December 2018

	Note	Consolidated 31/12/2018 $	Consolidated 30/06/2018 $
Assets			
Current assets			
Cash and cash equivalents	6	301,059	1,456,766
Trade and other receivables	7	4,019,391	5,407,432
Income tax refund		84,839	-
Prepayments		157,167	105,746
Total current assets		4,562,456	6,969,944
Non-current assets			
Property, plant and equipment	8	216,990	306,037
Intangibles	9	21,502,228	3,235,774
Deferred tax		6,059,944	5,410,379
Total non-current assets		27,779,162	8,952,190
Total assets		32,341,618	15,922,134
Liabilities			
Current liabilities			
Trade and other payables	10	1,178,318	2,777,862
Borrowings - loan to related parties	16	503,945	-
Employee benefits		234,210	322,915
Other financial liabilities	11	15,000,000	-
Total current liabilities		16,916,473	3,100,777
Non-current liabilities			
Employee benefits		98,276	89,302
Total non-current liabilities		98,276	89,302
Total liabilities		17,014,749	3,190,079
Net assets		15,326,869	12,732,055
Equity			
Issued capital	12	36,827,892	32,484,366
Reserves		853,677	1,449,763
Accumulated losses		(22,354,700)	(21,202,074)
Total equity		15,326,869	12,732,055

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

The BetMakers Holdings Limited
(Formerly known as TopBetta Holdings Limited)
Statement of changes in equity
For the half-year ended 31 December 2018

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	22,791,244	1,473,958	(15,225,534)	9,039,668
Loss after income tax 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)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax impact	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	31,484,365	1,514,186	(20,302,362)	12,696,189

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2018	32,484,366	1,449,763	(21,202,074)	12,732,055
Loss after income tax benefit for the half-year	-	-	(1,786,376)	(1,786,376)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,786,376)	(1,786,376)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax impact (note 12)	4,343,526	-	-	4,343,526
Share-based payments	-	37,664	-	37,664
Share-based payments - cancelled options	-	(633,750)	633,750	-
Balance at 31 December 2018	36,827,892	853,677	(22,354,700)	15,326,869

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

The BetMakers Holdings Limited
(Formerly known as TopBetta Holdings Limited)
Statement of cash flows
For the half-year ended 31 December 2018

	Note	Consolidated 31/12/2018 $	Consolidated 31/12/2017 $
Cash flows from operating activities			
Receipts from customers - net		2,621,381	11,038,182
Payments to suppliers and employees		(6,174,619)	(17,597,055)
Interest received		7,966	48,038
Interest and other finance costs paid		(13,076)	(3,932)
Research and development tax rebate received		774,028	1,667
Net cash used in operating activities		(2,784,320)	(6,513,100)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	17	(3,535,253)	-
Payments for property, plant and equipment		-	(49,161)
Payments for intangibles		-	(500,000)
Final payments for prior period's business acquisition		(905,700)	-
Proceeds from disposal of business		1,300,696	-
Net cash used in investing activities		(3,140,257)	(549,161)
Cash flows from financing activities			
Proceeds from issue of shares	12	4,471,957	9,057,186
Share issue transaction costs		(203,087)	(545,241)
Proceeds of loans from related parties		500,000	-
Net cash from financing activities		4,768,870	8,511,945
Net increase/(decrease) in cash and cash equivalents		(1,155,707)	1,449,684
Cash and cash equivalents at the beginning of the financial half-year		1,456,766	3,267,188
Cash and cash equivalents at the end of the financial half-year		301,059	4,716,872

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

Note 1. General information

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

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

22 Lambton Road
Broadmeadow, NSW 2292

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 2018 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 group incurred a net loss after tax of $1,786,376 (Dec 2017:$5,076,828) and net operating cash outflows of $2,784,320 (Dec 2017: $6,513,100). 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 2018 to determine the appropriateness of the going concern assumption and the recoverability of the group's intangibles and deferred tax assets.

The key assumptions underlying these forecasts are as follows:

- Settlement of the obligations arising from the GBS and DynamicOdds acquisitions through the payment of cash, issuance of equity or a combination of both. To the extent these obligations will require cash settlement, the company will seek to raise capital of up to $9,000,000.
- Full recovery of all outstanding receivable balances;
- Continuation of existing Platforms, GBS and DynamicOdds business performance with modest growth achieved;
- The successful expansion of the global racing content product; and
- Increased Global Tote turnover from product expansion and on boarding of additional bookmakers.

The Directors are confident of achieving these assumptions. Should the above assumptions not be realised, the going concern basis may not be appropriate and the company may be unable to realise it's assets (including the group's intangibles and deferred tax assets) and discharge it's liabilities in the normal course of business.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Note 2. Significant accounting policies (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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 2018 and are not expected to have any significant impact for the full financial year ending 30 June 2019.

The following Accounting Standards and Interpretations are most relevant to the group:

AASB 9 Financial Instruments
The group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
The group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption
AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2018 was nil.

There has been no material impact on adoption of AASB 9 and AASB 15, other than the changes to disclosure as required by the standard.

Revenue recognition
Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Content services
Content services revenue is recognised in the profit or loss once the service has been rendered. The provision of content services includes the ongoing supply of data, information and wagering tools. Revenue is therefore recognised in-line with the delivery of services and based upon monthly contracted fees. Prepaid services are deferred and recognised as a liability in the statement of financial position until the service is rendered.

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

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

Note 2. Significant accounting policies (continued)

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the interim reporting period ended 31 December 2018. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases
AASB 16 Leases will replace AASB 117 Leases and other related interpretations. The new lease standard will be effective from the annual reporting period commencing 1 July 2019. All leases should be recognised on the balance sheet at inception of the lease with the exception of short-term leases (less than 12 months) and leases of low-value assets. The lessee must recognise a right-of-use asset and a corresponding lease liability in the amount of the present value of the lease payments. Subsequent to this initial measurement, the right-of-use asset is depreciated over the lease term, whilst lease payments are separated into a principal and interest portion to wind up the lease liability over the lease term. Although depreciation on the right-of-use asset will be recorded on a straight-line basis, the total periodic expense (i.e., the sum of interest and depreciation expenses) will be generally higher in the early periods and lower in the later periods. As a constant interest rate is applied to the lease liability, interest expenses decrease as lease payments are made during the lease term and the lease liability decreases. This trend in the interest expense, combined with straight-line depreciation of the right-of-use asset, results in a front-loaded expense recognition pattern. The standard takes effect in the 2020 financial year.

If AASB 16 was implemented by the group as at 31 December 2018, the impact would be an increase in assets and corresponding increase in liabilities of $289,534. This represents the net present value of all estimated office and vehicle lease payments. Under the same lease assumptions, the group expects a lease expense of $137,058 in the year ending 30 June 2020 (comparatively, an expense of $143,948 would be expected under the current accounting methodologies being applied).

Note 3. Operating segments

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

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

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

Content services	The group provides customers a range of content services such as platforms, data, pricing tools, and racing content.
Wholesale wagering	The group operates a wholesale B2B product, The Global Tote. The Global Tote combines wagering liquidity from bookmakers and is licensed in Alderney, UK. The Global Tote is a new breed tote system without restrictions on size of events and entrants meaning that in addition to racing products, The Global Tote can operate on major sporting events.

Note 3. Operating segments (continued)

Change in structure of segments reported

On 30 June 2018, the group disposed of its subsidiary, TopBetta Pty Ltd ('TopBetta'), and the associated retails assets, TopBetta and Mad Bookie. As a consequence, the group no longer operates the Retail wagering and fantasy wagering segment which it had reported against in the previous annual and interim financial reports of the company. The comparative segment information disclosed below has been adjusted to eliminate results of the disposed segment so as to reflect the current operating segment structure of the group.

Operating segment information

Consolidated - 31/12/2018	Content services $	Wholesale wagering $	Corporate $	Total $
Revenue				
Sales to external customers	1,794,676	968,256	17,127	2,780,059
Total revenue	1,794,676	968,256	17,127	2,780,059
Segment result	754,468	(805,118)	(2,144,439)	(2,195,089)
Depreciation and amortisation	-	(109,440)	(84,606)	(194,046)
Research and development tax rebate	-	-	250,000	250,000
Interest revenue	77	239	7,650	7,966
Finance costs	(5,200)	-	(11,821)	(17,021)
Impairment of receivable	-	-	(202,562)	(202,562)
Share options expense	-	-	(37,664)	(37,664)
Profit/(loss) before income tax benefit	749,345	(914,319)	(2,223,442)	(2,388,416)
Income tax benefit				602,040
Loss after income tax benefit				(1,786,376)
Assets				
Segment assets	18,991,020	1,972,787	11,377,811	32,341,618
Total assets				32,341,618
Liabilities				
Segment liabilities	15,189,101	253,763	1,571,885	17,014,749
Total liabilities				17,014,749

Consolidated - 31/12/2017	Content services $	Wholesale wagering $	Corporate $	Other segments $	Total $
Revenue					
Sales to external customers	29,706	866,890	-	-	896,596
Intersegment sales	-	6,285,725	-	-	6,285,725
Total revenue	29,706	7,152,615	-	-	7,182,321
Segment results	(14,603)	4,597,891	-	(2,118,938)	2,464,350
Depreciation and amortisation					(190,831)
Research and development tax rebate					402,504
Interest revenue					28,675
Finance costs					(114,150)
Profit before income tax benefit					2,590,548
Income tax benefit					1,675,543
Profit after income tax benefit					4,266,091

Note 3. Operating segments (continued)

Reconciliation of profit/(loss) at 31 December 2017

Segment profit	2,464,350
Discontinued operations:	
Gross profit	2,050,828
Other income	1,085,396
Total expenses	(6,476,533)
Inter-segment expenses	(2,536,103)
Loss before tax benefit and discontinued operations at 31 December 2017	(3,412,062)

Revenue by geographical area
AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

	Consolidated	
	31/12/2018	31/12/2017
	$	$
Australia	2,594,205	-
United Kingdom	137,236	-
United States of America	48,618	-
Total revenue	2,780,059	-

Revenue is recognised at the point the services are transferred.

Note 4. Other income

	Consolidated	
	31/12/2018	31/12/2017
	$	$
Research and development tax rebate	250,000	402,504
Payroll tax rebate	-	19,364
Other income	250,000	421,868

Note 5. Discontinued operations

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

The retail businesses, TopBetta and Mad Bookie were sold to PlayUp for consideration of $6,000,000 which resulted in a gain on sale of those businesses of $4,277,727 in the year ended 30 June 2018.

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

Note 5. Discontinued operations (continued)

Financial performance information

	Consolidated	
	31/12/2018 $	31/12/2017 $
Revenue	-	9,037,923
Cost of sales	-	(6,987,095)
Total revenue	-	2,050,828
Interest received	-	3,736
Earn-out reversal	-	1,081,660
Total other income	-	1,085,396
Employee benefits expense	-	(741,622)
Marketing expenses	-	(3,821,095)
Administration expenses	-	(340,352)
IT expenses	-	(396,580)
Occupancy expenses	-	10,400
Impairment of goodwill	-	(1,081,660)
Other expenses	-	(14,040)
Finance costs	-	(91,584)
Total expenses	-	(6,476,533)
Loss before income tax expense	-	(3,340,309)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	-	(3,340,309)

Cash flow information

	Consolidated	
	31/12/2018 $	31/12/2017 $
Net cash used in operating activities	-	(1,245,352)
Net cash used in investing activities	-	(144,807)
Net decrease in cash and cash equivalents from discontinued operations	-	(1,390,159)

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	31/12/2018 $	30/06/2018 $
Cash on hand	203	203
Cash at bank	200,856	1,356,563
Cash on deposit	100,000	100,000
	301,059	1,456,766

Note 7. Current assets - trade and other receivables

	Consolidated	
	31/12/2018 $	30/06/2018 $
Trade receivables	866,920	184,098
Other receivables	2,874,616	4,328,045
Research and development tax receivable	250,000	774,028
Rental bonds	27,855	27,650
Goods and services tax ('GST') receivable	-	93,611
	3,152,471	5,223,334
	4,019,391	5,407,432

Other receivables include an amount of $1,916,848 in relation to the sale of TopBetta, $569,102 employee share loan receivable and other receivables of $388,666.

The amount of $569,102 relates to an Employee Share Loan extended to select employees in March 2015 for the purpose of purchasing shares in OM Group Holdings (the parent entity prior to IPO). The loans are repayable upon receipt of dividends or sale of shares. The full loan amount is $771,664, although it has been impaired by $202,562 as at 31 December 2018 as the share price (at $0.05 per share) does not support full recovery of the loan should the employees sell their shares at this price.

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

	Consolidated	
	31/12/2018 $	30/06/2018 $
Leasehold improvements - at cost	144,724	144,724
Less: Accumulated depreciation	(71,236)	(56,766)
	73,488	87,958
Plant and equipment - at cost	4,888	4,888
Less: Accumulated depreciation	(1,805)	(1,444)
	3,083	3,444
Computer equipment - at cost	348,263	348,263
Less: Accumulated depreciation	(276,846)	(218,187)
	71,417	130,076
Furniture and fittings - at cost	138,678	139,526
Less: Accumulated depreciation	(69,676)	(54,967)
	69,002	84,559
	216,990	306,037

Note 8. Non-current assets - property, plant and equipment (continued)

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

Consolidated	Leasehold improvements $	Plant and equipment $	Computer equipment $	Furniture and fittings $	Total $
Balance at 1 July 2018	87,958	3,444	130,076	84,559	306,037
Exchange differences	-	-	-	(774)	(774)
Depreciation expense	(14,470)	(361)	(58,659)	(14,783)	(88,273)
Balance at 31 December 2018	73,488	3,083	71,417	69,002	216,990

Note 9. Non-current assets - intangibles

	Consolidated 31/12/2018 $	Consolidated 30/06/2018 $
Goodwill - at cost	22,125,481	3,753,254
Less: Impairment	(1,802,453)	(1,802,453)
	20,323,028	1,950,801
Intellectual property - at cost	1,510,315	1,510,315
Less: Accumulated amortisation	(331,115)	(225,342)
	1,179,200	1,284,973
	21,502,228	3,235,774

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

Consolidated	Goodwill $	Intellectual property $	Total $
Balance at 1 July 2018	1,950,801	1,284,973	3,235,774
Additions through business combinations (note 17)	18,372,227	-	18,372,227
Amortisation expense	-	(105,773)	(105,773)
Balance at 31 December 2018	20,323,028	1,179,200	21,502,228

Note 10. Current liabilities - trade and other payables

	Consolidated 31/12/2018 $	Consolidated 30/06/2018 $
Trade payables	569,035	1,568,292
Accrued expenses	242,052	62,699
Consideration for business	-	905,700
Goods and services tax ('GST') payable	150,166	-
Other payables	217,065	241,171
	1,178,318	2,777,862

The consideration for business at 30 June 2018, represents the obligation to pay consideration for Madbookie business acquired in May 2017.

Note 11. Current liabilities - other financial liabilities

	Consolidated 31/12/2018 $	Consolidated 30/06/2018 $
Deferred consideration	10,500,000	-
Earn-out provision	4,500,000	-
	15,000,000	-

Deferred consideration
The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability. Refer to note 17 for further detail.

Earn-out provision
The Earn-out provision at 31 December 2018 relates to the Performance Payments attached to the DynamicOdds and Global Betting Services transactions. Refer to note 17 for further detail.

Note 12. Equity - issued capital

	Consolidated 31/12/2018 Shares	Consolidated 30/06/2018 Shares	Consolidated 31/12/2018 $	Consolidated 30/06/2018 $
Ordinary shares - fully paid	224,105,390	168,205,929	36,827,892	32,484,366

Movements in ordinary share capital

Details	Date	Shares		$
Balance	1 July 2018	168,205,929		32,484,366
Shares issued	1 August 2018	12,961,897	$0.08	1,036,952
Shares issued	22 August 2018	5,437,564	$0.08	435,005
Shares issued	3 September 2018	29,737,500	$0.08	2,379,000
Shares issued	10 September 2018	7,762,500	$0.08	621,000
Transaction costs		-	$0.00	(203,087)
Deferred tax credit recognised directly in equity		-	$0.00	74,656
Balance	31 December 2018	224,105,390		36,827,892

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
The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31/12/2018	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Deferred consideration	-	-	10,500,000	10,500,000
Earn-out provision	-	-	4,500,000	4,500,000
Total liabilities	-	-	15,000,000	15,000,000

Consolidated - 30/06/2018	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Earn-out provision	-	-	905,700	905,700
Total liabilities	-	-	905,700	905,700

There were no transfers between levels during the financial half-year.

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

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

Note 15. Contingent liabilities

Two of the shareholders (“Plaintiffs”) of Punters Show Pty Ltd (“Punters Show”) have commenced proceedings against the BetMakers and others (“Defendants”) alleging that the Defendants effected the diversion or transfer of the business, intellectual property and revenue of the Punters Shows to the Defendants without the knowledge or consent of the Plaintiffs (“Proceedings”). The Proceedings are currently before the Supreme Court of New South Wales.

The Plaintiffs are currently self-represented. To date, the Court has awarded several costs orders to the Defendant in respect of their costs associated with the Proceedings. Such costs will be assessed and awarded to the Defendants at the conclusion of the Proceedings.

The group disputes the Plaintiffs’ claims in full and will be fully defending the proceedings. However, if the Plaintiffs’ claim is successful, the Board expects it to have a material financial impact.

The group had no contingent liabilities as at 30 June 2018.

Note 16. Related party transactions

Parent entity
The BetMakers Holdings Limited is the parent entity.

Note 16. Related party transactions (continued)

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

	Consolidated 31/12/2018 $	Consolidated 31/12/2017 $
Payment for other expenses:		
Consulting fees paid to Ferghana Capital Pty Ltd ('Ferghana') (a company controlled by director, Matthew Cain)	-	60,000
Consulting fees paid to Media Solutions Company Pty Ltd ('SDMSC') (a company controlled by director Simon Dulhunty)	-	60,000

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 31/12/2018 $	Consolidated 30/06/2018 $
Current receivables:		
Loan to key management personnel *	251,430	340,922
Current borrowings:		
Loan from key management personnel **	503,945	-

* As detailed in note 7, the group issued Employee Share Loans in March 2015. Those loans are repayable upon payment of a dividend or upon share sale. As at 31 December 2018, $251,430 of share loans related to Related Parties (i.e. Key management Personnel).

** On 7 December 2018, Christopher Begg (a director of group subsidiary C.D.K Software) extended a loan of $500,000 to The BetMakers Holdings Limited. The loan is repayable by 30 June 2019 and incurs an interest charge of 12% per annum.

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

Note 17. Business combinations

DynamicOdds
On 1 September 2018, the group acquired 100% of the ordinary shares of DynamicOdds for the total consideration of $7,000,000, plus a potential Performance Payment as detailed below. DynamicOdds is a provider of wagering data and forms part of the group's Content Services divisions. The goodwill recognised as at 31 December 2018 of $8,507,423 represents the consideration plus Performance Payment provision less Net Assets acquired. It does not reflect the full value of the DynamicOdds IP. It is the intention of the company to undertake a valuation review of the DynamicOdds' IP prior to 30 June 2019 in order to accurately reflect the company's intangible assets and Goodwill. The acquired business contributed revenues of $625,471 and profit before tax of $382,989 to the group for the period from 1 September 2018 to 31 December 2018. If the acquisition occurred on 1 July 2018, the full period contribution would have been revenues of $819,780 and profit before tax of $513,790. The values identified in relation to the acquisition of DynamicOdds are provisional as at 31 December 2018.

Note 17. Business combinations (continued)

Global Betting Services

On 17 September 2018, the group acquired 100% of the ordinary shares of Global Betting Services for the total consideration of $7,000,000, plus a potential Performance Payment as detailed below. Global Betting Services is a leading wagering service provider and forms part of the group's Content Services division. The goodwill of $9,864,804 represents the consideration plus Performance Payment provision less the Net Assets acquired. It does not reflect the full value of Global Betting Services IP. It is the intention of the company to undertake a valuation review of the Global Betting Services' IP prior to 30 June 2019 in order to accurately reflect the company's intangible assets and Goodwill. The acquired business contributed revenues of $842,369 and profit before tax of $558,187 to the group for the period from 17 September 2018 to 31 December 2018. If the acquisition occurred on 1 July 2018, the full period contribution would have been revenues of $1,314,577 and profit before tax of $533,188. The values identified in relation to the acquisition of Global Betting Services are provisional as at 31 December 2018.

Details of the acquisition are as follows:

	DynamicOdds Fair value $	Global Betting Services Fair value $	Total Fair value $
Cash and cash equivalents	1,680	-	1,680
Income tax refund due	-	64,839	64,839
GST receivable	742	-	742
Other current assets	-	329,155	329,155
Trade payables	(9,845)	(104,561)	(114,406)
GST payable	-	(99,780)	(99,780)
Superannuation payable	-	(17,524)	(17,524)
Bank overdraft	-	(36,933)	(36,933)
Net assets/(liabilities) acquired	(7,423)	135,196	127,773
Goodwill	8,507,423	9,864,804	18,372,227
Acquisition-date fair value of the total consideration transferred	8,500,000	10,000,000	18,500,000
Representing:			
Consideration paid or payable to vendor	8,500,000	10,000,000	18,500,000
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	8,500,000	10,000,000	18,500,000
Add: bank overdraft	-	36,933	36,933
Less: cash and cash equivalents	(1,680)	-	(1,680)
Less: deferred consideration	(4,500,000)	(6,000,000)	(10,500,000)
Less: earn-out provision	(1,500,000)	(3,000,000)	(4,500,000)
Net cash used	2,498,320	1,036,933	3,535,253

The fair value of intangibles acquired are provisional pending receipt of the final valuation of the assets acquired.

As at 31 December 2018, the group paid $3,500,000 for the 2 acquisitions hence the deferred consideration at half-year end of $10,500,000. The consideration payment of $7,000,000 for each company was structured over 3 payments from September 2018 to June 2019.

As announced on 29 August 2018, the consideration for the acquisition of DynamicOdds and Global Betting Solutions contains a Performance Payment which is contingent upon the Earnings Before Interest and Tax ('EBIT') performance of both entities. The key terms are summarised below:

Note 17. Business combinations (continued)

For Global Betting Services ("GBS");

- if the EBIT of GBS for the period 18 September 2018 to 17 September 2019 ('Performance Period') is less than $1,200,000, the Performance Payment will be nil;
- if the EBIT of GBS during the Performance Period is equal to or more than $1,200,000 but less than $1,500,000, the Performance Payment will be $1,000,000; or
- if the EBIT of GBS during the Performance Period is equal to or more than $1,500,000, the Performance Payment will be $3,000,000.

The Performance Payment is due on or before 31 October 2019.

For DynamicOdds ('DO');

- if the EBIT of DO for the period 1 September 2018 to 31 August 2019 ('Performance Period') is less than $1,250,000, the Performance Payment will be nil;
- if the EBIT of DO during the Performance Period is equal to or more than $1,250,000 but less than $1,500,000, the Performance Payment will be $1,500,000; or
- if the EBIT of DO during the Performance Period is equal to or more than $1,500,000, the Performance Payment will be $3,000,000.

The Performance Payment is due on or before 31 October 2019.

The company has the discretion to pay the Performance Payments in cash, via the issue of ordinary shares in the capital of TBH or a combination of both.

As at 31 December 2018, it is probable that a Performance Payment will be payable in relation to both acquisitions GBS and DO. As such, an estimated earn-out provision of $4,500,000 has been booked.

Note 18. Earnings per share

	Consolidated	
	31/12/2018	31/12/2017
	$	$
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of The BetMakers Holdings Limited	(1,786,376)	(1,736,519)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share from continuing operations	207,046,099	157,575,988
Weighted average number of ordinary shares used in calculating diluted earnings per share from continuing operations	207,046,099	157,575,988
	Cents	Cents
Basic earnings per share	(0.86)	(1.10)
Diluted earnings per share	(0.86)	(1.10)

	Consolidated	
	31/12/2018	31/12/2017
	$	$
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of The BetMakers Holdings Limited	-	(3,340,309)

Note 18. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share from discontinued operations	207,046,099	157,575,988
Weighted average number of ordinary shares used in calculating diluted earnings per share from discontinued operations	207,046,099	157,575,988

	Cents	Cents
Basic earnings per share	-	(2.12)
Diluted earnings per share	-	(2.12)

	Consolidated	
	31/12/2018 $	31/12/2017 $
Earnings per share for loss		
Loss after income tax attributable to the owners of The BetMakers Holdings Limited	(1,786,376)	(5,076,828)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	207,046,099	157,575,988
Weighted average number of ordinary shares used in calculating diluted earnings per share	207,046,099	157,575,988

	Cents	Cents
Basic earnings per share	(0.86)	(3.22)
Diluted earnings per share	(0.86)	(3.22)

29,621,681 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 2018. These options could potentially dilute basic earnings per share in the future.

Note 19. Events after the reporting period

On 25 January 2019, the group received the final payment from PlayUp Australia Pty Limited for the purchase of TopBetta Pty Ltd and associated brands, including TopBetta and Mad Bookie. The group has now received $6,000,000 from the sale of the assets.

On 29 January 2019, the group paid the second instalment of $2,100,000 for the acquisition of Global Betting Services. The payment of $2,500,000 due on 31 January 2019 was renegotiated between the parties and $400,000 was moved into the final payment date of 30 June 2019, leaving a final payment of $3,900,000.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, 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 2018 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

28 February 2019
Newcastle

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THE BETMAKERS HOLDINGS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of The BetMakers Holdings Limited (the company) and its controlled entities (the "consolidated entity"), which comprises the statement of financial position as at 31 December 2018, 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 The BetMakers 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 2018, 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

Without modifying our opinion, we draw attention to note 2 in the financial report. This note reflects the consolidated entity has incurred a net loss of $1,786,376. Notwithstanding this and the company's current liabilities of $16.9m exceeding its current assets of $4.6m by $12.3m, the half-year report has been prepared by the Directors on a going concern basis. The Directors have formed this view on the basis of the cash flow forecasts prepared with assumptions regarding increased revenue growth from GBS and Dynamic Odds, the successful expansion of the global racing content product, increased Global Tote turnover from product expansion and on boarding of additional bookmakers.

As detailed in Note 2, the cash flow forecasts have included raising $9m in debt and/or equity prior to 30 June 2019 to assist with the settlement of the deferred consideration relating to the GBS and Dynamic Odds acquisitions. Should the consolidated entity be unable to raise the debt and/or equity prior to 30 June 2019 and/or achieve the other assumptions outlined in note 2, this will have a material negative impact underpinning the going concern assumption and the recoverability of the intangibles ($21.5m) and deferred tax assets ($6.1m) that are recorded as non-current assets as at 31 December 2018.

Independence

n 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.

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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 2018 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 The BetMakers 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

PKF

M Matthews

MARTIN MATTHEWS
PARTNER

28 FEBRUARY 2019
NEWCASTLE, NSW