

SportsHero Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	SportsHero Limited
ABN:	98 123 423 987
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

			US\$'000
Revenues from ordinary activities	up	100% to	373
Loss from ordinary activities after tax attributable to the owners of SportsHero Limited	down	66% to	941
Loss for the half-year attributable to the owners of SportsHero Limited	down	66% to	941

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the half year ended 31 December 2018	Nil	Nil

Comments

The loss for the consolidated entity after income tax amounted to US\$941,653 (31 December 2017: \$2,741,530).

In the current half year the Company generated sales income of US\$372,545 from competition ticket sales in Indonesia.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary share	<u>(0.18)</u>	<u>0.2</u>

4. Control gained over entities

During the half year the Company did not gain control over any entity.

5. Loss of control over entities

During the half year Sportshero Information technology Co Ltd (subsidiary in China) was wound up.

6. Details of associates and joint venture entities

The Company has no associates or joint venture entities.

7. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

8. Attachments

Details of attachments (if any):

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

9. Signed



Michael Higginson
Director
Brisbane, Queensland

Date: 28 February 2019



SPORTSHERO LIMITED

ACN 123 423 987

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2018



CONTENTS	PAGE
CORPORATE DIRECTORY	2
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10
DIRECTORS' DECLARATION	17
INDEPENDENT AUDITOR'S REPORT	18

SPORTSHERO LIMITED

ACN 123 423 987

CORPORATE DIRECTORY

DIRECTORS

Michael Higginson (Chairman)

Tom Lapping (Director)

Wayne Johnson (Non-Executive Director) (appointed on 28 November 2018)

CHIEF EXECUTIVE OFFICER

Tom Lapping

COMPANY SECRETARY

Michael Higginson

**REGISTERED OFFICE AND
PRINCIPAL PLACE OF BUSINESS**

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Lota, QLD 4179

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AUDITORS

RSM Australia Partners

Level 32 Exchange Tower

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SHARE REGISTRY

Advanced Share Registry Services Ltd

110 Stirling Highway

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STOCK EXCHANGE LISTING

Australian Securities Exchange Ltd

ASX Code: SHO

SPORTSHERO LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial statements of SportsHero Limited ("SportsHero" or "the Company" or "the group") for the half year ended 31 December 2018.

DIRECTORS

The following persons held office as a Director of SportsHero at the end of the half year:

- Michael Higginson (Chairman)
- Tom Lapping (Executive Director)
- Wayne Johnson (Non-Executive Director – appointed 28 November 2018)

The following Directors were in office from the beginning of the half year until the date of this report;

- Michael Higginson
- Tom Lapping

On 27 November 2018, Mr Christopher Green resigned as a Director and on 28 November 2018 Mr Wayne Johnson was appointed as a Director.

RESULTS

Following discussions with the Company's advisors, it was determined that a conservative accounting stance be taken with regard to the capitalisation of development expenditure and the carrying value of the group's intangible assets. Accordingly, all development expenditure incurred during the half year has been expensed and the group's intangible assets have been fully impaired in the prior reporting period.

In addition, the group has throughout the half year engaged and retained key consultants/advisors whereby these consultants/advisors have received **no cash** consideration. Their only remuneration coming in the form of incentive based equity issues.

The results of loss on fixed assets, depreciation and issuing incentive based securities are that during the half year the group recorded **non-cash** expenses totalling US\$222,761.

As a consequence, the net loss of the group for the half year ended 31 December 2018 was US\$941,653 (2017: US\$2,741,530).

No dividends were paid or declared by the Company during the half year.

REVIEW OF OPERATIONS

The following is a summary of the activities of SportsHero during the period 1 July 2018 to 31 December 2018. It is recommended that this half yearly report be read in conjunction with the 30 June 2018 Annual Report and any public announcements made by the Group during the half year. In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Securities Exchange regarding the activities of the Company.

On 2 July 2018, the Company announced the generation of revenue following the launch of the FootballHero 2018 World Cup Challenge. Throughout the month-long challenge, a total of AUD\$107,000 was generated.

On 12 July 2018, the Company announced the appointment of Mr Chris Flintoft as the Company's Chief Digital Officer. Pursuant to the appointment, the Company issued Mr Flintoft 1,000,000 Shares and granted Mr Flintoft 1,500,000 performance rights.

On 23 August 2018, the Company announced a landmark partnership with Spain's top football division LaLiga. Pursuant to the partnership, SportsHero was appointed as LaLiga's exclusive Indonesian partner in the sports prediction app category for the 2018/2019 LaLiga season.

On 5 September 2018, the Company announced the launch of Version 3 of the SportsHero app and the commencement of the LaLiga Hero of the Month competition in Indonesia. Since the competition launch, the Company has generated a further AUD\$131,000 in revenue.

SPORTSHERO LIMITED

DIRECTORS' REPORT

On 3 October 2018, the Company raised AUD\$716,500 before share issue cost in working capital pursuant to the issue of 3,582,500 Shares at an issue price of AUD\$0.20 per Share. In addition on the same date, 1,500,000 Shares were issued to Mr Flintoft following the conversion 1,500,000 performance rights.

On 26 October 2018, the Company announced a partnership with Malaysia's largest retail payment network e-pay to launch SportsHero into Malaysia.

On 14 November 2018, the Company announced that it had secured exclusive partnership rights in Malaysia with Spain's top football division LaLiga. The partnership secures for SportsHero the exclusive right as LaLiga's regional partner for Malaysia in the sports prediction app category for the 2019 and 2020 LaLiga seasons.

On 28 November 2018, Mr Wayne Johnson was appointed as a Director following the resignation Mr Chris Green.

SIGNIFICANT CHANGES

There have been no changes in the state of affairs of the group that occurred during the half year under review not otherwise disclosed in this report.

SUBSEQUENT EVENTS

On 10 January 2019, the Group announced that it had entered into a non-binding Heads of Agreement with Cross Bet Holdings Pty Ltd for the purpose of enabling SportsHero to launch its existing pay-to-play sports prediction platform in Australia.

On 8 February 2019, the Group issued the following securities;

- (a) The Group issued 10,808,334 ordinary shares at an issue price of AUD\$0.10 per share to raise AUD\$1,080,833 in working capital.
- (b) The Group issued 3,508,334 ordinary shares following the conversion of the share options expiry 31 August 2019 at the exercise price of \$AUD0.05 per share.

On 14 February 2019, the Company announced the launch of its rugby union prediction platform.

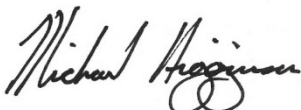
On 27 February 2019, the Company issued 250,000 Shares to each of Matt Giteau and Drew Mitchell in consideration for them both being appointed as SportsHero Rugby Ambassadors.

There are no other events subsequent to the reporting date.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors:



Michael Higginson
Chairman
Date: 28 February 2019
Brisbane, Queensland

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of SportsHero Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.



David Wall
Partner
RSM Australia Partners

Perth, WA
Dated: 28 February 2019

SPORTSHERO LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	31 December 2018 USD	30 June 2018 USD
	Note	
Current assets		
Cash and cash equivalents	43,933	323,333
Trade receivables	154,201	-
Prepayments and other receivables	3,654	1,411
Assets associated with discontinued operations	-	11,423
Total current assets	<u>201,788</u>	<u>336,167</u>
Non-current assets		
Plant and equipment	1,837	5,007
Total non-current assets	<u>1,837</u>	<u>5,007</u>
Total assets	<u>203,625</u>	<u>341,174</u>
Current liabilities		
Trade and other payables	640,225	554,820
Total Current liabilities	<u>640,225</u>	<u>554,820</u>
Total liabilities	<u>640,225</u>	<u>554,820</u>
Net liabilities	<u>(436,600)</u>	<u>(213,646)</u>
Equity		
Issued capital	4 9,237,742	8,559,488
Share based payments reserve	5 122,023	97,751
Foreign currency translation reserve	(101,242)	(117,415)
Accumulated losses	(9,695,123)	(8,753,470)
Net deficit	<u>(436,600)</u>	<u>(213,646)</u>

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

SPORTSHERO LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

		31 December	31 December
		2018	2017
		USD	USD
Income			
Sales income	3	372,545	-
Other revenue	3	1,063	6,385
Expenses			
Commission expenses		(214,214)	-
Administration expenses		(389,819)	(343,896)
Employee and consulting expenses		(477,044)	(283,051)
Share based payments		(222,531)	(554,626)
Depreciation and Amortisation expense		(230)	(502,301)
Interest expense		-	(152)
Impairment expense		(11,423)	(1,063,889)
		<hr/>	<hr/>
Loss before income tax expense		(941,653)	(2,741,530)
Income tax expense		-	-
		<hr/>	<hr/>
Loss after income tax expense for the period		(941,653)	(2,741,530)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
-Foreign currency translation		16,173	(25,056)
		<hr/>	<hr/>
Total comprehensive loss for the period		(925,480)	(2,766,586)
		<hr/> <hr/>	<hr/> <hr/>
Basic loss per share (cents per share)		(0.39)	(1.24)
Diluted loss per share (cents per share)		(0.39)	(1.24)

The above consolidated statement of comprehensive income should be read in accordance with the accompanying notes.

SPORTSHERO LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Contributed equity	Accumulated losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity/(deficit)
	USD	USD	USD	USD	USD
As at 1 July 2018	8,559,488	(8,753,470)	97,751	(117,415)	(213,646)
Total comprehensive loss	-	(941,653)	-	16,173	(925,480)
Share based payments	81,224	-	141,307	-	222,531
Shares issued during the period- Conversion of performance rights	117,035	-	(117,035)	-	-
Share issue	508,213	-	-	-	508,213
Transaction costs from share issue	(28,218)	-	-	-	(28,218)
As at 31 December 2018	9,237,742	(9,695,123)	122,023	(101,242)	(436,600)
As at 1 July 2017	7,209,342	(4,417,904)	16,682	32,594	2,840,714
Total comprehensive loss	-	(2,741,530)	-	(25,056)	(2,766,586)
Equity based payments	108,010	-	265,975	-	373,985
As at 31 December 2017	7,317,352	(7,159,434)	282,657	7,538	448,113

The above consolidated statement of changes in equity should be read in accordance with the accompanying notes.

SPORTSHERO LIMITED
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 December 2018 USD	31 December 2017 USD
Cash flows from operating activities		
Receipts from customers	154	538
Payments to suppliers, contractors and employees	(793,704)	(795,069)
Interest received	910	5,847
Net cash flows used in operating activities	(792,640)	(788,684)
Cash flows related to investing activities		
Payments for plant & equipment	(2,066)	-
Net cash flows used in investing activities	(2,066)	-
Cash flows from financing activities		
Proceeds from share issue	523,740	-
Capital raising costs	(28,218)	-
Net cash flows from financing activities	495,522	-
Net decrease in cash and cash equivalents	(299,184)	(788,684)
Effects of exchange rates changes on cash	19,784	(25,518)
Cash and cash equivalents at beginning of the financial period	323,333	1,489,666
Cash and cash equivalents at end of the financial period	43,933	675,464

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

SPORTSHERO LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

Basis of preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of SportsHero Limited and its controlled entities (Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the following half year.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of US\$941,653 and had net cash outflows from operating activities of US\$792,640 for the half-year ended 31 December 2018. As at that date, the Group had net current liabilities and net liabilities of US\$438,437 and US\$436,600 respectively. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to generate further sales income from its activities in Indonesia, Malaysia and Australia, secure funds by raising additional capital from equity markets and managing cash flows in line with available funds.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- As disclosed in note 9, on 8 February 2019 the Group announced it had secured funding amounting to US\$886,661 from the issue of 10,808,334 ordinary fully paid shares at an issue price of US\$.071 (AU\$0.10) per share and the exercise of 3,508,334 options each exercisable at US\$0.035t (AU\$0.05) per share;
- The Group may reasonably expect to maintain continued support from shareholders and other financiers that have supported the Group's previous capital raisings to assist with meeting future funding needs. The Group also expects to raise further capital of no less than US\$292,900 from the issue of additional shares at an issue price of US\$0.071 (AU\$0.10) per share. The Group may expect additional funding from the expected exercise of up to 67,463,094 options, each exercisable at US\$0.035t (AU\$0.05) per share and expiring 31 August 2019.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

SPORTSHERO LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

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

AASB 9 Financial Instruments

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

AASB 15 Revenue from Contracts with Customers

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

Impact of adoption

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption.

SPORTSHERO LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

- identifies the contract with a customer; identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

Competition sales

Revenue from competitions is recognised at the point in time when the competition prize is drawn.

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 revenue

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 90 days.

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

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

SPORTSHERO LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

2. DIVIDENDS

No dividends were paid or declared by the Company during the half year.

3. REVENUE

	31 December 2018 USD	31 December 2017 USD
<i>Revenue from customers</i>		
Competition sales	372,545	-
	372,545	-
<i>Other revenue</i>		
In-app purchases	153	-
Interest	910	6,385
	1,063	6,385

For the periods ended 31 December 2018 and 2017, all revenue was recognised at a point in time once the relevant performance obligation was met.

4. CONTRIBUTED EQUITY

Issued capital:

Ordinary shares fully paid	USD
255,452,729 (30 June 2018: 249,370,229)	9,237,742

	Issue Price USD	Number of Shares	USD
Movement in share capital:			
Opening balance 1 July 2018	-	249,370,229	8,559,488
Shares issued 12 July 2018 (a)	0.08	1,000,000	81,224
Shares issued 3 October 2018 (b)	0.14	3,582,500	508,213
Shares issued 3 October 2018 (c)	0.08	1,500,000	117,035
Share issue cost		-	(28,218)
Balance 31 December 2018		255,452,729	9,237,742

SPORTSHERO LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

- (a) The Company issued 1,000,000 ordinary shares and 1,500,000 performance rights in consideration for the engagement of Mr Christopher Flintoft as the Company's Chief Digital Officer.
- (b) The Company issued 3,582,500 ordinary shares at an issue price of AU\$0.20 per share to raise AU\$716,500 (before share issue cost), in working capital. Issue price of AU\$0.20 translated to US\$0.1436 at issue date.
- (c) The Company issued 1,500,000 ordinary shares following the conversion of the 1,500,000 performance rights referred to in (a) above.

5. SHARE BASED PAYMENT RESERVE

	31 December 2018 USD	30 June 2018 USD
Opening balance	97,751	16,682
Share based payments	141,307	445,235
Performance rights converted to shares during the period	(117,035)	(364,166)
Closing balance	<u>122,023</u>	<u>97,751</u>

The share based payment reserve records items recognised as expenses on valuation of performance rights issued to employees/consultants. The current year expense is as follows.

- (a) 1,500,000 performance rights in consideration for the engagement of Mr Christopher Flintoft as the Company's Chief Digital Officer for total value of US\$117,035. Performance rights were granted 12 July 2018 with the share price of AU\$0.11. Rights were fully converted in the period;
- (b) Performance rights and options granted in the prior year and vesting over multiple periods totalling US\$24,272.

6. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the period up to the 15 February 2017 ASX listing of Sportshero Limited, TradeHero Limited incurred operational cost expenditure for and on behalf of SportsHero Limited. After considerable negotiation and subject to SportsHero Limited completing a further capital raising, SportsHero Limited has agreed to reimburse TradeHero an amount of US\$91,461.

The group does not have any other contingent liabilities or any contingent assets.

7. COMMITMENTS

Pursuant to the Group's Sponsorship Agreement with LaLiga (as amended), whereby SportsHero was appointed as the Official Sports Predictions App Partner of LaLiga in both Indonesia and Malaysia, SportsHero paid LaLiga €100,000 (AUD\$159,474) on 20 February 2019 and has agreed to pay LaLiga the following:

- €50,000 on or before 1 March 2019

SPORTSHERO LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

8. SEGMENT REPORTING

For management purposes the group is organised into two strategic units:

- corporate head office in Australia.
- technology development and marketing based in Singapore and Australia
- Operations in China were closed on 30 June 2018

Such structural organisation is determined by the nature of risks and returns associated with each business segment and define the management structure as well as the internal reporting system. It represents the basis on which the group reports its primary segment information to the Board

The operating segment analysis presented in these financial statements reflects operations analysis by business. It best describes the way the group is managed and provides a meaningful insight into the business activities of the group.

The following table presents details of revenue and operating profit by business segment as well as reconciliation between the information disclosed for reportable segments and the aggregated information in the financial statements. The information disclosed in the table below is derived directly from the internal financial reporting system used by the Board of Directors to monitor and evaluate the performance of our operating segments separately.

	Australia USD	Singapore USD	China USD	Total USD
Half year ended 31 December 2018				
Revenue from external customers	372,545	-	-	375,545
Inter-segment revenue	-	-	-	-
Reportable segment loss before tax	(741,600)	(200,053)	-	(941,653)
<hr/>				
	Australia	Singapore	China	Total
Half year ended 31 December 2017				
Revenue from external customers	-	-	-	-
Inter-segment revenue	-	-	-	-
Reportable segment loss before tax	(929,527)	(1,668,941)	(143,062)	(2,741,530)
<hr/>				
Reportable segments assets at 30 June 2018	284,189	45,562	11,423	341,174
Reportable segments assets at 31 December 2018	137,119	66,506	-	203,625
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**CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 10 January 2019, the Group announced that it had entered into a non-binding Heads of Agreement with Cross Bet Holdings Pty Ltd for the purpose of enabling SportsHero to launch its existing pay-to-play sports prediction platform in Australia.

On 8 February 2019, the Group issued the following securities;

- (a) The Group issued 10,808,334 ordinary shares at an issue price of AU\$0.10 per share to raise US\$0.071 (AUD\$0.10) in working capital.
- (b) The Group issued 3,508,334 ordinary shares following the conversion of the share options expiry 31 August 2019 at the exercise price of US\$0.035t (AU\$0.05) per share.

On 14 February 2019, the Company announced the launch of its rugby union prediction platform.

On 27 February 2019, the Company issued 250,000 Shares to each of Matt Giteau and Drew Mitchell in consideration for them both being appointed as SportsHero Rugby Ambassadors.

There are no other events subsequent to the reporting date.

SPORTSHERO LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of SportsHero Limited, I state that:

In the opinion of the Directors:

1. The financial statements and notes thereto are in accordance with the Corporations Act 2001, and:
 - (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position of the Group as at 31 December 2018 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Mike Higginson
Chairman

DATED: 28 February 2019
Brisbane, Queensland



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF SPORTSHERO LIMITED**

We have reviewed the accompanying half-year financial report of SportsHero Limited (**company**), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of SportsHero Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of SportsHero Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a loss of USD\$941,653 and had net cash outflows from operating activities of USD\$792,640 for the half-year ended 31 December 2018. As of that date, the consolidated entity's current liabilities exceeded its current assets and total assets by USD\$438,437 and USD\$436,600 respectively. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

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

- (a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



David Wall
Partner
RSM Australia Partners

Perth, WA
Dated: 28 February 2019