

eSports Mogul Asia Pacific Limited

Appendix 4D

Half Year Report

For the period ended 30 June 2018

(Previous corresponding period: 30 June 2017)

Results for announcement to the market

	30 June 2018 Current Period \$	<i>Percentage Change Up / (Down)</i>	Change Up / (Down) \$	30 June 2017 Previous Corresponding Period \$
Revenue from ordinary activities	57,820	(6.4%)	(3,971)	61,791
Loss from ordinary activities after tax	(1,694,392)	13.8%	270,876	(1,965,268)
Net Loss for the period attributable to members	(1,694,392)	13.8%	270,876	(1,965,268)

Dividends

The Company does not propose to pay any dividends in the current period.

Net tangible assets per security

	Current Period (30 June 2018)	Previous Corresponding Period (30 June 2017)
Cents per ordinary share	0.44 cents	0.55 cents

Details of entities over which control has been gained or lost

Control gained over entities

Not applicable

Control lost over entities

Not applicable

Details of Associates

Details of Associates

Current Period

Previous Corresponding Period

Not applicable

Accounting Standards

For foreign entities, the set of accounting standards used in compiling the report:-

International Financial Reporting Standards (IFRS)

Auditor's review report

For all entities, if the accounts are subject to audit dispute or qualification, include a description of the dispute or qualification.

Not applicable

ESPORTS MOGUL ASIA PACIFIC LIMITED

ABN 22 148 878 782

Financial Report
For the Half Year Ended
30 June 2018

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DIRECTORS

Non-Executive Chairman

Adam Jacoby

Managing Director

Gernot Abl

Non-Executive Director

George Lazarou

COMPANY SECRETARY

George Lazarou

REGISTERED OFFICE

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AUDITORS

Moore Stephens Perth
Level 15 Exchange Tower
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PERTH WA 6000

SHARE REGISTRAR

Automic Pty Ltd
Level 2
267 St Georges Terrace
PERTH WA 6000

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: ESH, ESHO

DIRECTORS' REPORT

Your Directors submit the financial report of eSports Mogul Asia Pacific Limited (the Company) and controlled entities (the consolidated entity) for the half-year ended 30 June 2018.

DIRECTORS

The names of Directors who held office during or since the end of the half year:

Adam Jacoby
Gernot Abl
George Lazarou

RESULTS

The net loss of the consolidated entity after tax and non-controlling interest for the half year ended 30 June 2018 is \$1,694,392 (2017: \$1,965,268).

REVIEW OF OPERATIONS

League of Legends Integration

The Company continued to build upon its already impressive game count for Mogul Arena by integrating with the extensive esports title, League of Legends during the period.

League of Legends, published by Riot Games, is a popular multiplayer battle arena game, with over 100 million active users each month and a large competitive scene. Mogul Arena is one of two platforms globally to have integrated with this title, making this a considerable relationship for the Company.

Monthly Tournament Series

In March, Mogul Arena kicked off their biggest monthly tournament series yet, worth A\$50,000.

In partnership with Mineski, gamers can go head-to-head in their choice of either CS: GO or DOTA 2 to win cash and prizes. Teams of five can register for free for the weekly qualifying rounds, with the hopes of competing in the prestigious final scheduled at the end of each month.

ORDER Partnership

ORDER is a professional esports team based in Oceania who have quickly propelled themselves to become Australia's strongest CS: GO team. In March, Esports Mogul formed a strategic partnership with the team.

During games on Mogul Arena, players will be able to win the opportunity to play against ORDER, which will drive user acquisition and brand awareness for both parties, as gamers, esports enthusiasts and ORDER fans are offered a unique and exciting user experience.

The Launch of Esports Elite

The Company released an innovative new feature on Mogul Arena, Esports Elite. Gamers and esports enthusiasts can test their knowledge and back their favourite players and teams by predicting the outcome of professional matches across a variety of games and genres.

This interactive new feature is in line with the Company's global growth strategy and tapped into the ever-growing esports audience who enjoy watching esports rather than playing themselves.

Supporting this new feature is the Company's long-time partner, Razer, who offer Razer zSilver and other prizes to the winners of Esports Elite. This ground-breaking feature has seen users flock to Mogul Arena to play for free as well as utilise the live stream of professional matches, in conjunction with Twitch.

Since the launch of Esports Elite, hundreds of thousands of votes have been cast, with an average of 14,000 votes per day.

DIRECTORS' REPORT

User Acquisition Update

Esports Mogul is proud to report they have significantly increased the user acquisition numbers on Mogul Arena to over 300,000 users.

The large increase is attributed to the ongoing feature releases of Esports Elite, Mogul News and the monthly tournaments series, as well as accelerated marketing activity in the first 3 months of the year.

Latin American Launch

With a brand new partner on board and one of Latin America's largest online video game publishers, Axeso5, Mogul Arena will be rolled out into Axeso5's network of over 7,000 cybercafés. In addition to this, Axeso5 has an extensive registered user base of over 14 million active gamer accounts, to which esports events will be strongly marketed.

In addition to this, the Company is expected to release two of its localised language features, Portuguese and Spanish, as the first step in an extensive localised language strategy plan for the rest of calendar year 2018.

The Launch of Mogul News

Mogul Arena is proud to have launched a content portal, Mogul News, which has turned Mogul Arena into more than just a tournament platform, and rather a hub for all things esports related.

Fans and gamers alike will be able to read all the latest gaming news, Mogul Arena updates and exclusive interviews with the best of the gaming industry. Mogul News is supported with content from the Company's 70% owned subsidiary company GameGeek.gg, which has a large content base and social media presence.

Mogul Arena Launched in Local Languages

In early June, Mogul Arena released local languages in order to enhance the tournament platform for their growing global audience. After identifying a large portion of registered users reside in Thailand and Vietnam, Mogul Arena was localised and local staff were introduced to assist the community in their native languages.

Corporate

Divestment of Interest in ChallengeMe

In April, the Company successfully divested its equitable interest in ChallengeMe Esports GmbH. As the result of this agreement the Company received the following consideration:-

- ~A\$280,000 in an upfront cash payment
- ~A\$45,000 in a deferred payment (deferred for 24 months)
- 71,650 shares in US-based Unikrn Inc. (escrowed for 24 months).

Placement

On 25 June 2018 the Company raised \$4,410,000 through a placement of 245,000,000 fully paid ordinary shares to sophisticated and institutional investors at \$0.018 per share

EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

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

DIRECTORS' REPORT

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



Gernot Abl
Managing Director

Dated this 13th day of August 2018

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Perth, WA 6000

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF ESPORTS MOGUL ASIA PACIFIC LIMITED**

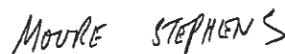
I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2018, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of eSports Mogul Asia Pacific Limited during the half year.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 13th day of August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
Revenue from continuing operations	2	8,348	36,791
Option fee		-	25,000
Unrealised Foreign Exchange Gain		49,161	-
Administration expenses		(84,492)	(39,596)
Amortisation expense	3	(171,509)	(385,183)
Compliance & professional expenses		(336,077)	(443,632)
Depreciation expense		(2,469)	(2,903)
Employee benefits		(619,728)	(210,279)
Finance costs		(2,246)	(2,058)
Loss on sale of equity investment		(44,408)	-
Loss on sale of fixed assets		(212)	-
Marketing & promotional		(462,810)	(567,775)
Occupancy		(8,859)	(16,388)
Travel expenses		(40,986)	(132,293)
Loss before income tax expense		(1,716,287)	(1,738,316)
Income tax expense		-	-
Loss from continuing operations		(1,716,287)	(1,738,316)
Revenue from discontinued operations		311	-
Impairment of exploration & evaluation expenditure (discontinued operations)		-	(188,803)
Write off exploration & evaluation expenditure (discontinued operations)		-	(38,149)
Profit/(Loss) from discontinued operations		311	(226,952)
Loss after tax		(1,715,976)	(1,965,268)
Other comprehensive income			
Other comprehensive income		-	-
Income tax expense		-	-
Other comprehensive income after tax		-	-
Total comprehensive loss for the period		(1,715,976)	(1,965,268)
Total comprehensive loss is attributable to:			
Equity holders of Esports Mogul Asia Pacific Limited		(1,694,392)	(1,965,268)
Non-controlling interests		(21,584)	-
		(1,715,976)	(1,965,268)
Basic & Diluted loss per share (cents per share)		(0.18)	(0.23)
Basic & Diluted loss per share (cents per share) – continuing operations		(0.18)	(0.20)
Basic & Diluted loss per share (cents per share) – discontinuing operations		(0.00)	(0.03)

The accompanying condensed notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	30 June 2018 \$	31 December 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		5,439,212	2,078,132
Other receivables		25,102	20,154
Other assets		23,710	13,181
TOTAL CURRENT ASSETS		5,488,024	2,111,467
NON-CURRENT ASSETS			
Consideration held in escrow		45,391	-
Plant and equipment		7,189	7,598
Intangibles	3	1,261,433	1,171,517
Equity investment	4	99,325	471,510
TOTAL NON-CURRENT ASSETS		1,413,338	1,650,625
TOTAL ASSETS		6,901,362	3,762,092
CURRENT LIABILITIES			
Trade and other payables		63,661	74,727
Provisions		12,462	7,846
TOTAL CURRENT LIABILITIES		76,123	82,573
TOTAL LIABILITIES		76,123	82,573
NET ASSETS		6,825,239	3,679,519
EQUITY			
Issued capital	5	33,217,837	28,789,956
Option reserve		4,163,464	4,163,464
Share based payments reserve		872,229	438,414
Accumulated losses		(31,377,962)	(29,683,570)
Parent equity interest		6,875,568	3,708,264
Minority interests		(50,329)	(28,745)
TOTAL EQUITY		6,825,239	3,679,519

The accompanying condensed notes form part of this financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2018**

	30 June 2018 \$	30 June 2017 \$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,713	-
Interest received	3,635	7,087
Payment of rent bond	-	(4,395)
Payments to suppliers and employees	(1,107,583)	(1,306,447)
Net cash used in operating activities	(1,099,235)	(1,303,755)
CASHFLOWS FROM INVESTING ACTIVITIES		
Refund of shire rates	311	-
Payments for exploration and evaluation	-	(13,158)
Proceeds from sale of plant and equipment	1,000	-
Payment for plant and equipment	(3,272)	(10,607)
Payment for academy platform	-	(120,878)
Payment for intangibles	(261,425)	-
Proceeds from sale of investment	282,386	-
Payment for equity investment	-	(898,411)
Receipt of option fee	-	25,000
Payment of deposit	-	(25,000)
Net cash used in investing activities	19,000	(1,043,054)
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of securities (net of costs)	4,392,154	-
Loan to Game Geek Co Ltd	-	(17,662)
Net cash provided by financing activities	4,392,154	(17,662)
Net decrease in cash and cash equivalents	3,311,919	(2,364,471)
Cash and cash equivalents at beginning of period	2,078,132	6,043,255
Effect of movement in exchange rates on cash held	49,161	-
Cash and cash equivalents at end of period	5,439,212	3,678,784

The accompanying condensed notes form part of this financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2018**

	Issued Capital	Accumulated Losses	Option Reserve	Share Based Payments Reserve	Minority Interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2018	28,789,956	(29,683,570)	4,163,464	438,414	(28,745)	3,679,519
Total comprehensive income for the period:						
Loss for the period	-	(1,694,392)	-	-	(21,584)	(1,715,976)
Other comprehensive income	-	-	-	-	-	-
	-	(1,694,392)	-	-	(21,584)	(1,715,976)
Transaction with owners in their capacity as owners:						
Issue of shares – capital raising (net of expenses)	4,392,131	-	-	-	-	4,392,131
Issue of shares – public relation services	35,750	-	-	-	-	35,750
Issue of share-based payments	-	-	-	433,815	-	433,815
	4,427,881	-	-	433,815	-	4,861,696
Balance at 30 June 2018	33,217,837	(31,377,962)	4,163,464	872,229	(50,329)	6,825,239
Balance at 1 January 2017	28,229,956	(21,178,832)	4,088,464	406,985	-	11,546,573
Total comprehensive income for the period:						
Loss for the period	-	(1,965,268)	-	-	-	(1,965,268)
Other comprehensive income	-	-	-	-	-	-
	-	(1,965,268)	-	-	-	(1,965,268)
Transaction with owners in their capacity as owners:						
Option issued - Consultant	-	-	75,000	-	-	75,000
Issue of share-based payments	-	-	-	21,819	-	21,819
	-	-	75,000	21,819	-	96,819
Balance at 30 June 2017	28,229,956	(23,144,100)	4,163,464	428,804	-	9,678,124

The accompanying condensed notes form part of these financial statements.

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

a) Reporting entity

eSports Mogul Asia Pacific Limited (the "Company") is a Company domiciled in Australia.

The address of the Company's registered office is 45 Ventnor Avenue, West Perth WA 6005. The half year consolidated financial statements of the Company as at and for the six months ended 30 June 2018 comprises the Company and its subsidiaries (together referred to as the "Group" or "consolidated entity" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The principal activities of the Group primarily are an esports media and software business, with an initial focus on Australia, Asia and Latin America. At its core is Mogul Arena – a matchmaking platform with full automation for major esports titles.

b) Statement of compliance

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting', as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report, and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

c) Basis of preparation

The half-year consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year consolidated financial statements are consistent with those adopted and disclosed in the Group's 2017 annual financial report for the financial year ended 31 December 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

d) Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss of \$1,694,392 for the period ended 30 June 2018 (2017: \$1,965,268).

e) Significant accounting judgements and key estimates

The preparation of the half year consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these half year consolidated financial statements, significant judgment made by management in applying the Company's accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2017.

f) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity 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.

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

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT (CONTINUED)

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

g) Operating segments

From 1 July 2009, operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the consolidated entity's chief operating decision maker which, for the consolidated entity, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the statement of profit and loss and other comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the half year consolidated financial report have been included where applicable.

2. LOSS BEFORE INCOME TAX EXPENSE

30 June 2018

\$

30 June 2017

\$

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Advertising revenue	4,713	-
Interest revenue	3,635	36,791
	<u>8,348</u>	<u>36,791</u>

3. INTANGIBLES

Non-Current

30 June 2018

31 December

2017

CME intangibles

\$

\$

Licence fee – fair value at acquisition¹

-

5,291,753

Accumulated amortisation

-

(866,662)

Impairment

-

(4,425,091)

WDV of CME intangibles

-

-

Mogul Arena

Razer licence fee – at cost²

271,712

271,712

Accumulated amortisation

(123,202)

(56,203)

Mogul Arena platform – at cost³

469,487

208,060

WDV Razer and Mogul Arena

617,997

423,569

Academy Platform

Academy Platform – at cost⁴

120,878

120,878

Accumulated amortisation

-

-

WDV Academy Platform

120,878

120,878

GameGeek Website

Website – fair value at acquisition⁵

627,070

627,070

Accumulated amortisation

(104,512)

-

WDV GameGeek website

522,558

627,070

Total cost

1,489,147

6,519,473

Total accumulated amortisation

(227,714)

(922,865)

Total impairment

-

(4,425,091)

WDV

1,261,433

1,171,517

3. INTANGIBLES (CONTINUED)

¹ The licence fee relates to the Challenge Platform Licence Agreement, which was terminated on 27 March 2018. The Group has written down the value of the licence fee to a Nil value as at 30 June 2018.

² The licence fee relates to the Razer (Asia-Pacific) Pte Ltd Tournament Platform, that has subsequently been renamed "Mogul Arena" and runs for an initial 2-year period. The Group is amortising the cost of the licence fee over the period of the licence.

³ Relates to costs associated with building out the Mogul Arena Platform with additional functionality, games, etc.

⁴ Relates to the costs spent to date building out the Academy Platform.

⁵ The website relates to the GameGeek website that is a localised esports portal for mid to hardcore gamers and provides insider content and commentary for the esports community. The Group is amortising the cost of the website over a period of 3 years.

4. EQUITY INVESTMENT

	30 June 2018	31 December 2017
	\$	\$
Non-Current		
Financial investments		
Unquoted equity shares – Challenge Esports GmbH	-	2,340,704
Unquoted equity shares – Red 32 Pty Ltd	32,000	32,000
Unquoted equity shares – Unikrn Inc	67,325	-
Less: Impairment	-	(1,901,194)
	<u>99,325</u>	<u>471,510</u>

The above equity investments are classified as a financial investment. After initial measurement, financial investments are subsequently measured at fair value with unrealised gains or losses recognised through profit and loss.

The Directors have considered indicators of impairment in the value of its Equity Investments and have made an impairment of \$Nil (2017: \$529,129).

	30 June 2018	31 December 2017
	\$	\$

5. ISSUED CAPITAL

1,258,979,275 (2017: 918,637,609) Fully paid ordinary shares	33,217,837	28,789,956
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	Number of Shares	\$
Movements in fully paid ordinary shares on issue		
At the beginning of the period	918,637,609	28,789,956
Issue of shares for public relation services	550,000	8,250
Issue of shares for public relation services	2,291,666	27,500
Issue of shares on exercise of performance rights	92,500,000	-
Capital raising - placement	245,000,000	4,410,000
Capital raising costs	-	(17,869)
At the end of the period	<u>1,258,979,275</u>	<u>33,217,837</u>

6. SUBSEQUENT EVENTS

Please refer to Directors Report in relation to events subsequent to balance date.

7. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

8. COMMITMENTS

	30 June 2018	31 December 2017
	\$	\$
Operating lease expenditure commitments		
No later than 6 months	300	2,700
Between 6 and 12 months	-	-
Between 12 and 18 months	-	-
	300	2,700

The Company is currently leasing premises on a monthly basis.

9. SEGMENTAL REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its eSports, mineral exploration (discontinued) and corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments

(i) eSports

Segment assets, such as equity investments and intangible assets and all expenses related to the eSports business are reported on in this segment.

(ii) Mineral exploration (discontinued)

Segment assets, including acquisition cost of exploration licenses and all expenses related to the tenement interests in Western Australia are reported on in this segment.

(iii) Unallocated

Corporate, including treasury, corporate and regularly expenses arising from operating an entity. Corporate assets, including cash and cash equivalents are reported in this segment.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the consolidated entity.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables.

The following represents revenue, profit information, for reportable segments for the period ended 30 June 2018.

**CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2018**

9. SEGMENTAL REPORTING (CONTINUED)

	Mineral Exploration	eSports	Unallocated Items	Total
30 June 2018	\$	\$	\$	\$
Revenue				
Advertising revenue	-	4,713	-	4,713
Interest revenue	-	-	3,635	3,635
Unrealised Foreign Exchange Gain	-	-	49,161	49,161
Net (loss) before tax from continuing operations:	-	(642,674)	(1,073,613)	(1,716,287)
- Administration	-	(10,284)	(74,208)	(84,492)
- Amortisation	-	(171,509)	-	(171,509)
- Compliance & professional	-	(44,759)	(291,318)	(336,077)
- Depreciation	-	-	(2,469)	(2,469)
- Employee benefits	-	-	(619,728)	(619,728)
- Finance	-	(1,725)	(521)	(2,246)
- Loss on equity investment	-	(44,408)	-	(44,408)
- Loss on sale of fixed assets	-	-	(212)	(212)
- Marketing	-	(367,015)	(95,795)	(462,810)
- Occupancy	-	(7,059)	(1,800)	(8,859)
- Travel	-	(628)	(40,358)	(40,986)
Profit before tax from discontinuing operations:	311	-	-	-
- Refund of shire rates	311	-	-	-
Segment assets	-	1,258,881	5,642,481	6,901,362
Segment liabilities	-	5,902	70,221	76,123

	Mineral Exploration	eSports	Unallocated Items	Total
30 June 2017	\$	\$	\$	\$
Revenue				
Interest revenue	-	-	36,791	36,791
Option fee	-	-	25,000	25,000
Net (loss) before tax from continuing operations:	-	(1,177,093)	(561,223)	(1,738,316)
- Administration	-	(9,683)	(29,913)	(39,596)
- Amortisation	-	(385,183)	-	(385,183)
- Compliance & professional	-	(168,743)	(274,889)	(443,632)
- Depreciation	-	(2,903)	-	(2,903)
- Employee benefits	-	-	(210,279)	(210,279)
- Finance	-	(1,427)	(631)	(2,058)
- Occupancy	-	(13,898)	(2,490)	(16,388)
- Marketing	-	(542,309)	(25,466)	(567,775)
- Travel	-	(52,947)	(79,346)	(132,293)

9. SEGMENTAL REPORTING (CONTINUED)

<i>30 June 2017</i>	Mineral Exploration \$	eSports \$	Unallocated Items \$	Total \$
Net (loss) before tax from discontinuing operations:	(226,952)	-	-	(226,952)
- Impairment of tenements	(188,803)	-	-	(188,803)
- Write off tenement expenditure	(38,149)	-	-	(38,149)
Segment assets	85,000	8,337,733	3,776,873	12,199,606
Segment liabilities	-	2,465,160	56,322	2,521,482

Revenue by geographical region

There was \$4,713 in revenue attributable to external customers for the period ended 30 June 2018 (2017: Nil), which relates to South East Asia.

Assets by geographical region

The only reportable segment assets located outside of Australia as at 30 June 2018 totalling \$1,258,881 (2017: \$Nil) are:-

- an equity investment of \$67,325 and consideration held in escrow of \$45,391 in the USA (2017: \$Nil);
- cash of \$1,015 and intangibles of \$1,140,555 in Singapore (2017: \$Nil); and
- deposits of \$4,595 in Thailand (2017: \$Nil).

10. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid during the half year. No recommendation for payment of dividends has been made.

11. RELATED PARTIES

Arrangements with the related party continue to be in place. For details of these arrangements, please refer to the 31 December 2017 financial report.

12. SHARE BASED PAYMENTS

(a) Recognised employee share based payment expenses

The expense recognised for employee services received during the period are shown in the table below:

	June 2018 \$	December 2017 \$
Total expense arising from Employee, Consultants and Director share based payment transactions	433,790	30,529

12. SHARE BASED PAYMENTS (CONTINUED)

Performance Rights

On 19 December 2017, the Company granted 90,000,000 performance rights to consultants, and on 8 March 2018, the Company granted 2,500,000 performance rights to consultants.

The terms of the Performance Rights issued are as follows:-

- (a) 90,000,000 Performance Rights were granted on 19 December 2017 and 2,500,000 were granted on 8 March 2018;
- (b) 92,500,000 Performance Rights will vest and become exercisable upon the Company achieving 300,000 registered users on Mogul Arena by 30 June 2019. If the Performance Rights do not vest, they will automatically lapse (unless the board of directors of the Company (Board) waives the vesting condition in its absolute discretion);
- (c) Vested Performance Rights can be exercised from vesting until 14 July 2019.

The value of performance rights granted during the period was calculated using the Black-Scholes Option Pricing Model incorporating a Monte Carlo simulation and totalled \$442,500. The expense during the period ended 30 June 2018 amounted to \$433,790 (2017: \$Nil). The values and inputs are as follows:

Issued 19 December 2017:

Performance Rights	
Performance rights issued	90,000,000
Underlying share value	\$0.015
Exercise price of performance rights	Nil
Risk free interest rate	1.95%
Share price volatility	75%
Expiration period	30 June 2019
Probability of meeting milestone hurdle	30%
Valuation per performance right	\$0.0045

Issued 8 March 2018:

Performance Rights	
Performance rights issued	2,500,000
Underlying share value	\$0.015
Exercise price of performance rights	Nil
Risk free interest rate	1.97%
Share price volatility	75%
Expiration period	30 June 2019
Probability of meeting milestone hurdle	100%
Valuation per performance right	\$0.015

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The Performance Rights were subscribed for by the recipient at \$0.00001 per Performance Rights.

92,500,000 Performance Rights have vested since the end of the financial period, and all Performance Rights have been exercised.

Consultant Shares

On 8 March 2018, the company issued 550,000 fully paid ordinary shares as part of a consultancy agreement for investor relation services. The fair value of these shares amounted to \$8,250 and were expensed to profit and loss.

On 4 April 2018, the company issued 2,291,666 fully paid ordinary shares as part of a consultancy agreement for investor relation services. The fair value of these shares amounted to \$27,500 and were expensed to profit and loss.

13. FAIR VALUE MEASUREMENTS

The Group measures and recognises equity investments at fair value on a recurring basis after initial recognition.

a) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:-

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value; or
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset as its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the Groups assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30 June 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Equity Investment	-	-	99,325	99,325
Total assets recognised at fair value	-	-	99,325	99,325

13. FAIR VALUE MEASUREMENTS (CONTINUED)

	30 June 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Liabilities</i>				
Contingent consideration arising from acquisition of eSports Mogul Pty Ltd	-	-	-	-
Total liabilities recognised at fair value	-	-	-	-

b) Valuation Techniques and Unobservable Inputs Used to Measure Level 3 Fair Values

Contingent consideration arising from acquisition of eSports Mogul Pty Ltd

On 14 November 2016, the Company acquired all the issued capital of eSports Mogul Pty Ltd. In acquiring eSports Mogul Pty Ltd, the Group incurred a contingent consideration liability consisting of an obligation to make an additional payment in fully paid ordinary shares provided various milestones are met.

The fair value of the contingent consideration \$Nil (2017: \$2,411,908) is measured using a discounted cash flow methodology and determined on the basis of the agreed consideration to be paid for achieving each of the milestones within the time period, weighted by the probability of meeting each milestone. The discount rate used is based on the Group's weighted average cost of capital.

The following table provides qualitative information regarding the key significant unobservable inputs, the ranges of those inputs and the relationships of unobservable inputs to the fair value measurement:

Significant Unobservable Inputs Used	Range of Unobservable Inputs Used	Estimated Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs
Probability of achieving milestone – 0%	0%	If the probability rate is 5% higher/lower, the fair value would increase/decrease by \$162,141.
Discount Rate (risk adjusted) – 20%	15%-25%	If the discount rate is 1% higher/lower, the fair value would decrease/increase by \$Nil.

Valuation processes

Given the size of the organisation, the Board of Directors, amongst other things, manage the risk exposures of the Group. The Group's finance department calculates the fair value of the contingent liability on a six monthly basis in light of the likelihood of meeting the milestones. The Company uses a discounted cash flow model that is prepared internally. Any significant movements in the contingent liability are reported to the Board on a six monthly basis.

There has been no change in the valuation technique used to measure the fair value of the contingent consideration liability since the parent entity acquired control of eSports Mogul Pty Ltd.

There were no significant interrelationships between the unobservable inputs that could materially affect the fair value of the contingent consideration.

13. FAIR VALUE MEASUREMENTS (CONTINUED)

Reconciliation of Recurring Fair Value Measurement Amounts

	30 June 2018	31 December 2017
	\$	\$
Movements in level 3 assets and liabilities during the current financial half-year are set out below:		
Opening Balance	-	2,411,908
Additions	-	-
Impairment	-	(2,411,908)
Closing Balance	-	-

The contingent liability has been impaired as it highly unlikely the milestones that need to be achieved by eSports Mogul Pty Ltd will be met, as the Platform Licence Agreement with Challenge Esports GmbH has been terminated.

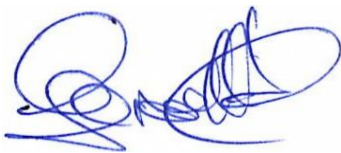
DIRECTORS' DECLARATION

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 6 to 19:

1. (a) comply with the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
(b) give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company 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.



Gernot Abl
Managing Director

PERTH
Dated this 13th day of August 2018

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ESPORTS MOGUL ASIA PACIFIC LIMITED

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of eSports Mogul Asia Pacific Limited and controlled entities (the consolidated entity) which comprises the condensed statement of financial position as at 30 June 2018, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed 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 30 June 2018.

Director's Responsibility for the Half-Year Financial Report

The directors of eSports Mogul Asia Pacific Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such controls 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 Standards 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 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 30 June 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporation Regulations 2001. As the auditor of eSports Mogul Asia Pacific Limited and controlled entities, 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.

Independence

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

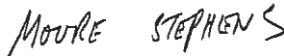
Conclusion

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 of eSports Mogul Asia Pacific Limited and controlled entities 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 30 June 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.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth, Western Australia this 13th day of August 2018.