TopBetta

Get in the game!

2016 - FULL YEAR
FINANCIAL REPORT

topbetta.com.au

1. Company details

Name of entity:	TopBetta Holdings Limited
ABN:	21 164 521 395
Reporting period:	For the year ended 30 June 2016
Previous period:	For the year ended 30 June 2015

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	155.9%	to	2,884,923
Loss from ordinary activities after tax attributable to the owners of TopBetta Holdings Limited	up	253.8%	to	(4,537,525)
Loss for the year attributable to the owners of TopBetta Holdings Limited	up	253.8%	to	(4,537,525)

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 $4,537,525 (30 June 2015: $1,282,461).

Further information on the 'Review of operations' is detailed in the Directors' report and Managing Directors and Chief Executive Officer's report which is part of the Annual Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.22	1.32

The net tangible assets per ordinary share amount is calculated based on 96,364,546 ordinary shares on issue as at 30 June 2016 and 54,187,930 ordinary shares that would have been in existence had the split factor of 1:29.5 occurred as at 30 June 2015.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

8. 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%	-	(10,253)	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			(10,253)	-
Income tax on operating activities			-	-

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of TopBetta Holdings Limited for the year ended 30 June 2016 is attached.

12. Signed

Signed ______________________ Date: 29 August 2016

Todd Buckingham
Director
Sydney

TopBetta Holdings Limited

(Formerly known as OM Group Holdings Pty Ltd)

ABN 21 164 521 395

Annual Report - 30 June 2016

Directors	Nicholas Chan - Chairman Todd Buckingham Matthew Cain Simon Dulhunty
Company secretary	Charly Duffy
Notice of annual general meeting	The details of the annual general meeting of TopBetta Holdings Limited are: 22 Lambton Road, Broadmeadow, NSW 2292 Tuesday 22 November 2016 at 11:00 am (AEDT)
Registered office	22 Lambton Road Broadmeadow, NSW 2292 Head office telephone: (02) 4957 4704
Share register	Computershare Investor Services Pty Limited Level 4 60 Carrington Street Sydney, NSW 2000 Share registry telephone: 1300 787 272
Auditor	PKF(NS) Audit & Assurance Limited Partnership 755 Hunter Street Newcastle West, NSW 2302
Solicitors	Australian Legal Adviser DLA Piper Australia Level 22 No.1 Martin Place Sydney, NSW 2000
Stock exchange listing	TopBetta Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: TBH)
Website	www.topbetta.com
Business objectives	TopBetta Holdings Limited provides online wagering, tournaments and content across racing and sports markets. The company has used cash and cash equivalents held at the timing of listing, in a way consistent with its stated business objectives.
Corporate Governance Statement	The Corporate Governance Statement which was approved at the same time as the Annual Report can be found at http://www.corporate.topbetta.com/corporate-governance

To Fellow Shareholders,

The past 12 months have been a defining stage of the journey for TopBetta. When we started this business some 7 years ago we always aspired to be listed on the ASX, a milestone we achieved in December, 2015, and one that has placed us on the path to becoming a significant company on an international stage.

To build a great company takes a huge amount of teamwork and the single biggest achievement of the past 12 months has been to build the team that is now driving the company forward. We are in a fantastic position to capitalise on the hard work of the previous years.

Product and Platform development

Over the past 12 months, the business has moved into a new phase of development with our new platform going live in October, 2015. This included a full suite of betting products such as Sports betting, Racing and Tournaments.

Since the release of the new platform, we have continued to make substantial enhancements and will continue to develop these products and platforms for our consumers. Our goal is to deliver the most effective online gaming platform, not only in Australia but also on the global landscape.

Strong Growth through the year

In the past 12 months, TopBetta tournaments have achieved huge growth both in the number of tournaments played, which now exceed 500 per month, and the turnover generated from tournaments, which grew from $51,433 in July 2015 to $552,708 in June 2016.

We ran Australia's largest-ever racing tournament with $250,000 in prizes over the Brisbane Racing Carnival. This followed our $100,000 tournament over the 2015 Spring Racing Carnival.

Our content platform, 12Follow also had very strong growth across 2015 and especially during the 2015 Spring Racing carnival.

The growth across the business since launching on the ASX has been very encouraging with numerous aspects to the business model being tested and proven:

	Qtr ended 30 Sep 2015	Qtr ended 30 June 2016
Total Quarterly active users	1,262	5,945
Tournament and wagering revenue ($000)	$122	$915
Total Revenue ($000)	$455	$1,432

While the results achieved to date have been encouraging, the exciting part for the TopBetta team are the learnings we have taken while building this momentum.

Licensing and regulation

As disclosed in our prospectus last year, we foresaw a requirement to transition our license to the Northern Territory Racing Commission. This took effect on August 22, 2016.

We are currently looking at expansion possibilities into international markets and the company has since lodged applications for international licenses in the UK and Alderney (British Channel Islands)

Building the Team

The past year we have significantly strengthened our team and added key experienced executives to facilitate delivery of strong sustainable growth through the company's next development stage.

Strategic Investment in MWS (Modern Wagering Systems)

Part of the TopBetta strategy includes developing market-first products that cater for global scale markets. The Global Tote, a pooled B2B betting product, is one of those products in development and we expect to take it to market within the next 12 months. Our investment in MWS will greatly assist the development of this unique product and platform.

Well positioned for the future

We finished the 2016 financial year with cash reserves of $2.3M and closed a heavily oversubscribed capital raise in August 2016 of $2.6M, which provides funding to continue the execution of our strategic plan.

The 2015 financial year has been a year to remember for a number of reasons with the highlight being the listing on to the ASX in December 2015. We would like to thank all investors who have been part of this journey and supported the team along the way.

The TopBetta team is committed to carving out a significant share of the Australian online wagering market while continuing to scope opportunities for international expansion with innovative products and platforms.

Finally, I would like to thank all of our new shareholders for their support through the IPO process and the continued support since listing. We have some big goals, and we look forward to sharing their achievement with you as we progress along this journey together.

Regards

Todd Buckingham
CEO – TopBetta Holdings Limited

29 August 2016
Sydney

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 year ended 30 June 2016.

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

Nicholas Chan - Chairman	Appointed 29 October 2015
Todd Buckingham	
Matthew Cain	Appointed 2 October 2015
Simon Dulhunty	Appointed 2 October 2015

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

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

Review of operations
The loss for the group after providing for income tax amounted to $4,537,525 (30 June 2015: $1,282,461).

The group operates various online platforms, which together offer a comprehensive wagering business, and combines fantasy wagering with traditional wagering. This model is supported by extensive content provided to its customers. Further details on the group’s operations during the financial year is set out in the Investor Presentation lodged with Australian Securities Exchange ('ASX') on 28 July 2016.

Our business strategy
Innovation is a key differentiator for the group and with the advantage of proprietary technology, it has been at the forefront of innovation throughout the enormous online wagering sector in Australia.

The industry itself is growing at 20% each year, according to UBS Evidence Lab, Australian Gaming, 18 July 2016.

The group’s strategy is to grow even faster than our industry by combining our tournaments and wagering with content services, and by delivering these services through our adaptive platform. Our content and tournament services are unique and provide stimulus for customers to register and engage on the group's websites; wagering leverages this engagement further. The adaptive platform has the unique ability to integrate and customise its offerings directly into partners’ platforms, such as affiliate sites, sporting organisations, media companies and more. This gives the group a wide range of customer acquisitions channels and engagement opportunities that underpin our rapid growth to date.

Financial year achievements
Revenue growth
The group’s revenues increased during the financial year ended 30 June 2016, and has more than doubled when compared to the financial year ended 30 June 2015. This growth was achieved despite senior management simultaneously progressing and being intensely involved with the process leading up to the initial public offering ('IPO') during the first half of the year.

Launch/progress of fantasy tournaments
TopBetta tournaments were released during October with a number of features and user engagement processes added.

Features included multi Buy-In to tournaments, cross-event tournaments along with a number of smaller additions. The new structure has seen a significant tournament growth in the last quarter of 2016.

In the period January-June 2016, additional types of tournaments were added, including “skins” tournaments that run over a number of weeks, and combine prizes at each stage with a grand-prize at the end of the tournament.

Software/platform development
The group's proprietary software allows effective customisation that adapts to the user's preferences. During the financial year ended 30 June 2016, the group implemented various improvements to its software platform, including:
● Improving user engagement with a new front-end to the TopBetta system;
● Adding/improving the sports betting functionality;
● Implementing improvements to tournaments as described above;
● Implemented website indexation and introduced automated online marketing and chat functionality;
● Improving data-communication capabilities with data suppliers/partners through a new data-interface ('API');
● Improving scalability and controls by improving the administrative functions of the platform; and
● Improving controls with upgrades to the group's risk management systems, especially with respect to sports betting functionality.

Employment and operations
In the first half of the financial year, the group engaged several new members to provide services to the 12Follow content team, product development team, and risk management team.

During the financial year, the group added a Chief Operating Officer, a Head of Product, a Client Services and Tele-sales team, as well as additional new members of our risk management, product development and software-platform/IT teams.

Board of directors
The group secured a committed and highly skilled Board of directors with experience in senior roles in some of Australia's leading companies.

Significant changes in the state of affairs
Change of name and conversion to public company
On 6 October 2015, the company OM Group Holdings Pty Ltd converted from a private company to a public company and on 16 November 2015, changed its name to TopBetta Holdings Limited.

Successful initial public offering ('IPO')
On 11 December 2015, the company was admitted to the Official List of the Australian Securities Exchange ('ASX') with the ASX code TBH. The company also raised $6,000,000 in an IPO of its shares.

On 29 March 2016, the company acquired 12.5% of the equity of Modern Wagering Systems Pty. Ltd. for $250,000, of which $100,000 was paid and $150,000 remained unpaid at 30 June 2016. Modern Wagering Systems creates white-label solutions for pooling event and wagering information between wagering operators.

The group's investment in Modern Wagering Systems will to:
● Integrate the unique "TopBetta Tournament" products and new pooled betting products with MWS's existing sports and racing systems, allowing third-party operators to easily access the network of TopBetta Tournaments and create mass distribution,
● Offer fully-integrated white label solutions for potential wagering operators in Australia and globally, and
● Launch a newly-developed pooled-betting product on global sporting contests, including football, golf, racing, car racing, and sports, amongst others.

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

Matters subsequent to the end of the financial year
On 23 August 2016, the company raised additional capital with a placement of $2,601,842.58 issuing 14,454,681 shares at $0.18 per share ("Placement") to fund its core businesses and for development of its Global Tote business.

Subject to the Company obtaining shareholder approval at the AGM the Company has also agreed to issue to Canaccord Genuity (Australia) Limited 3 million options exercisable at 25c within 3 years from the date of issue ("Completion Options") which will vest as follows:
(a) 1.5 million Completion Options will vest 12 months after completion of the Placement, and
(b) 1.5 million Completion Options will vest on the earlier of:
    a. 12 months after the completion of the Placement; or
    b. The Company's volume weighted share price trading above $0.50 for a period of at least one month.

On 28 July 2016, the company issued 2,000,000 options to Paul Jeronimo, the Chief Operating Officer, under the group’s long term incentive plan with the following conditions: all options are exercisable at $0.25; expiring on 21 March 2019. The options comprise two tranches of 1,000,000 options each that are subject to various employment and performance-related vesting conditions.

On 11 August 2016, the group was granted a licence by the Northern Territory Racing Commission to conduct business as a sports bookmaker and that enables the group to progress its tournaments and wagering business under this new jurisdiction. This licence is valid until 20 August 2021.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Likely developments and expected results of operations

The group anticipates these opportunities for continued growth:

- Continue to innovate with Content and Tournaments, and add new products such as multi-bets, and other high-margin wagering products;
- Refine our marketing strategies and management, continue to improve our sales and affiliates channels to our existing market;
- Expand our existing content, tournament and wagering businesses into new markets outside Australia, particularly through affiliates, and
- Expand the group’s new business outside Australia through the establishment of Global Tote. Global Tote will be conducted through a European subsidiary of TopBetta Holdings. An application has been made to the Alderney Gambling Control Commission ('AGCC') to conduct the Global Tote Business.

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

- Wagering risks arising from the unpredictability of wagering liabilities, and
- Liquidity risks – the company’s ability to grow is dependent upon sufficient liquid financial resources to fund marketing and operational growth.

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

Environmental regulation

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

Information on directors

Name:	Nicholas Chan
Title:	Chairman and Non-Executive Director
Experience and expertise:	Nicholas (Nick) Chan has more than 30 years' experience in media. He has held senior leadership and operational roles with leading Australian media companies. Nick was most recently Group Chief Operating Officer ('COO') at Seven West Media and prior to that, Chief Executive Officer ('CEO') of Pacific Magazines, a subsidiary of Seven West Media, for nine years. He joined Pacific Magazines from Text Media, where he was a CEO. He held a range of senior positions at ACP Publishing including Group Publisher and COO. Nick is a former Chairman of The Magazines Publishers of Australia and is the CEO of Bauer Media ANZ.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and Chairman of Nomination and Remuneration Committee, as at year end.
Interests in shares:	None
Interests in options:	2,000,000 options over ordinary shares

Name:	Todd Buckingham
Title:	Managing Director and Chief Executive Officer
Qualifications:	Double Bachelor in teaching and health and physical education
Experience and expertise:	Todd Buckingham has more than 20 years' experience working in the Sports and Wagering industry in Australia. After completing his double Bachelor degree in 2000, he taught secondary education for five years at Hunter Sports High School whilst simultaneously working as a sports manager at a successful sports management company, NSRT. During his time at NSRT, Todd negotiated more than $20 million worth of sporting contracts, culminating in his appointment as Managing Director. As Managing Director of NSRT, Todd's responsibilities included managing the affairs of Rugby League athletes, negotiating contracts, sourcing sponsorships, managing accounting and budgeting affairs, crisis management and media relations. In 2009, he founded 12Follow and in 2010 TopBetta.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	4,850,862 ordinary shares
Interests in options:	16,667,000 options over ordinary shares (refer to 'Service agreements' section)

Name:	Matthew Cain
Title:	Non-independent-Non-Executive Director
Qualifications:	Bachelor of Commerce (Hons. in Finance)
Experience and expertise:	Matthew Cain has over 18 years' experience in the financial services and banking industry. He brings a significant amount of senior management, financial and corporate experience to the group. Matthew has an extensive family background in racing and is involved with racing a number of horses with prominent Melbourne horse trainers. Matthew is currently a Committee Member of the Melbourne Racing Club and a director of Ferghana Capital. He is also a Board Trustee to the Caulfield Racecourse Reserve.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee and member of Nomination and Remuneration Committee, as at year end.
Interests in shares:	295,000 ordinary shares
Interests in options:	1,500,000 options over ordinary shares

Name:	Simon Dulhunty
Title:	Non-independent-Non-Executive Director
Experience and expertise:	Simon Dulhunty has over 25 years' experience in print and digital media in management and operational roles at the top of metropolitan and regional Australian media, including as an award-winning Editor of The Sun-Herald newspaper in Sydney and General Manager of Fairfax Media's mobile development team responsible for acclaimed iPad apps for The Age, The Sydney Morning Herald and The Australian Financial Review. Simon now runs his own private media consultancy.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and Nomination and Remuneration Committee.
Interests in shares:	146,438 ordinary shares
Interests in options:	1,500,000 options over ordinary shares

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

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

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

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Nicholas Chan	12	13	4	4	6	6
Todd Buckingham *	13	13	-	-	-	-
Matthew Cain	13	13	4	4	6	6
Simon Dulhunty	13	13	4	4	6	6

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

* Todd was the sole director of the group until October 2015 when the Board was formed.

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

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

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration
The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

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

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

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

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

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by shareholders. The most recent determination was under the Constitution, where the shareholders approved that the aggregate remuneration must not exceed $500,000 per annum. In addition, for the period from the date of the IPO Prospectus, 25 November 2015 to 30 June 2016 the remuneration to non-executive directors was not to exceed $200,000 in aggregate.

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

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments, such as long-term incentive plans; and
- other remuneration such as superannuation and long service leave.

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

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

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

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

The Board has sole and absolute discretion to determine the terms and conditions of awards which are granted under the LTIP including, but not limited to, the following:
- which individuals will be invited to participate in the LTIP;
- the number of awards to be granted to each participant;
- the fee payable, if any, by participants on the grant of awards;
- the terms (e.g. vesting conditions or performance hurdles) on which the awards will vest and become exercisable;
- the exercise price, if any, of each award granted to participants;
- the period during which a vested award can be exercised; and
- any forfeiture conditions or disposal restrictions applying to the awards and shares received upon exercise of awards.

Group's performance and link to remuneration
Todd Buckingham received options which were fully expensed as remuneration during the year. Refer to 'Service agreements' section below for further details. No other individual currently received remuneration linked to the performance of the group during the year ended 30 June 2016.

Use of remuneration consultants
During the financial year ended 30 June 2016, the group had not engaged any remuneration consultants, to review its existing remuneration policies and provide recommendations on how to implement the LTIP.

Details of remuneration

Amounts of remuneration
The KMP of the group consisted of the directors of TopBetta Holdings Limited and the following persons:
- Bill Butler - Chief Financial Officer
- Oliver Shanahan - Chief Information Officer
- Paul Jeronimo - Chief Operating Officer

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

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2016	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled options $	Total $
Non-Executive Directors:								
Nicholas Chan * - chairman	49,877	-	-	4,738	-	-	130,000	184,615
Matthew Cain *	24,939	-	-	2,369	-	34,100	97,500	158,908
Simon Dulhunty *	24,939	-	-	2,369	-	-	97,500	124,808
Executive Directors:								
Todd Buckingham	146,995	-	5,511	13,964	-	-	603,340	769,810
Other KMP:								
Bill Butler	130,841	-	-	12,430	-	-	-	143,271
Oliver Shanahan	132,849	-	-	12,613	-	-	-	145,462
Paul Jeronimo **	46,154	-	-	4,385	-	-	-	50,539
	556,594	-	5,511	52,868	-	34,100	928,340	1,577,413

* Remuneration from date of appointment of KMP and represents the director fees.
** Remuneration from date of appointment of KMP.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2015	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled options $	Total $
Executive Directors:								
Todd Buckingham	82,209	-	-	7,810	-	-	-	90,019
Other KMP:								
Bill Butler	90,017	-	-	8,551	-	-	-	98,568
Oliver Shanahan	86,786	-	-	8,244	-	-	-	95,030
	259,012	-	-	24,605	-	-	-	283,617

Paul Jeronimo received no remuneration in 2015.

Service agreements

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

Name:	Todd Buckingham
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	8 November 2015
Term of agreement:	Fixed term for two years and upon expiry may be mutually extended to continue on an ongoing basis.
Details:	Todd Buckingham receives a total fixed remuneration of $180,000 per annum (excluding superannuation) which includes all non-cash benefits he may be entitled to receive plus a motor vehicle allowance of $18,000 per annum. In addition, the company has issued to Todd: (1) Tranche 1 - 10,000,000 options each with an exercise price of $0.25 and with an option term of five years. The options will only vest and be exercisable into fully paid ordinary shares in the company upon the earlier of either of the following vesting conditions being met: ● the group achieving gross revenue of at least $3 million over a period of three consecutive months within five years of the date of issue of the options; ● the company's 20 day volume weighted average price ('VWAP') of its shares as quoted on the ASX being at least $0.50 within five years of the date of issue of the options; or ● a change of control event occurring within five years of the date of issue of the options. (2) Tranche 2 - 6,667,000 options each with an exercise price of $0.25 and with an option term of five years. Those options will only vest and be exercisable into fully paid ordinary shares in the company upon the earlier of either of the following vesting conditions being met: ● the group achieving Earnings, Before Interest, Tax, Depreciation and Amortisiation ('EBITDA') of $1 million over a period of three consecutive months within five years of the date of issue of the options; ● the company's 20 day VWAP of its shares as quoted on the ASX being at least $1.00 within five years of the date of issue of the options; or ● a change of control event occurring within five years of the date of issue of the options. Todd is also be eligible to participate in the LTIP. After the initial two year fixed term, Todd may terminate his employment contract by giving six months' notice in writing. In addition to the rights provided under the Constitution, subject to the requirements of the Corporations Act, if, amongst other circumstances, the Board determines that Todd is not satisfactorily performing his duties as Managing Director, the Board may recommend and put a resolution to the shareholders for his removal either during the fixed term or otherwise. Todd will be subject to a restraint on solicitation of clients, suppliers and employees for a period of 12 months following the termination of his employment.

Name:	Bill Butler
Title:	Chief Financial Officer
Agreement commenced:	1 July 2014
Term of agreement:	Ongoing basis
Details:	Bill Butler receives an annual salary of $150,000 (excluding superannuation) and is also eligible for: ● mandatory superannuation contributions; ● a discretionary bonus and incentive payment scheme; and ● the LTIP. Bill may terminate his employment agreement by giving two weeks' notice in writing and the group may terminate his employment agreement by giving three weeks' notice in writing, or by the group making payment in lieu of part or all of the usual summary dismissal grounds. Other than in relation to the protection of confidential information and intellectual property, Bill is not subject to any other restrictions on his activities after his employment with the group ceases.

Name:	Oliver Shanahan
Title:	Chief Information Officer
Agreement commenced:	1 July 2014
Term of agreement:	Ongoing basis
Details:	Oliver Shanahan receives an annual salary of $150,000 (excluding superannuation) and is also eligible for: ● mandatory superannuation contributions; ● a discretionary bonus and incentive payment scheme; and ● the LTIP. Oliver may terminate his employment agreement by giving three weeks' notice in writing and the group may terminate his employment agreement by giving three weeks' notice in writing, or by the group making payment in lieu of part or all of the usual summary dismissal grounds. Other than in relation to the protection of confidential information and intellectual property, Oliver is not subject to any other restrictions on his activities after his employment with the group ceases.

Name:	Paul Jeronimo
Title:	Chief Information Officer
Agreement commenced:	21 March 2016
Term of agreement:	Ongoing basis
Details:	Paul Jeronimo receives an annual salary of $160,000 (excluding superannuation) and is also eligible for: ● mandatory superannuation contributions; ● a discretionary bonus and incentive payment scheme; and ● the LTIP. The group or Paul may terminate his employment agreement by giving three months' notice in writing, or by the group making a payment in lieu of part or all of the notice period, in addition to the usual summary dismissal grounds. Other than in relation to the protection of confidential information and intellectual property, Paul is not subject to any other restrictions on his activities after his employment with the group ceases.

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

Share-based compensation

Issue of shares

Details of shares issued to directors and other KMP as part of compensation during the year ended 30 June 2016 are set out below:

Name	Date	Shares	Issue price	$
Matthew Cain *	2 September 2015	295,000	$0.12	34,100

* The number of shares incorporates the split factor of 1:29.5

Options

The terms and conditions of each grant of options issued by 30 June 2016 over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Nicholas Chan	12/11/2015	12/11/2018	$0.20	$0.065
Todd Buckingham - Tranche 1	12/11/2015	12/11/2020	$0.25	$0.047
Todd Buckingham - Tranche 2	12/11/2015	12/11/2020	$0.25	$0.020
Matthew Cain	12/11/2015	12/11/2018	$0.20	$0.065
Simon Dulhunty	12/11/2015	12/11/2018	$0.20	$0.065

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

Options granted carry no dividend or voting rights.

Details of options over ordinary shares granted, vested and lapsed for directors and other KMP as part of compensation during the year ended 30 June 2016 are set out below:

Name	Grant date	Vesting date	Number of options granted	Value of options granted $	Value of options vested $	Number of options lapsed	Value of options lapsed $
Nicholas Chan	12/11/2015	12/11/2018	2,000,000	130,000	-	-	-
Todd Buckingham - Tranche 1	12/11/2015	12/11/2020	10,000,000	470,000	-	-	-
Todd Buckingham - Tranche 2	12/11/2015	12/11/2020	6,667,000	133,340	-	-	-
Matthew Cain	12/11/2015	12/11/2018	1,500,000	97,500	-	-	-
Simon Dulhunty	12/11/2015	12/11/2018	1,500,000	97,500	-	-	-

Additional disclosures relating to KMP

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Todd Buckingham	4,850,862	-	-	-	4,850,862
Matthew Cain	-	295,000	-	-	295,000
Simon Dulhunty	146,438	-	-	-	146,438
	4,997,300	295,000	-	-	5,292,300

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Nicholas Chan	-	2,000,000	-	-	2,000,000
Todd Buckingham *	-	16,667,000	-	-	16,667,000
Matthew Cain	-	1,500,000	-	-	1,500,000
Simon Dulhunty	-	1,500,000	-	-	1,500,000
	-	21,667,000	-	-	21,667,000

* Conditions detailed in 'Service agreements' section above.

This concludes the remuneration report, which has been audited.

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

Grant date	Expiry date	Exercise price	Number under option
12 November 2015	12 November 2018	$0.20	10,000,000
12 November 2015	12 November 2020	$0.25	16,667,000
28 July 2016	21 March 2019	$0.25	2,000,000
			28,667,000

In addition to options granted to KMP, 5,000,000 options were granted to Foster Stockbroking Pty Ltd, with an exercise price of $0.20 and expiry date of 12 November 2018.

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

Shares issued on the exercise of options
There were no ordinary shares of TopBetta Holdings Limited issued on the exercise of options during the year ended 30 June 2016 and up to the date of this report.

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

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

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

Auditor's independence declaration

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

Auditor

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

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

On behalf of the directors

Nicholas Chan	Todd Buckingham
Chairman	Director

29 August 2016
Sydney

29 August 2016

The Board of Directors
TopBetta Holdings Limited
22 Lambton Rd
BROADMEADOW NSW 2292

Dear Board Members

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

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of TopBetta Holdings Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

PKF

PKF
Chartered Accountants

Matthews

Martin Matthews
Partner

Dated: 29 August 2016

Newcastle, NSW

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

Liability limited by a scheme approved under Professional Standards Legislation

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Newcastle
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PO Box 2368 Dangar NSW 2309
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	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue		2,884,923	1,127,522
Cost of sales		(1,041,120)	(349,254)
Gross profit		1,843,803	778,268
Other income	5	617,483	429,280
Expenses			
Employee benefits expense	6	(2,322,444)	(1,245,587)
Professional fees		(826,914)	(394,047)
Marketing expenses		(2,064,373)	(594,698)
Administration expenses		(763,772)	(158,747)
IT expenses		(338,155)	(198,173)
Occupancy expenses		(83,006)	(59,633)
Depreciation and amortisation expense	6	(22,061)	(5,845)
Share of losses of associates accounted for using the equity method		(10,253)	-
Non-recurring expenses	6	(1,513,064)	-
Other expenses		(90,620)	(5,698)
Finance costs	6	(111,481)	(145,659)
Loss before income tax benefit		(5,684,857)	(1,600,539)
Income tax benefit	7	1,147,332	318,078
Loss after income tax benefit for the year attributable to the owners of TopBetta Holdings Limited		(4,537,525)	(1,282,461)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of TopBetta Holdings Limited		(4,537,525)	(1,282,461)
		Cents	**Cents**
Basic earnings per share	31	(5.64)	(4.34)
Diluted earnings per share	31	(5.64)	(4.34)

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

	Note	Consolidated 2016 $	Consolidated 2015 $
Assets			
Current assets			
Cash and cash equivalents	8	2,435,693	432,387
Trade and other receivables	9	1,229,370	1,101,536
Prepayments		59,005	-
Total current assets		3,724,068	1,533,923
Non-current assets			
Investments accounted for using the equity method	10	239,747	-
Property, plant and equipment	11	271,330	20,828
Goodwill	12	4,275,527	4,275,527
Deferred tax	13	2,178,618	701,055
Total non-current assets		6,965,222	4,997,410
Total assets		10,689,290	6,531,333
Liabilities			
Current liabilities			
Trade and other payables	14	2,065,557	939,434
Borrowings - non-related parties		-	501,936
Employee benefits	15	219,795	76,005
Deferred revenue		18,045	-
Total current liabilities		2,303,397	1,517,375
Non-current liabilities			
Employee benefits	16	43,163	24,027
Total non-current liabilities		43,163	24,027
Total liabilities		2,346,560	1,541,402
Net assets		8,342,730	4,989,931
Equity			
Issued capital	17	14,696,667	8,059,683
Reserves	18	1,253,340	-
Accumulated losses		(7,607,277)	(3,069,752)
Total equity		8,342,730	4,989,931

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

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2014	3,866,954	-	(1,787,291)	2,079,663
Loss after income tax benefit for the year	-	-	(1,282,461)	(1,282,461)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,282,461)	(1,282,461)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 17)	4,192,729	-	-	4,192,729
Balance at 30 June 2015	8,059,683	-	(3,069,752)	4,989,931

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2015	8,059,683	-	(3,069,752)	4,989,931
Loss after income tax benefit for the year	-	-	(4,537,525)	(4,537,525)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(4,537,525)	(4,537,525)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 17)	6,636,984	-	-	6,636,984
Share-based payments (note 32)	-	1,253,340	-	1,253,340
Balance at 30 June 2016	14,696,667	1,253,340	(7,607,277)	8,342,730

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

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Receipts from customers - net		3,613,010	1,315,949
Payments to suppliers and employees		(7,364,617)	(3,188,701)
Interest received		45,092	280
Interest and other finance costs paid		(32,766)	(42,770)
Research and development tax rebated received		415,595	602,152
Net cash used in operating activities	29	(3,323,686)	(1,313,090)
Cash flows from investing activities			
Payments for investments		(100,000)	-
Payments for property, plant and equipment	11	(272,563)	(16,602)
Net cash used in investing activities		(372,563)	(16,602)
Cash flows from financing activities			
Proceeds from issue of shares		7,258,694	1,326,374
Proceeds from unissued shares		-	65,000
Net (repayment of)/proceeds from borrowings		(458,369)	320,205
Share issue transaction costs		(1,100,770)	-
Net cash from financing activities		5,699,555	1,711,579
Net increase in cash and cash equivalents		2,003,306	381,887
Cash and cash equivalents at the beginning of the financial year		432,387	50,500
Cash and cash equivalents at the end of the financial year	8	2,435,693	432,387

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 at the end of, or during, the year (referred to in these financial statements as the 'group'). The financial statements are presented in Australian dollars, which is 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 29 August 2016. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Adoption of AASB 1 *First time adoption of Australian Accounting Standards*

The group has historically prepared ‘special purpose financial statements’ for the purpose of satisfying the directors reporting requirements. The group is now required to prepare ‘general purpose financial statements’ in accordance with International Financial Reporting Standards ('IFRS') for the first time for the year ended 30 June 2016. In accordance with AASB 1 ‘First time adoption of Australian Accounting Standards’ the group has adopted all relevant IFRS standards with effect from the beginning of the comparative period, 1 July 2014. The adoption of AASB 1 has not resulted in any changes in recognition or measurement of amounts in the financial statements. No reconciliation is therefore provided.

Basis of preparation

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

Historical cost convention
The financial statements have been prepared under the historical cost convention.

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 27.

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of TopBetta Holdings Limited as at 30 June 2016 and the results of all subsidiaries for the year then ended.

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

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

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

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

Revenue recognition

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

Fantasy wagering

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

Wagering

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

Content services

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

Current and non-current classification

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

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

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

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

Note 2. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

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

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

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

Impairment of non-financial assets
Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

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

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

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

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

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

Comparatives
Comparatives have been realigned to agree with the current year presentation. There has been no change for the loss for the year ended 30 June 2015 nor the net asset position as at 30 June 2015.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2016. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

Note 2. Significant accounting policies (continued)

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

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 ‘Leases’ and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a ‘right-of-use’ asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a ‘right-of-use’ asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the group.

Note 2. Significant accounting policies (continued)

Other amending accounting standards
Other amending accounting standards issued but not mandatory are not considered to have a significant impact on the financial statements of the group as they provide either clarification of existing accounting treatment or editorial amendments.

Note 3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions
The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model, depending on equity-settled transaction, and takes into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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

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

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

Note 4. Operating segments

Identification of reportable operating segments
The group operates in three segments being the fantasy wagering and wagering, content services, 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.

Note 4. Operating segments (continued)

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

Fantasy wagering and wagering	The group operates an online wagering platform which utilises proprietary technology across risk management systems, odds management, content delivery and consumer facing platforms. Online fantasy wagering tournaments platform is integrated into the groups 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.
Corporate	Head office costs.

There are no intersegment transactions.

Major customers
There are no major customers that represented more than 10% of the total segment revenue.

Operating segment information

Consolidated - 2016	Fantasy wagering and wagering $	Content services $	Corporate $	Total $
Revenue				
Sales to external customers	1,897,273	987,650	-	2,884,923
Total revenue	1,897,273	987,650	-	2,884,923
Segment results	(1,429,770)	(79,564)	(3,124,329)	(4,633,663)
Depreciation and amortisation				(22,061)
Research and development tax rebate				560,573
Interest revenue				45,092
Finance costs				(111,481)
Non-recurring expenses				(1,513,064)
Share of losses of associates				(10,253)
Loss before income tax benefit				(5,684,857)
Income tax benefit				1,147,332
Loss after income tax benefit				(4,537,525)
Assets				
Segment assets	877,528	91,622	9,720,140	10,689,290
Total assets				10,689,290
Liabilities				
Segment liabilities	3,937,701	77,037	(1,668,178)	2,346,560
Total liabilities				2,346,560

Note 4. Operating segments (continued)

Consolidated - 2015	Fantasy wagering and wagering $	Content services $	Corporate $	Total $
Revenue				
Sales to external customers	671,126	416,396	40,000	1,127,522
Total revenue	671,126	416,396	40,000	1,127,522
Segment results	(394,387)	(12,341)	(1,457,587)	(1,864,315)
Depreciation and amortisation				(5,845)
Research and development tax rebate				415,000
Interest revenue				280
Finance costs				(145,659)
Loss before income tax benefit				(1,600,539)
Income tax benefit				318,078
Loss after income tax benefit				(1,282,461)
Assets				
Segment assets	183,555	102,571	6,245,207	6,531,333
Total assets				6,531,333
Liabilities				
Segment liabilities	1,852,449	28,724	(339,771)	1,541,402
Total liabilities				1,541,402

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

Note 5. Other income

	Consolidated 2016 $	Consolidated 2015 $
Research and development tax rebate	560,573	415,000
Payroll tax rebate	11,818	14,000
Interest received	45,092	280
Other income	617,483	429,280

Accounting policy for other income

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

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

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

Note 6. Expenses

	Consolidated 2016 $	Consolidated 2015 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	3,448	-
Plant and equipment	1,500	2,657
Computer equipment	12,988	2,728
Furniture and fittings	4,125	460
Total depreciation	22,061	5,845
Employee benefits		
Employee benefits expense excluding superannuation	2,137,280	1,143,062
Defined contribution superannuation expense	185,164	102,525
Total employee benefits	2,322,444	1,245,587
Finance costs		
Interest and finance charges paid/payable	111,481	145,659
Rental expense relating to operating leases		
Minimum lease payments	66,685	53,817
Non-recurring expenses		
IPO transaction costs	259,724	-
Share-based payments expense	1,253,340	-
Total non-recurring expenses	1,513,064	-

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

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

Note 7. Income tax benefit

	Consolidated 2016 $	Consolidated 2015 $
Income tax benefit		
Deferred tax - origination and reversal of temporary differences	(1,147,332)	(318,078)
Aggregate income tax benefit	(1,147,332)	(318,078)
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 13)	(1,147,332)	(318,078)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(5,684,857)	(1,600,539)
Tax at the statutory tax rate of 30%	(1,705,457)	(480,162)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	376,002	-
Research and development tax incentive expenditure	205,543	162,502
Superannuation surcharge	41,562	-
Sundry items	10,469	(418)
	(1,071,881)	(318,078)
Effect of temporary differences now recognised	(75,451)	-
Income tax benefit	(1,147,332)	(318,078)

	Consolidated 2016 $	Consolidated 2015 $
Amounts credited directly to equity		
Deferred tax assets (note 13)	(330,231)	-

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

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

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

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

Note 7. Income tax benefit (continued)

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

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

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2016	2015
	$	$
Cash on hand	711	719
Cash at bank	1,771,083	139,621
Restricted cash	663,899	292,047
	2,435,693	432,387

Restricted cash represents amounts held on behalf of players funds under NI license and is not available for use by the group. The corresponding liability is recognised in other payables and accruals at note 14.

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

Note 9. Current assets - trade and other receivables

	Consolidated	
	2016	2015
	$	$
Trade receivables	40,200	56,639
Other receivables	776,664	776,664
Research and development tax receivable	334,711	189,734
Rental bonds	23,375	3,640
Goods and services tax ('GST') receivable	54,420	55,076
	1,189,170	1,025,114
Receivable from related party	-	19,783
	1,229,370	1,101,536

Impairment of receivables
The group has not recognised an impairment of receivables in profit or loss for the year ended 30 June 2016 (2015: Nil).

Receivables are neither past due nor impaired.

Note 9. Current assets - trade and other receivables (continued)

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

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

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

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

Note 10. Non-current assets - investments accounted for using the equity method

On 29 March 2016, the company acquired 12.5% of the equity of Modern Wagering Systems Pty. Ltd. for $250,000, of which $100,000 was paid and $150,000 remained unpaid at 30 June 2016. Modern Wagering Systems creates white-label solutions for pooling event and wagering information between wagering operators.

	Consolidated	
	2016	2015
	$	$
Investment in associate	239,747	-

Interests in associate
Information relating to the associate is set out below:

		Ownership interest	
	Principal place of business /	2016	2015
Name	Country of incorporation	%	%
Modern Wagering Systems Pty. Ltd.	Australia	12.50%	-

The group has an option to acquire a further 12.5% interest in the associate, which would then be obliged to issue non-dilution shares to a subset of its shareholders. If the group exercises the groups' options and the non-dilution shares are issued, the group would hold a 24% interest in the associate and would also be eligible to for a seat on the board of the associate.

Summarised financial information has been presented for the year ended as at 30 June 2016 and the impact in profit or loss corresponds for the last quarter (April - June) of the year after acquisition ended at June 2016.

Note 10. Non-current assets - investments accounted for using the equity method (continued)

Summarised financial information

	2016 $
Summarised statement of financial position	
Current assets	158,555
Non-current assets	2,556
Total assets	161,111
Current liabilities	10,093
Non-current liabilities	12,414
Total liabilities	22,507
Net assets	138,604
Summarised statement of profit or loss and other comprehensive income	
Revenue	15,403
Expenses	(97,428)
Loss before income tax	(82,025)
Other comprehensive income	-
Total comprehensive income	(82,025)
Reconciliation of the group's carrying amount	
Opening carrying amount	250,000
Share of loss after income tax	(10,253)
Closing carrying amount	239,747

Accounting policy for associates
Associates are entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

	Consolidated 2016 $	Consolidated 2015 $
Leasehold improvements - at cost	104,036	-
Less: Accumulated depreciation	(3,448)	-
	100,588	-
Plant and equipment - at cost	16,627	17,349
Less: Accumulated depreciation	(11,738)	(10,960)
	4,889	6,389
Computer equipment - at cost	71,183	16,086
Less: Accumulated depreciation	(15,716)	(2,728)
	55,467	13,358
Furniture and fittings - at cost	116,109	2,679
Less: Accumulated depreciation	(5,723)	(1,598)
	110,386	1,081
	271,330	20,828

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

Consolidated	Leasehold improvements $	Plant and equipment $	Computer equipment $	Furniture and fittings $	Total $
Balance at 1 July 2014	-	9,046	-	1,025	10,071
Additions	-	-	16,086	516	16,602
Depreciation expense	-	(2,657)	(2,728)	(460)	(5,845)
Balance at 30 June 2015	-	6,389	13,358	1,081	20,828
Additions	104,036	-	55,097	113,430	272,563
Depreciation expense	(3,448)	(1,500)	(12,988)	(4,125)	(22,061)
Balance at 30 June 2016	100,588	4,889	55,467	110,386	271,330

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

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

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

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

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

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

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

Note 12. Non-current assets - goodwill

	Consolidated	
	2016 $	2015 $
Goodwill - at cost	4,275,527	4,275,527

Impairment testing
Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	Consolidated	
	2016 $	2015 $
Tournaments and wagering	2,473,074	2,473,074
Content services	1,802,453	1,802,453
	4,275,527	4,275,527

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

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

The following key assumptions were used in the discounted cash flow model for the tournaments and wagering division:
(a) 17.5% pre-tax discount rate;
(b) terminal value of 6.5x previous year's Earnings, Before Interest, Tax, Depreciation and Amortisation ('EBITDA');
(c) 3% per annum increase in employee benefits expense; and
(d) revenue growth at 80% of management's forecast for financial year to 30 June 2017 which would result in a doubling of active users in the coming year and continuing at a steady pace in subsequent years. For the period April-June 2016, quarterly-active subscribers (across all services) were 5,945. For the period July 2016-June 2017, revenue per user is modelled to increase steadily, at 14% compared to the average revenue per active user during the period January 2016-June 2016.

The following key assumptions were used in the discounted cash flow model for the content services division:
(a) 17.5% pre-tax discount rate;
(b) terminal value of 6.5x previous year's Earnings, Before Interest, Tax, Depreciation and Amortisation ('EBITDA');
(c) 3% per annum increase in employee benefits expense; and
(d) revenue growth at 80% of management's forecast for financial year to 30 June 2017, and continuing at a steady pace in subsequent years, which would result in a 50% increase in the number of active users in the coming year and continuing at a steady pace in subsequent years. For the period July 2016-June 2017, revenue per user is modelled to decrease slightly, (-4%) compared to the average revenue per active user during the period January 2016-June 2016: the decrease being driven by simpler content services offered at lower price points to clients.

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

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

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

Sensitivity analysis
As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:
(a) One of revenue per user, or the number of users, would need to decrease by 30% vs. modelling for the Tournament and Wagering division before goodwill would need to be impaired, with all other assumptions remaining constant.
(b) One of revenue per user, or the number of users, would need to decrease by 18% vs. modelling for the Content division before goodwill would need to be impaired, with all other assumptions remaining constant.

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

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

Note 13. Non-current assets - deferred tax

	Consolidated	
	2016 $	2015 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	1,864,443	701,055
Property, plant and equipment	(49,002)	-
Accrued expenses	78,887	-
Superannuation	20,105	-
	1,914,433	701,055
Amounts recognised in equity:		
Transaction costs on share issue	264,185	-
Deferred tax asset	2,178,618	701,055
Movements:		
Opening balance	701,055	382,977
Credited to profit or loss (note 7)	1,147,332	318,078
Credited to equity (note 7)	330,231	-
Closing balance	2,178,618	701,055

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2016 $	2015 $
Trade payables	738,999	273,990
Accrued expenses	444,955	116,605
Other payables	881,603	548,839
	2,065,557	939,434

Note 14. Current liabilities - trade and other payables (continued)

Refer to note 20 for further information on financial instruments.

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

Note 15. Current liabilities - employee benefits

	Consolidated	
	2016 $	2015 $
Annual leave	219,795	76,005

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

Note 16. Non-current liabilities - employee benefits

	Consolidated	
	2016 $	2015 $
Long service leave	43,163	24,027

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

Note 17. Equity - issued capital

	Consolidated			
	2016 Shares	2015 Shares	2016 $	2015 $
Ordinary shares - fully paid	96,364,546	1,836,879	14,696,667	8,059,683

Note 17. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2014	498,131		3,866,954
Shares issued	1 July 2014	59,124	$8.00	472,992
Shares issued	1 July 2014	9,447	$0.00	9
Shares issued	1 July 2014	12,913	$6.77	87,421
Shares issued	30 November 2014	140,080	$7.50	1,050,600
Shares issued	22 February 2015	40,846	$6.78	277,243
Shares issued	22 February 2015	9,929	$6.04	60,000
Shares issued	22 February 2015	598,894	$2.00	1,197,788
Shares issued	25 March 2015	388,332	$2.00	776,664
Shares issued	15 May 2015	46,922	$3.41	160,002
Shares issued	30 June 2015	32,261	$3.41	110,010
Balance	30 June 2015	1,836,879		8,059,683
Shares issued before Initial Public Offering ('IPO') to existing shareholders during the financial year		412,766	$3.41	1,407,523
Share-split 29:50 new shares issued for each 1 existing share held	15 November 2015	64,114,901	$0.00	-
Shares issued at IPO	11 December 2015	30,000,000	$0.20	6,000,000
Transaction costs		-	$0.00	(1,100,770)
Deferred tax credit recognised directly in equity (note 13)		-	$0.00	330,231
Balance	30 June 2016	96,364,546		14,696,667

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

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

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

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

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

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

The group is not subject to any financing arrangements covenants.

Accounting policy for issued capital
Ordinary shares are classified as equity.

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

Note 18. Equity - reserves

	Consolidated 2016 $	Consolidated 2015 $
Share-based payments reserve	1,253,340	-

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

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments $	Total $
Balance at 1 July 2014	-	-
Balance at 30 June 2015	-	-
Share-based payments	1,253,340	1,253,340
Balance at 30 June 2016	1,253,340	1,253,340

Note 19. Equity - dividends

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

Note 20. Financial instruments

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

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

Market risk

Foreign currency risk
The group is not exposed to any foreign currency risk.

Price risk
The group is not exposed to any price risk.

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

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

Note 20. Financial instruments (continued)

Liquidity risk

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

Remaining contractual maturities

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

Consolidated - 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	738,999	-	-	-	738,999
Other payables	-	881,601	-	-	-	881,601
Total non-derivatives		1,620,600	-	-	-	1,620,600

Consolidated - 2015	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	273,990	-	-	-	273,990
Other payables	-	548,839	-	-	-	548,839
Loans to non-related parties	-	206,701	-	-	-	206,701
Interest-bearing - fixed rate						
Loans to non-related parties	25.00%	43,566	-	-	-	43,566
Loans to non-related parties	33.58%	251,669	-	-	-	251,669
Total non-derivatives		1,324,765	-	-	-	1,324,765

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

Wagering risk

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

Note 21. 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 - 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Ordinary shares	-	-	239,747	239,747
Total assets	-	-	239,747	239,747

There were no transfers between levels during the financial year.

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

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

Valuation techniques for fair value measurements categorised within level 2 and level 3
Unquoted investments in shares have been valued at the purchase price on the trade date less the group's share of losses for the period from the trade date (11 April 2016) to the financial year end as at 30 June 2016.

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

Consolidated	Ordinary Shares $	Available-for-sale $	Total $
Balance at 1 July 2014	-	-	-
Balance at 30 June 2015	-	-	-
Additions	250,000	-	250,000
Share of losses of associates	(10,253)	-	(10,253)
Balance at 30 June 2016	239,747	-	239,747

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

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

Note 21. Fair value measurement (continued)

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

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

Note 22. Key management personnel disclosures

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

	Consolidated	
	2016	2015
	$	$
Short-term employee benefits	562,105	259,012
Post-employment benefits	52,868	24,605
Share-based payments	962,440	-
	1,577,413	283,617

In addition to the above, certain directors received payments for consultancy services directly or indirectly as disclosed in note 26.

Note 23. Remuneration of auditors

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

	Consolidated	
	2016	2015
	$	$
Audit services - PKF(NS) Audit & Assurance Limited Partnership		
Audit or review of the financial statements	79,186	13,000
Other services - PKF(NS) Audit & Assurance Limited Partnership		
Audit services for financial years 30 June 2012 to 2015	85,623	-
Due diligence reporting for IPO	45,316	-
Preparation of the investigating accountant report for IPO	40,139	-
Taxation advice	10,000	-
Advice on LTIP taxation	750	-
	181,828	-
	261,014	13,000

Note 24. Contingent liabilities

The group had no contingent liabilities or assets as at 30 June 2016 and 30 June 2015.

Note 25. Commitments

	Consolidated 2016 $	Consolidated 2015 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	139,458	-
One to five years	448,167	-
	587,625	-

Operating lease commitments includes contracted amounts for offices on a five year lease with the option to extend for a further five years. Annual amount will increase at the greater of 3% or CPI. There is a five year operating lease for a motor vehicle. There is also a short term property lease expiring on 31 December 2016 and the term extends on same terms unless terminated by either party.

Note 26. Related party transactions

Parent entity
TopBetta Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Associates
Interests in associates are set out in note 10.

Key management personnel
Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

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

	Consolidated 2016 $	Consolidated 2015 $
Payment for other expenses:		
Consulting fees paid to Ferghana Capital Pty Ltd ('Ferghana') (a company controlled by director, Matthew Cain)	110,000	-
Consulting fees paid to Media Solutions Company Pty Ltd ('SDMSC') (a company controlled by director Simon Dulhunty)	60,000	-

Matthew Cain also received 295,000 shares as part of his consultancy agreement prior to the IPO.

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

	Consolidated 2016 $	Consolidated 2015 $
Current payables:		
Trade payables to Ferghana for expenses on behalf of the company	274	-
Trade payables to SDMSC for consulting services	11,000	-

Note 26. Related party transactions (continued)

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

	Consolidated 2016 $	Consolidated 2015 $
Current borrowings:		
Loan from related parties	-	482,153

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

Note 27. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2016 $	Parent 2015 $
Loss after income tax	(5,301,718)	(7,408,911)
Total comprehensive income	(5,301,718)	(7,408,911)

Statement of financial position

	Parent 2016 $	Parent 2015 $
Total current assets	1,336,436	1,191,459
Total assets	3,715,064	1,191,459
Total current liabilities	-	65,002
Total liabilities	-	65,002
Equity		
Issued capital	14,696,667	8,059,682
Share-based payments reserve	1,253,340	-
Accumulated losses	(12,234,943)	(6,933,225)
Total equity	3,715,064	1,126,457

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2016 and 30 June 2015.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Note 27. Parent entity information (continued)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 28. Interests in subsidiaries

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

		Ownership interest	
Name	Principal place of business / Country of incorporation	2016 %	2015 %
Operis Momentus Pty Ltd	Australia	100.00%	100.00%
TopBetta Pty Ltd	Australia	100.00%	100.00%
12Follow Pty Ltd	Australia	100.00%	100.00%
OM IP Pty Ltd	Australia	100.00%	100.00%
OM Apps Pty Ltd	Australia	100.00%	100.00%
The Bookies Tote Pty Ltd	Australia	100.00%	-

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2016 $	2015 $
Loss after income tax benefit for the year	(4,537,525)	(1,282,461)
Adjustments for:		
Depreciation and amortisation	22,061	5,845
Share of loss - associates	10,253	-
Share-based payments	1,253,340	-
Interest capitalised on convertible notes and loans	-	82,047
Services satisfied through share issuance	-	80,000
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(127,834)	186,923
Increase in deferred tax assets	(1,477,563)	(318,077)
Increase in prepayments	(59,005)	-
Increase/(decrease) in trade and other payables	1,411,616	(76,081)
Increase in employee benefits	162,926	8,714
Increase in deferred revenue	18,045	-
Net cash used in operating activities	(3,323,686)	(1,313,090)

Note 30. Non-cash financing activities

	Consolidated 2016 $	Consolidated 2015 $
Amounts receivable from employee share plan or other investors	-	786,664
Conversion of loans and convertible notes into share capital	-	1,539,857
Trade payables converted to shares	-	631,229
Interest capitalised on convertible notes and loans	-	78,602
Services satisfied through share issuance	-	80,000
Shares issued for amounts received in prior year	65,000	-
Shares issued on conversion of loan	44,732	-
Shares issued for services received	49,100	-
	158,832	3,116,352

$10,003 of cash received in 2016 related to shares issued in the prior year.

Note 31. Earnings per share

	Consolidated 2016 $	Consolidated 2015 $
Loss after income tax attributable to the owners of TopBetta Holdings Limited	(4,537,525)	(1,282,461)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	80,416,379	29,540,244
Weighted average number of ordinary shares used in calculating diluted earnings per share	80,416,379	29,540,244
	Cents	Cents
Basic earnings per share	(5.64)	(4.34)
Diluted earnings per share	(5.64)	(4.34)

The basic and diluted earnings per share above are calculated based on the number of ordinary shares that would have been in existence had the share split of 1:29.5 (29.5 new shares for each existing 1 old share) had occurred at 1 July 2014.

26,667,000 options over ordinary shares were granted at the IPO and are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2016. These options could potentially dilute basic earnings per share in the future.

Accounting policy for earnings per share

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

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

Note 32. Share-based payments

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

Set out below are summaries of options granted under the plan:

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
12/11/2015 *	12/11/2018	$0.20	-	5,000,000	-	-	5,000,000
12/11/2015	12/11/2018	$0.20	-	5,000,000	-	-	5,000,000
12/11/2015	12/11/2020	$0.25	-	16,667,000	-	-	16,667,000
			-	26,667,000	-	-	26,667,000

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

The weighted average share price since IPO was $0.19 (2015: N/A).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.9 years (2015: N/A).

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
12/11/2015	12/11/2018	$0.00	$0.20	45.00%	-	2.17%	$0.065
12/11/2015	12/11/2020	$0.00	$0.25	45.00%	-	2.17%	$0.047
12/11/2015	12/11/2020	$0.00	$0.25	45.00%	-	2.17%	$0.020

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

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

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

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

Note 32. Share-based payments (continued)

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

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

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

Note 33. Events after the reporting period

On 23 August 2016, the company raised additional capital with a placement of $2,601,842.58 issuing 14,454,681 shares at $0.18 per share (“Placement”) to fund its core businesses and for development of its Global Tote business.

Subject to the Company obtaining shareholder approval at the AGM the Company has also agreed to issue to Canaccord Genuity (Australia) Limited 3 million options exercisable at 25c within 3 years from the date of issue (“Completion Options”) which will vest as follows:

(a) 1.5 million Completion Options will vest 12 months after completion of the Placement, and
(b) 1.5 million Completion Options will vest on the earlier of:
    a. 12 months after the completion of the Placement; or
    b. The Company’s volume weighted share price trading above $0.50 for a period of at least one month.

On 28 July 2016, the company issued 2,000,000 options to Paul Jeronimo, the Chief Operating Officer, under the group’s long term incentive plan with the following conditions: all options are exercisable at $0.25; expiring on 21 March 2019. The options comprise two tranches of 1,000,000 options each that are subject to various employment and performance-related vesting conditions.

On 11 August 2016, the group was granted a licence by the Northern Territory Racing Commission to conduct business as a sports bookmaker and that enables the group to progress its tournaments and wagering business under this new jurisdiction. This licence is valid until 20 August 2021.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Nicholas Chan Chairman	Todd Buckingham Director

29 August 2016
Sydney

PKF

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

Report on the Financial Report

We have audited the accompanying financial report of TopBetta Holdings Limited, which comprises the statement of financial position as at 30 June 2016, and statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PKF(NS) Audit & Assurance Limited Partnership
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Auditor's Opinion

In our opinion:

(a) the financial report of TopBetta Holdings Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included from pages 9 to 16 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of TopBetta Holdings Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001.*

PKF

PKF
Chartered Accountants

M Matthews

MARTIN MATTHEWS
Partner

Dated: 29 August 2016

Newcastle, NSW

The shareholder information set out below was applicable as at 24 August 2016.

Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	4	-
1,001 to 5,000	32	-
5,001 to 10,000	48	-
10,001 to 100,000	141	-
100,001 and over	134	6
	359	6
Holding less than a marketable parcel	15	-

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
RBW NOMINEES PTY LTD (RBW DISCRETIONARY A/C)	9,898,999	8.93
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,144,816	6.45
NATIONAL NOMINEES LIMITED	5,438,888	4.91
UBS NOMINEES PTY LTD	4,109,479	3.71
NATIONAL NOMINEES LIMITED (DB A/C)	3,823,615	3.45
CITICORP NOMINEES PTY LIMITED	3,719,705	3.36
TODD CAMERON BUCKINGHAM	2,977,258	2.69
CRAIG MICHAEL PEARCE	2,566,205	2.32
THE TRUST COMPANY (AUSTRALIA) LIMITED (MOF A/C)	2,500,000	2.26
NICOLE ANN BANNERMAN (P B FAMILY A/C)	2,393,188	2.16
LOBSTER BEACH PTY LTD	2,261,111	2.04
CS FOURTH NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 11 A/C)	2,232,680	2.01
OLIVER SHANAHAN	2,139,842	1.93
LITTLE BRETON NOMINEES PTY LTD (LITTLE BRETON S/F A/C)	1,937,248	1.75
JO-ANNE BUCKINGHAM (BUCKINGHAM FAMILY A/C)	1,873,604	1.69
JODAHBI PTY LIMITED (WILGAFLO INVESTMENTS PTY LTD)	1,657,605	1.50
WILLIAM PATRICK BUTLER	1,509,692	1.36
MICHAEL GUY PEARCE	1,461,519	1.32
SIMON BURRIDGE MANOR FARM HOUSE DRIFFIELD CIRENCISTER	1,325,406	1.20
WIZER PTY LTD	1,263,636	1.14
	62,234,496	56.18

Unquoted equity securities

	Number on issue	Number of holders
Unlisted Options expiring 12 November 2018 (escrowed) with strike price at $0.20	10,000,000	4
Unlisted Options expiring 12 November 2020 (escrowed) with strike price at $0.25	16,667,000	1
Unlisted Options expiring 21 March 2019 with strike price at $0.25	2,000,000	1

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
RBW NOMINEES PTY LTD (RBW DISCRETIONARY A/C)	9,898,999	8.93
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,144,816	6.45

	Options over ordinary shares Number held	ordinary shares % of total options issued
TODD CAMERON BUCKINGHAM	16,667,000	58.14
NICHOLAS CHAN	2,000,000	6.98
MATTHEW LUCAS CAIN	1,500,000	5.23
SIMON JOHN DULHUNTY	1,500,000	5.23
PAUL JERONIMO	2,000,000	6.98
FOSTER STOCKBROKING PTY LTD	5,000,000	17.44

Voting rights

Ordinary shares are the only class of equity security on issue which carry voting rights. The voting rights attaching to ordinary shares are as follows:

Ordinary shares

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

Restricted securities

Class	Expiry date	Number of shares
Ordinary Shares subject to escrow	11 December 2017	13,564,451
Ordinary Shares subject to escrow	16 September 2016	346,047
Ordinary Shares subject to escrow	17 September 2016	380,645
Ordinary Shares subject to escrow	27 August 2016	173,012
Ordinary Shares subject to escrow	30 September 2016	2,729,226
		17,193,381

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary Shares subject to escrow	11 December 2017	9,141,137