SportsHero Limited

ACN 123 423 987

Annual Report

for the year ended

30 June 2018

CORPORATE DIRECTORY

Directors
Michael Higginson (Chairman)
Tom Lapping (Director and appointed CEO on 4 September 2017)
Christopher Green (Non-Executive Director)

Company Secretary

Michael Higginson

Registered Office and
Principal Place of Business

29 Brookside Place
Lota, QLD 4179
Telephone: +61 (7) 3901 0751
Facsimile: +61 (7) 3901 0751

Website: http://sportshero.mobi/

Auditor

RSM Australia Partners
Level 32/2 The Esplanade
Perth WA 6000

Share Registry

Advanced Share Registry Services Limited
110 Stirling Highway
Nedlands WA 6009

Telephone: +61 (8) 9389 8033
Facsimile: +61 (8) 9262 3723

Stock Exchange Listing

Australian Securities Exchange
ASX Code: SHO

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General information

The financial statements cover SportsHero Limited as a consolidated entity consisting of SportsHero Limited and its subsidiaries. The financial statements are presented in US dollars, which is SportsHero Limited's functional and presentation currency.

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

29 Brookside Place
Lota, QLD 4179
Telephone: +61 (7) 3901 0751
Facsimile: +61 (7) 3901 0751

A description of the nature of the consolidated entity'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 28th September 2018. The Directors have the power to amend and reissue the financial statements.

CHAIRMAN'S LETTER

Dear Shareholder

On behalf of the Board of Directors of SportsHero Limited, I am very pleased to be able to present the 2018 Annual Report of the Company.

The year has witnessed significant transformation and development of the Company's app, culminating in the September 2018 launch of Version 3.

During the year management successfully refined our team, our technology and our vision. In doing so, we built a localised network in Indonesia and we are now looking to develop and replicate that model in other jurisdictions and other sports.

Whilst the loss for the year totalled US$4,335,566 it is very important to note that the majority of the loss was as result of US$2,192,921 in non-cash accounting entries, including the writing down to zero of the value of the Company's intellectual property. The relevant accounting entries include the following:

- an intellectual property impairment charge of US$1,063,889
- an intellectual property depreciation charge of US$504,602
- share based payments expense of US$624,340 including the issue of performance rights

Following the appointment of Hong Kong based Mr Tony Wee as SportsHero's Corporate Advisor in December 2017, the Company announced a partnership with Walletku, an Indonesian based e-wallet mobile payment platform that enables SportsHero to connect its platform to over 20,000 merchants throughout Indonesia. These merchants provide SportsHero with immediate reach and access to tens of millions of passionate football fans in Indonesia – a country that has the biggest football market by fan base size in South East Asia.

Working with Walletku and utilising their network of merchants has enabled SportsHero to sell tickets so that users can easily enter into our competitions via Walletku's e-wallet mobile payment app. Walletku's merchant network facilitates ticket purchases for the millions of Indonesians that are unbanked and/or without a credit card.

This partnership with Walletku was effectively launched during the recent 2018 football World Cup in Russia. Very importantly, the Walletku partnership clearly demonstrated proof of concept, as we were able to monetise and generate over 160,000 tickets sales, which equates to AUD$107,000 in revenue over the 4-week competition.

This success promptly led to the establishment of a landmark partnership with one of the world's most popular sporting leagues, Spain's LaLiga.

The LaLiga partnership is a huge breakthrough for the Company and gives SportsHero full LaLiga IP rights and support. Pursuant to the partnership, LaLiga will actively promote our world first LaLiga prediction competition through their established social media and digital channels. The partnership offers SportsHero's Indonesian users access to exclusive money-can't-buy-prizes, merchandise and experiences.

With the recent launch of Version 3 and commencement of both the LaLiga and English Premier League football seasons, SportsHero has generated an additional AUD$131,000 in revenue and is positioning itself as a significant player in the very rapidly expanding global games market, which we expect will deliver both growth and opportunity for your Company.

Throughout what has been a very dynamic period, I take this opportunity to commend the tireless effort, dedication and commitment of our CEO Mr Tom Lapping and his team. Their contribution has been enormous.

Yours sincerely

Michael Higginson
Chairman

OPERATIONS REPORT

SportsHero is an innovative technology company that has built a social sports prediction platform connecting sports fans globally to showcase their skills in predicting outcomes of the game they love. It has created a vibrant digital marketplace within which fans can connect with other fans, brands, consume content and interact with ambassadors and personalities involved in the sport they are passionate about.

SportsHero is a data driven game that offers fans the chance to compete against family, friends and colleagues and for the opportunity to win money-can't-buy-prizes and experiences by picking outcomes in their chosen sport. The robust platform works on real time odds, challenging expert predictors on not just the final result, but also predictions of winning margins and many other related player metrics.

Sport franchisees and sponsors globally are seeking new ways to connect with and expand their fan bases into new geographic markets and increasingly technology driven market segments. The SportsHero platform allows both teams and sponsors to more effectively engage with their global fans who are increasingly active in their virtual communities when compared to their traditional localised supporters. The financial rewards for teams, media and new and existing sponsors into the rapidly expanding ecommerce and gaming industries is exponential.

Version 3

Version 3 of the Company's app is now available for Android phones at Google Pay and for IOS phones at Apple's App Store.

Version 3 highlights include:

1. A complete redesign of the User Interface with an open breathable modern design that will adapt and scale well when new modules are introduced. This will support the rapid on-boarding of new sports and commercial partner integration.

2. A redesigned competitions User Experience with highly visual In App promo modules placed within the Football Matches Feed to drive competition entry and with a much more visually engaging competitions overview page, which includes large format imagery and partner brand graphics.

3. An upgrade of the core platform to support the:

   - introduction of a new sports, such as cycling, AFL or rugby
   - management of multiple territory versions for local market customisation, which was achieved with our localised Indonesian version
   - integration of commercial partnerships with brands.

SportsHero OFFICIAL REGIONAL PARTNER | LaLiga

LaLIga

After many months of detailed discussions, LaLiga - the men's top professional football division in Spain that represents, among others, Barcelona, Real Madrid and Atletico Madrid – chose SportsHero as their exclusive regional partner in Indonesia. This was a very significant development for SportsHero for two reasons: Firstly, LaLiga is one of the biggest and most powerful sporting organisations in the world and they have chosen the SportsHero platform as their exclusive digital outreach and development concept for Indonesia, which is one of the most rapidly growing youth football demographics in the world; and secondly, Indonesia is the first of many markets SportsHero plans to enter with a proprietary and localised product offering.

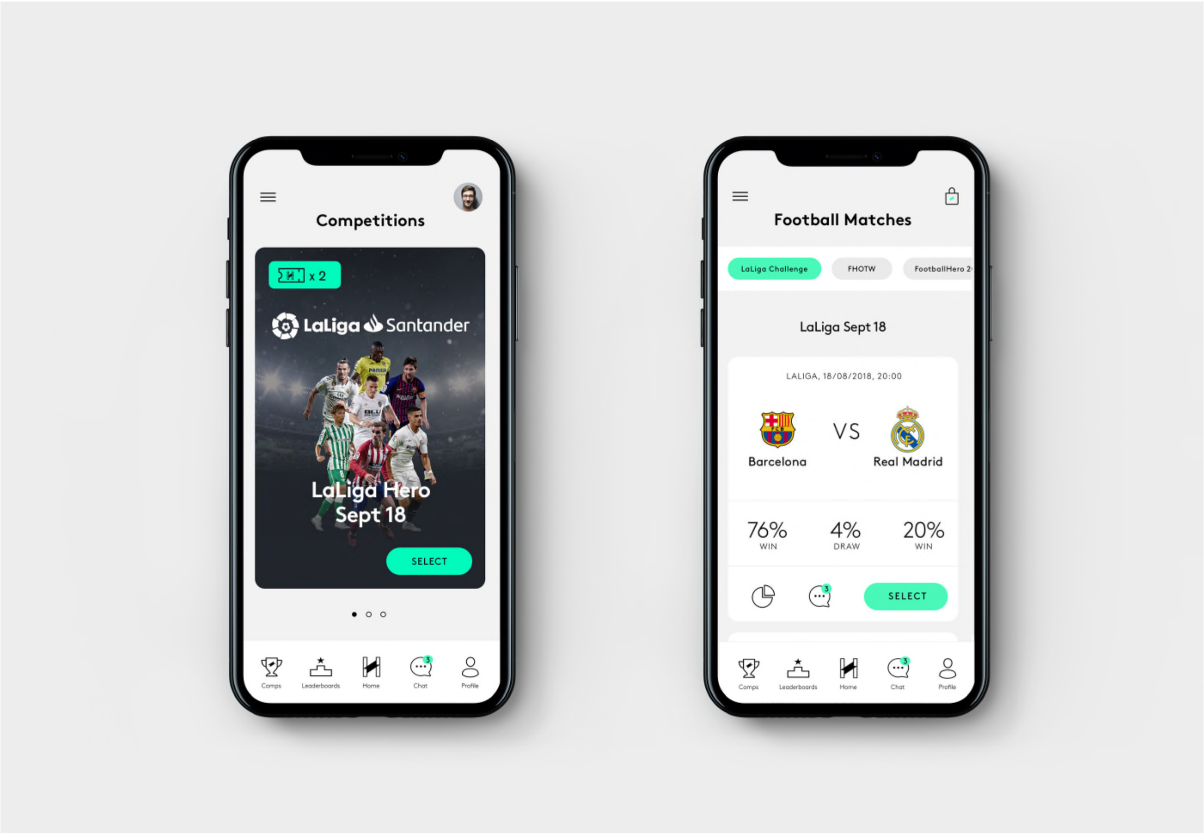
LaLiga Hero of the Month

Following the Company's announcement on 23 August 2018 of the formation of a partnership with Spain's top football division, LaLiga, SportsHero launched the first official "LaLiga Hero of the Month" competition in Indonesia on 1 September 2018.

The Company is very excited about the launch of the Indonesian LaLiga competition and eagerly awaits the reporting of ticket sales and revenue.

As the "LaLiga Hero of the Month" competition is only available to Indonesian users, we have reproduced below examples of the competition screens.

OPERATIONS REPORT



LaLiga Hero of the Month competition screens

Precise details of events and activities undertaken throughout the year are as set out in the Directors' Report under the heading "Significant changes in state of affairs" and "Subsequent events" (refer pages 10 and 11).

DIRECTORS REPORT

The Directors present their report together with the consolidated financial report for SportsHero Limited ("SportsHero" or the "Company") and its controlled entities (collectively the "Group"), for the year ended 30 June 2018.

Directors

(i) Names, qualifications and experience

The names and details of the Company's Directors in office at any time during the financial period and until the date of this report are as follows:

Michael Higginson	Non-Executive Director and Chairman
Tom Lapping	Non -Executive Director and appointed CEO on 4 September 2017
Christopher Green	Non-Executive Director

Michael Higginson – Chairman
Qualification: B.Bus Fin & Admin

Mr Higginson is the holder of a Bachelor of Business Degree with majors in both Finance and Administration.

Mr Higginson is a professional director and company secretary with extensive experience in public company administration, ASX Listing Rules, the Corporations Act, capital raisings, corporate governance, financial reporting and due diligence.

Mr Higginson was formerly an executive officer with the Australian Securities Exchange and has, over the last 30 years, held numerous directorship and company secretarial roles with a number of public listed companies across a range of industry sectors.

Mr Higginson is a director of Cape Range Limited and Voltage IP Limited.

Tom Lapping – Director and appointed CEO on 4 September 2017

Mr Lapping is highly experienced across the securities and media sectors. Since 2016, he has played an integral role within SportsHero and was a key member of the team during the transition of the SportsHero business from a Singaporean unlisted entity to an ASX listed public company in February 2017.

Tom is a successful entrepreneur who has accumulated extensive experience leading both established and early stage ventures in the Asia-Pacific region. Tom has a keen understanding of consumer behaviour and was recognised as a 40under40 business entrepreneur award winner in Western Australia in 2003

Christopher Green – Non Executive Director
Qualifications: B.Sc (Applied Geology) and Grad Dip Computer Science

Mr Green has been working in the mining and IT industries for 41 years, in the areas of exploration and mining as a geologist, and in the areas of software development as a programmer, technical analyst, IT Manager and as a Manager of Innovation.

With his professional qualifications in Geology, Computer Science and Complexity Theory, Chris has over 41 years professional experience with the last 26 years almost exclusively within the practical application of IT and IT innovation.

DIRECTORS REPORT

(ii) Interests in the Shares and Options of the Company

As at the date of this report, the interest of the Directors in the shares and options of the Company are:

	Number of shares	Number of options
M Higginson	20,834	-
T Lapping	11,782,143	16,714,286
C Green	-	-
TOTAL	**11,802,977**	**16,714,286**

Company Secretary

Michael Higginson
Qualification: B.Bus Fin & Admin

Directors' meetings

The number of meetings attended by each of the Directors of the Company during the financial year was:

	Board Meetings	
	(a)	(b)
Michael Higginson	2	2
Tom Lapping	2	2
Christopher Green	2	1

(a) Number of meetings held and entitled to attend
(b) Number of meetings attended

Given the size of the Company and current level of activities, the Board has assumed the duties and responsibilities typically delegated to an audit committee, risk committee, remuneration committee and nomination committee.

Corporate structure

SportsHero Limited is a company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS REPORT

Nature of operations and principal activities

The principal activity of the Group during the year was the development of the Company's sports gamification platform.

Results of operations

The operating loss after income tax of the Group for the year ended 30 June 2018 was US$4,335,566 (2017: US$ 4,266,614).

The Group's basic loss per share for the year was 1.84 US cents (2017: 3.85 US cents).

Dividends

No dividend has been paid during or is recommended for the financial year ended 30 June 2018 (2017: nil).

Review of operations

The principal activity of the Group during the financial year was the development of the Company's sports gamification platform.

An overview of the Group's operations during the financial year is set out in the Operations Report.

Significant changes in state of affairs

On 4 September 2017, Mr Tom Lapping was appointed as the Company's CEO.

On 17 October 2017, the Company announced the forming of a strategic partnership with 90min, a global football (soccer) media and technology company, for the provision of media content.

On 31 October 2017, the Company announced that global investor IPV Capital Ltd had unconditionally agreed to subscribe for 12,500,000 Shares at an issue price of AUD$0.08 per Share.

On 30 November 2017, the Company announced a partnership with Fantasy Sports Global Limited whereby SportsHero receives up to AUD$3.00 as a one-off commission for directing users to the Fantasy Sports website and those users subsequently enter a Fantasy Sports challenge/competition.

On 12 December 2017, Mr Chris Flintoft was appointed as the Company's Technical Strategy Advisor.

On 22 December 2017, Mr Tony Wee was appointed as the Company's Corporate Advisor.

On 10 January 2018, the Company announced the issue of the following Shares:

- 12,500,000 Shares to IPV Capital Limited (raising AUD$1,000,000 in working capital);
- 500,000 Shares to Mr Chris Flintoft, pursuant to his engagement as the Company's Technical Strategy Advisor;
- 1,000,000 Shares to Mr Chris Flintoft, being the conversion of 1,000,000 Performance Rights; and
- 3,000,000 Shares to Mr Tony Wee, pursuant to his engagement as the Company's Corporate Advisor.

On 2 February 2018, the Company announced the appointment of Mr Chris Robb as the Company's Official Cycling Partner.

On 7 February 2018, the Company announced the issue of 214,286 Shares following the exercise of 214,286 options each exercisable at AUD$0.05 and expiring 31 August 2019, the issue of 2,000,000 Shares to Mr Tony Wee following the conversion of 2,000,000 Performance Rights and the issue of 1,000,000 options each exercisable at AUD$0.20 and expiring 1 February 2021 to Mr Chris Robb.

On 2 March 2018, the Company announced the issue of 3,700,000 Shares as follows:

- 1,000,000 Shares to Mr Chris Flintoft following the conversion of 1,000,000 Performance Rights;
- 2,000,000 Shares to Mr Tony Wee following the conversion of 2,000,000 Performance Rights; and
- 700,000 Shares following the exercise of 700,000 options each exercisable at AUD$0.05 and expiring 31 August 2019.

DIRECTORS REPORT

On 6 March 2018 the Company announces the finalisation of a strategic Indonesian football partnership with Mr Tri Putra.

On 12 March 2018, the Company announces the forming of a strategic partnership with Indonesian based PT Walletku Indompet Indonesia. The partnership creating an alliance for the purpose of providing SportsHero with the opportunity to monetise its platform in Indonesia through various football gamification offerings to Walletku's community.

On 9 May 2018, the Company announced the launch of its localised Indonesian platform in Indonesia.

On 28 May 2018, the Company announced the issue of 114,286 Shares following the exercise of 114,286 options each exercisable at AUD$0.05 and expiring 31 August 2019.

On 15 June 2018, the Company announced the launch of its FootballHero 2018 World Cup Challenge.

Future developments

Likely future developments in the operations of the Group are referred to in the Chairman's Letter and Operations Report. Other than that referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

Subsequent events

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. In addition, the Company announced the completion of a Share placement raising AUD$1,000,000 pursuant to the issue of 5,000,000 Shares at an issue price of AUD$0.20 per Share.

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.

Financial position

The Group's working capital, being current assets less current liabilities, was (USD218,653) as at 30 June 2018 (2017: USD1,267,216).

In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Proceedings on behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018 USD	2017 USD	2016 USD	2015 USD	2014 USD
Other income	16,841	9,113	-	-	-
EBITDA	(3,830,964)	(3,410,171)	(151,228)	-	-
EBIT	(4,335,566)	(3,850,447)	(151,260)	-	-
Loss after income tax	(4,335,566)	(4,266,614)	(151,260)	-	-

DIRECTORS REPORT

The factors that are considered to affect total shareholders return are summarised below:

	2018 USD	2017 USD	2016 USD	2015 USD	2014 USD
Share price at financial year end (US cents)	5.91	3.1	-	-	-
Total dividends declared (US cents per share)	-	-	-	-	-
Basic and diluted loss per share for continued operations (US cents per share)	1.55	3.48	-	-	-
Basic diluted loss per share for discontinued operations (US cents per share)	0.29	0.37	-	-	-
Basic loss per share (US cents per share)	1.84	3.85	-	-	-

Remuneration report (Audited)

Details of Remuneration for the Year Ended 30 June 2018

Details of the remuneration for each Director and the key management personnel of the Group during the year are set out in the following tables.

The Board's policy for determining the nature and amount of remuneration for Directors and senior executives of the Group is as follows:

- All executives receive a base salary (which is based on factors such as length of service and experience).
- The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.
- All remuneration paid to Directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.
- Remuneration of non-executive Directors at market rates for time, commitment and responsibilities.

The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought if required.

During the financial year ended 30 June 2018, the consolidated entity did not engage any external parties for a review of remuneration practises.

At the 2017 Annual General Meeting, 99.7% of the eligible votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

The key management personnel of the Group include the Directors and Company Secretary. There were no other persons considered key management personnel as defined in AASB 124 Related Party Disclosures.

The tables below show the 2018 and 2017 remuneration of the Directors and other key management personnel:

2018	***Short-term***	***Post-employment***	***Share-based payments***		***Value of options as a %***
	Salary & fees USD	**Superannuation USD**	**Shares USD**	**Total USD**	
Chairman					
Michael Higginson	74,982	-	-	74,982	0%
Directors					
Tom Lapping	81,733	-	-	81,733	0%
Christopher Green	19,384	-	-	19,384	0%
Total key management personnel compensation	**176,099**	**-**	**-**	**176,099**	**0%**

DIRECTORS REPORT

2017	*Short-term*	*Post-employment*	*Share-based payments*		*Value of options as a %*
Chairman	**Salary & fees USD**	**Superannuation USD**	**Shares USD**	**Total USD**	
Michael Higginson	79,432	-	-	79,432	0%
Directors					
Christopher Green	17,642	-	-	17,642	0%
Tom Lapping	18,296	-	-	18,296	0%
Mick McMullen	-	-	-	-	0%
Howard Dawson	11,318	-	-	11,318	0%
Total key management personnel compensation	**126,688**	**-**	**-**	**126,688**	**0%**

Performance Shares as a Proportion of Total Remuneration

There were no performance shares issued to Directors during the year ended 30 June 2018 (2017: nil).

Ordinary Shares held by Directors

2018 **Directors**	***Balance at beginning of year***	**Allotted during the year**	**Purchased during theyear**	**Sold during the year**	***Balance at end of year***
M Higginson	20,834	-	-	-	20,834
C Green	-	-	-	-	-
T Lapping	11,782,143	-	-	-	11,782,143
	11,802,977	**-**	**-**	**-**	**11,802,977**

2017 **Directors**	***Balance at beginning of year***	**1 for 2 consolidation**	**Allotted during the year**	**Purchased during the year**	**Sold during the year**	***Balance at end of year***
M McMullen	5,710,000	(2,855,000)	-	-	(2,855,000)	-
M Higginson [1]	41,668	(20,834)	-	-		20,834
C Green	-	-	-	-		-
T Lapping [2]	-	-	11,782,143	-	-	11,782,143
H Dawson [3]	50,789	(25,395)	2,057,142	260,000	(25,394)	2,317,142
	5,802,457	**(2,901,229)**	**13,839,285**	**260,000**	**(2,880,394)**	**14,120,119**

1- Closing balance represents shareholding upon cessation of director duties on 23 January 2017
2- Opening balance represents shareholding upon appointment at 10 April 2017
3- Closing balance represents shareholding upon cessation of director duties on 10 April 2017

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. The achievement of this aim has been through the issue of options or performance rights to Directors and executives to encourage the alignment of personal and shareholder interests.

Executive and non-executive Directors and other key management personnel may be granted options or performance rights over ordinary shares.

The recipients of options or performance rights are responsible for growing the Company and increasing shareholder value. If they achieve this goal the value of the options or performance rights granted to them will also increase. Therefore, the options or performance provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company’s value.

DIRECTORS REPORT

Options Granted for the Year Ended 30 June 2018

2018 Directors	Balance at beginning of year	*Option movements for the year* Allotted	Granted as compensation	Exercised	Expired	Other changes	Balance at end of year
M Higginson	-	-	-	-	-	-	-
T Lapping	16,714,286	-	-	-	-	-	16,714,286
C Green	-	-	-	-	-	-	-
Total	***16,714,286***	**-**	**-**	**-**	**-**	**-**	***16,714,286***

2017 Directors	Balance at beginning of year	Allotted	Granted as compensation	Exercised	Expired	Other changes	Balance at end of year
M McMullen [1]	20,834	-	-	-	(20,834)	-	-
M Higginson	41,667	-	-	-	(41,667)	-	-
C Green	-	-	-	-	-	-	-
T Lapping [2]	16,714,286	-	-	-	-	-	16,714,286
H Dawson [3]	-	-	-	-	-	-	-
Total	***16,776,787***	**-**	**-**	**-**	***(62,501)***	**-**	***16,714,286***

1.Closing balance represents number of options held upon cessation of director duties on 23 January 2017.
2.Opening balance represents number of options held upon appointment at 10 April 2017.
3.Closing balance represents number of options held upon cessation of director duties on 10 April 2017.

Performance Options as a Proportion of Total Remuneration

The value of performance options issued during the year to key management personnel as a percentage of the total remuneration paid to key management personnel was 0% (2017: 0%).

Employment Contracts of Directors and Senior Executives

As of 30 June 2018 there were no formal contracts for Non-Executive Directors.

Mr Green is paid fees at the rate of AUD$25,000 per annum and

Mr Higginson, as Chair of the Company, is paid fees at the rate of AUD$50,000 per annum

Share-based compensation

The issue of options and/or performance rights to Directors and executives is to encourage the alignment of personal and shareholder returns. The intention is to align the objectives of Directors and executives with that of the business and shareholders. In addition, all Directors and executives are encouraged to hold shares in the Company.

The Group has not paid bonuses to Directors or executives to date.

End of remuneration report

Share options

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant date	Date of Expiry	Exercise Price	Number Under Option
7 February 2017	31 August 2019	AUD$0.05	70,971,428
7 February 2018	1 February 2021	AUD$0.20	1,000,000
			71,971,428

DIRECTORS REPORT

Options granted but not issued

At the date of this report, the unissued options not yet granted are as follows:

Grant date	Date of Expiry	Exercise Price	Number Under Option
28 February 2018 [1]	28 February 2011	AUD$0.30	1,000,000
28 February 2018 [1]	28 February 2022	AUD$0.30	1,000,000
28 February 2018[1]	28 February 2022	AUD$0.30	1,000,000
			3,000,000

Issue of options is subject to vesting conditions outlined in note 19(b).

During the financial year ended 30 June 2018, 1,028,572 SportsHero Limited shares were issued on the exercise of 1,028,572 options expiring 31 August 2019.

Performance rights

At the date of this report, the following unissued shares are subject to vesting conditions:

Grant date	Date of Expiry	Share price at grant date USD	Performance rights
27/3/17	1/04/19		500,000
27/3/17	1/04/20		500,000
27/3/17	1/04/20		500,000
8/12/17	8/12/19	0.05	4,000,000
			7,500,000

Since the end of the financial year no shares have been issued following the exercise of options.

Since the end of the financial year no options have been issued.

No amounts are unpaid on any of the shares on issue.

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

Indemnification

During the financial year, the Company did not pay premiums to insure the Directors and Company Secretary of the Group.

Non-audit services

No fees for non-audit services were paid/payable to the Group's auditors during year (2017:US$31,748).

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and immediately follows the Directors' Report.

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the company who are former partners of RSM Australia Partners.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of sound corporate governance.

DIRECTORS REPORT

The Board recognises the recent recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that SportsHero Limited is in compliance with those guidelines which are of importance to the commercial operation of a small cap company. The Group's corporate governance statement and disclosures are contained on the Company's website at: http://sportshero.mobi/

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

Michael Higginson
Chairman

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of SportsHero Limited for the year ended 30 June 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 audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 28 September 2018

DAVID WALL
Partner

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		Consolidated	
		30 June 2018 USD	**30 June 2017 USD**
Current assets			
Cash and cash equivalents	8	323,333	1,489,666
Prepayments and other receivables	9	1,411	12,226
		324,744	1,501,892
Assets associated with discontinued operations	16	11,423	-
Total current assets		336,167	1,501,892
Non-current assets			
Plant and equipment	10	5,007	9,609
Intangible asset	11	-	1,563,889
Total non-current assets		5,007	1,573,498
Total assets		341,174	3,075,390
Current liabilities			
Trade and other payables	12	554,820	234,676
Total current liabilities		554,820	234,676
Total liabilities		554,820	234,676
Net (liabilities)/assets		(213,646)	2,840,714
Equity			
Issued capital	13	8,559,488	7,209,342
Share based payments reserve	14	97,751	16,682
Foreign currency translation reserve	14	(117,415)	32,594
Accumulated losses		(8,753,470)	(4,417,904)
Total equity		(213,646)	2,840,714

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

		Consolidated	
		2018	**2017**
	Note	**USD**	**USD**
Continuing operations			
Income			
Other revenue	3	16,841	9,113
Expenses			
Administration expenses	4	(990,340)	(704,434)
Employee and consulting expenses	5	(477,875)	(234,326)
Depreciation and amortisation expense	10 ,11	(504,602)	(440,406)
Interest expense		-	(2,443)
Restructuring expense		-	(1,931,224)
Impairment of intangible assets	11	(1,063,889)	-
Share based payments	19	(624,340)	(549,170)
Loss before income tax expense		(3,644,205)	(3,852,890)
Income tax expense	7	-	-
Loss after tax expense for continuing operations		(3,644,205)	(3,852,890)
Loss from discontinued operations	16	(691,361)	(413,724)
Loss for the year		(4,335,566)	(4,266,614)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(150,009)	32,594
Total comprehensive loss for the year		(4,485,575)	(4,234,020)
Basic and diluted loss per share for continued operations (US cents per share)	6	1.55	3.48
Basic and diluted loss per share for discontinued operations (US cents per share)	6	0.29	0.37
Basic and Diluted loss per share (US cents per share)	6	1.84	3.85

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

Consolidated	Note	Issued Capital USD	Share Based Payments Reserve USD	Foreign Currency Translation Reserve USD	Accumulated Losses USD	Total Equity USD
Balance at 01/07/2016		2,500,000	-	-	(151,260)	2,348,740
Total comprehensive loss for the year		-	-	32,594	(4,266,644)	(4,234,050)
Share issue for acquisition of subsidiary	13	1,852,605	-	-	-	1,852,605
Performance rights issued during the year	14	-	16,682	-	-	16,682
Shares issued during the year	13	2,456,254	-	-	-	2,456,254
Share based payments	13	539,418	-	-	-	539,418
Transaction costs	13	(138,935)	-	-	-	(138,935)
Balance at 30/06/2017		7,209,342	16,682	32,594	(4,417,904)	2,840,714
Balance at 01/07/2017		7,209,342	16,682	32,594	(4,417,904)	2,840,714
Comprehensive loss for the year		-	-	(150,009)	(4,335,566)	(4,485,575)
Exercise of options	13	39,922	-	-	-	39,922
Performance rights issued during the year	14	-	445,235	-	-	445,235
Shares issued during the year	13,14	782,800	(364,166)	-	-	418,634
Share based payments	13	544,940	-	-	-	544,940
Transaction costs	13	(17,516)	-	-	-	(17,516)
Balance at 30/06/2018		8,559,488	97,751	(117,415)	(8,753,470)	(213,646)

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note	Consolidated 2018 USD	2017 USD
Cash Flows from Operating Activities			
Receipts from customers		5,541	612
Payments to suppliers		(1,839,497)	(1,463,406)
Interest received		10,757	8,501
Net cash flows used in operating activities	15	(1,823,199)	(1,454,293)
Cash Flows from Investing Activities			
Payments for plant and equipment (note 10)		-	(12,665)
Cash received as part of acquisition		-	78,629
Net cash flows provided by investing activities		-	65,964
Cash Flows from Financing Activities			
Issue of new share capital (note 13)		822,722	2,456,254
Share issue transaction costs		(17,516)	(82,957)
Net cash provided by financing activities		805,206	2,373,297
Net (decrease) / increase in cash and cash equivalents		(1,017,993)	984,968
Effects of exchange rate changes on cash and cash equivalents		(148,340)	68,032
Cash and cash equivalents at the beginning of the year		1,489,666	436,666
Cash and cash equivalents at the end of the year	8	323,333	1,489,666

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of SportsHero Limited and its controlled entities (the "Group" or "consolidated entity") for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Director's on 28 September 2018.

SportsHero Limited ("SportsHero" or the "Company") is a company limited by shares, incorporated in Australia, and whose securities are publicly traded on the Australia Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Director's Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) 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 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.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 consolidated entity'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 2(cc).

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 17.

The report is presented in US dollars, unless otherwise stated.

(b) Going concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. As disclosed in the financial statements, the consolidated entity incurred a net loss from continuing operations of $3,644,205, had net cash outflows from operating activities of $1,823,199 and a net cash inflow from investing activities of $805,206 for the year ended 30 June 2018. As at that date, the consolidated entity had net current liabilities of $218,653 and net liabilities of $213,646.

These factors indicate material uncertainty which may cast significant doubt as to whether the consolidated entity 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 are of the view that there are reasonable grounds to believe that the consolidated entity will continue as a going concern, after consideration of the following factors:

- As disclosed in Note 24, on 23 August 2018 the Company announced it had secured funding amounting to AUD$1,000,000 from the issue of 5,000,000 ordinary shares at an issue price of AUD$0.20;
- The Company may reasonably expect to maintain continued support from shareholders and other financiers that have supported the Company's previous capital raisings to assist with meeting future funding needs. The Company also plans to raise further capital;
- As a consequence of the establishment of the partnerships with Mr Tri Putra Permadi and PT Walletku Indompet Indonesia and the creation of a localised Indonesian app in June 2018, the Company demonstrated proof of concept in Indonesia (during the recent FIFA World Cup) by generating revenue subsequent to the

NOTES TO THE FINANCIAL STATEMENTS

year end. As disclosed in Note 24, subsequent to the year end, the Group has earned revenue of AUD$107,000 from this initiative; and

- Shortly after the World Cup, the Company signed a landmark partnership agreement with Spain's top football division LaLiga and on 5 September 2018 launched the LaLiga Hero of the month competition. As disclosed in Note 24, subsequent to the year end, the Group has earned revenue of AUD$131,000 from this initiative.

Accordingly, the directors believe that the consolidated entity 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.

However, the directors recognise that if further funding is required and is not subsequently secured, the outcome of which is uncertain until such funding is secured, there is a material uncertainty as to whether the going concern basis of accounting is appropriate. As a result, the Company may be required to consider curtailing further expenditure and may have to consider the sale or joint venture of its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

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 consolidated entity does not continue as a going concern.

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards.

(d) Adoption of New and Revised Accounting Standards

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board 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.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

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. The consolidated entity is progressing with the assessment to determine the impact of this standard on the financial performance and position of the consolidated entity. The operating leases will be capitalised and corresponding lease liabilities and right to use assets will be recorded on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

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 judgments 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 consolidated entity will adopt this standard from 1 July 2018. The consolidated entity has made an assessment and determined that this standard will not have significant impact on the financial performance or position of the Company.

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 consolidated entity will adopt this standard from 1 July 2018. The consolidated entity has made an assessment and determined that this standard will have little to no impact on the entity.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SportsHero Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS

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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

(e) 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 current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve 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 twelve months after the reporting period. All other assets are classified as non-current.

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

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

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of any operating segments.

(g) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(h) Interest revenue

Revenue is recognised as interest accrued using the effective interest method. This is a method of calculating the amortised costs of a financial asset and allocating the interest revenue 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.

All revenue is stated net of Goods and Services Tax.

(i) Service revenue

Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed**.**

(j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity 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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above. The Group does not have any bank overdraft facilities.

NOTES TO THE FINANCIAL STATEMENTS

(k) Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for impairment. Trade receivables are non-interest bearing.

(l) Plant and equipment

Plant and equipment is stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of these items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives. The expected useful lives are.

- Equipment - 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(m) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2 years.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably.

(n) Impairment of assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(o) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.
At each reporting date, the directors assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(p) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(q) Trade and other payables

Trade payables and other payables are carried at the transaction price minus principal repayments. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(s) Employee entitlements

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other 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 recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

NOTES TO THE FINANCIAL STATEMENTS

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate option pricing model 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 consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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.

(t) 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.

(u) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

SportsHero Limited and its wholly-owned subsidiaries have not formed an income tax consolidated group under tax consolidation legislation.

NOTES TO THE FINANCIAL STATEMENTS

(v) Equity based payments

The Group provides benefits to its Directors and employees in the form of share-based payments, whereby Directors and employees render services in exchange for options to acquire shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value to the Group of the equity instruments at the date at which they were granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, on a straight-line basis, over the period in which the vesting and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant Directors and employees become fully entitled to the options (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income reflects:

a. the grant date fair value of the options;
b. the current best estimate of the number of options that will ultimately vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of vesting conditions being met, based on best available information at balance date; and
c. the extent to which the vesting period has expired.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(w) 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.

(x) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

(y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS

(z) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(aa) Foreign currency transactions and balances

The financial statements are presented in US dollars, which is SportsHero Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into US dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into US dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into US dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(bb) Comparative information

Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(cc) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management toake 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.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

NOTES TO THE FINANCIAL STATEMENTS

Impairment of non-financial assets and intangible assets

The consolidated entity assesses impairment of non-financial assets and intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Share-based payment transactions

The consolidated entity 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 taking 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.

	Consolidated 2018 USD	2017 USD
3. Other revenue		
Interest revenue	11,855	8,501
Sundry income	4,986	612
	16,841	9,113

4. Administration expenses		
Administration expenses include the following :		
Advertising and marketing	408,949	179,376
Professional fees	90,918	30,132
Sports subscription services	42,371	11,160
Legal	118,716	8,039

5. Employee and consulting expenses		
Salary and wages	477,875	234,326
	477,875	234,326

6. Loss per share

The following reflects the loss used in the basic and diluted loss per share computations.

Loss used in calculating earnings per share		
For basic and diluted earnings per share:		
Loss for year attributed to continued operations	3,644,205	3,852,890
Loss attributed to discontinued operations	691,361	413,754
Loss for the year attributable to ordinary shareholders	4,335,566	4,266,644

Weighted average number of shares

	2018 No. of shares	2017 No. of shares
Weighted average number of ordinary shares for basic and diluted loss per share	235,191,364	110,723,534

Loss per share		
Basic and diluted loss per share for continued operations (US cents)	1.55	3.48
Basic and diluted loss per share for discontinued operations (US cents)	0.29	0.37
Basic and diluted loss per share (US cents)	1.84	3.85

NOTES TO THE FINANCIAL STATEMENTS

(i) Anti-dilutive options on issue are excluded from the dilutive earnings per share calculation.

(ii) Other than the issue of the securities disclosed in note 13, there has been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

7. Income taxes

(a)

	Consolidated	
	2018 USD	**2017 USD**
Income tax recognised in profit or loss		
Prima facie tax benefit on operating loss before income tax at 27.5% (2017: 27.5%)	(1,174,798)	(1,173,327)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible items	715,698	688,180
Unrecognised deferred tax asset attributable to tax losses and temporary differences	459,100	485,187
Income tax attributable to operating loss	-	-

The consolidated entity has US $5,981,498 (2017: US $4,312,042) tax losses arising in Australia that are available indefinitely for offset against future profit of the company in which the losses arose.

The potential deferred tax asset of US $644,911 (2017: US $1,185,811), arising from tax losses and temporary differences (as disclosed above), has not been recognised as an asset because recovery of tax losses and temporary differences is not considered probable given the development stage of the Company's app.

The potential deferred tax asset will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the related deduction for the losses.

In addition, the subsidiary SportsHero Enterprise Pte Ltd has tax losses that are a potential deferred tax asset of US $141,858 (2017: US $141,858). SportsHero Enterprise Pte Ltd will be taxed independently in Singapore.

8. Cash and cash equivalents

	Consolidated	
	2018 USD	**2017 USD**
Cash at bank	323,333	1,489,666
	323,333	1,489,666

9. Trade and other receivables

Other receivables	1,411	12,226
	1,411	12,226

NOTES TO THE FINANCIAL STATEMENTS

Credit Risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the statement of financial position and notes to the financial statements. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties.

	Consolidated	
10. Property, plant and equipment	**2018 USD**	**2017 USD**
Equipment – at cost	13,806	13,806
Less: Accumulated depreciation	(8,799)	(4,197)
	5,007	9,609

Consolidated	**Equipment USD**
Balance as at 1 July 2016	1,109
Additions	12,665
Depreciation expense	(4,165)
Balance as 30 June 2017	9,609
Balance at 1 July 2017	9,609
Additions	-
Depreciation expense	(4,602)
Balance as 30 June 2018	5,007

	Consolidated	
11. Intangible assets	**2018 USD**	**2017 USD**
Software – at cost	2,000,000	2,000,000
Less: Accumulated impairment and amortisation	(2,000,000)	(436,111)
	-	1,563,889

Consolidated	**Software USD**
Balance as at 1 July 2016	2,000,000
Amortisation expense	(436,111)
Balance as 30 June 2017	1,563,889
Balance at 1 July 2017	1,563,889
Impairment expense	(1,063,889)
Amortisation expense	(500,000)
Balance as 30 June 2018	-

The intangible assets represent the "SportsHero" app, an internally developed real-time fantasy sports and social prediction platform mobile application, which was acquired in the prior year from MyHero Limited.

NOTES TO THE FINANCIAL STATEMENTS

12. Trade and other payables

	Consolidated 2018 USD	2017 USD
Current Payables		
Trade payables	137,806	198,046
Accrued expenses	165,836	36,630
Other payables	251,178	-
	554,820	234,676

(i) Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.
(ii) Trade payables are non-interest bearing.

13. Contributed Equity

		2018 Number	2018 USD	2017 Number	2017 USD
(a) Share capital					
Ordinary fully paid shares		249,370,229	8,559,488	222,841,657	7,209,342
(b) Movements in ordinary shares					
Opening balance		222,841,657	7,209,342	6,000,000	2,500,000
Deemed consideration	(i)	-	-	33,826,657	1,852,605
Issue of public offering	(ii)	-	-	168,515,000	2,456,254
Transaction cost on share issue	(ii)	-	-	-	(138,935)
Shares issued at US$0.038 per share *	(iii)	-	-	12,500,000	479,438
Shares issued at US$0.03 per share **	(iv)	-	-	1,000,000	29,940
Shares issued at US$0.03 per share **	(v)	-	-	500,000	14,970
Shares issued at US$0.03 per share **	(vi)	-	-	500,000	15,070
Shares issued at US$0.063 per share ***	(viii)	12,500,000	782,800	-	-
Shares issued at US$0.039 per share *	(x)	214,286	8,446	-	-
Shares issued at US$0.039 per share *	(xii)	700,000	27,146	-	-
Shares issued at US$0.038 per share *	(xiv)	114,286	4,330	-	-
Transaction cost on share issue	(viii)	-	(17,516)	-	-
Shares issued at US$0.031 per share *	(vii)	3,500,000	108,010	-	-
Shares issued at US$0.052 per share ****	(ix)	4,500,000	232,491	-	-
Shares issued at US$0.041 per share *	(xi)	2,000,000	82,204	-	-
Shares issued at US$0.051 per share ****	(xiii)	1,000,000	51,190	-	-
Shares issued at US$0.036 per share *	(xiii)	2,000,000	71,045	-	-
		249,370,229	8,559,488	222,841,657	7,209,342

* Issue price AUD$0.05 translated to USD at grant date
** Issue price AUD$0.04 translated to USD at grant date
*** Issue price AUD$0.08 translated to USD at grant date
**** Issue price AUD$0.07 translated to USD at grant date

(i) On 7 February 2017, the Company acquired all of the issued capital of SportsHero Enterprise Pte Ltd.
(ii) On 7 February 2017, the Company issued a total of 168,515,000 ordinary shares as follows:
- 64,040,000 ordinary shares, at an issue price of AUD$0.05 per share, to raise AUD$3,202,000 (before costs);
- 96,000,000 ordinary shares in consideration for the acquisition of 100% of the issued share capital of Sportz Hero Pty Limited and SportsHero Enterprise Pte Ltd; and
- 8,475,000 ordinary shares to convert 8,475,000 convertible notes.

(iii) On 7 February 2017, the Company issued 12,500,000 ordinary shares at an issue price of AUD$0.05 per share to Sunshore Holdings Pty Limited.
(iv) On 27 April 2017, the Company issued 1,000,000 ordinary shares at AUD$0.04 per share as a share-based payment to an external consultant.

NOTES TO THE FINANCIAL STATEMENTS

(v) On 27 April 2017, the Company issue 500,000 ordinary shares at AUD$0.04 per share per share as a share-based payment to an external consultant.
(vi) On the 9 June 2017, the Company issue 500,000 ordinary shares at AUD$0.04 per share following the conversion of 500,000 performance rights.
(vii) On 2 November 2017, 3,500,000 shares were issued to Mr Randhawa following the conversion of 3,500,000 performance rights.
(viii) On 10 January 2018, the Company issued 12,500,000 shares to IPV Capital at an issue price of AUD$0.08 per share
(ix) On 10 January 2018 the Company issued the following shares;
- 1,500,000 shares to Mr Flintoft (500,000 shares in consideration for the engagement of Mr Flintoft and 1,000,000 shares following the conversion of 1,000,000 performance rights)
- 3,000,000 shares in consideration for the engagement of Mr Tony Wee.

(x) On 7 February 2018, the Company issued 214,286 shares following the exercise of 214,286 options each exercisable at AUD$0.05 and expiring 31 August 2019.
(xi) On 7 February 2018, 2,000,000 shares were issued to Mr Tony Wee following the conversion of 2,000,000 performance rights.
(xii) On 2 March 2018, the Company issued 700,000 shares following the exercise of 700,000 options each exercisable at AUD$0.05 and expiring 31 August 2019.
(xiii) On 2 March 2018, the Company issued the following shares
- 1,000,000 shares to Mr Chris Flintoft following the conversion of performance rights
- 2,000,000 shares to Mr Tony Wee following the conversion of 2,000,000 performance rights.

(xiv) On 28 May 2018, the Company issued 114,286 shares following the exercise of 114,286 options each exercisable at AUD$0.05 and expiring 31 August 2019.

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.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2018 (2017: nil) and no dividends are expected to be paid in 2019.

There is no current intention to incur debt funding on behalf of the Group

The Group is not subject to any externally imposed capital requirements.

14. Reserves

	Consolidated 2018 USD	2017 USD
Reserves		
Share-based payments reserve		
As at 1 July 2017	16,682	-
Share based payments	445,235	16,682
Conversion of rights	(364,166)	-
As at 30 June 2018	97,751	16,682
Foreign currency reserve		
As at 1 July 2017	32,594	-

NOTES TO THE FINANCIAL STATEMENTS

Foreign currency translation	(150,009)	32,594
As at 30 June 2018	(117,415)	32,594

Nature and purpose of reserves

Share-based payment reserve

The share-based payments reserve records the value of share options and performance rights issued by the Group.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of international operations to US dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

15. Notes to Statement of Cash Flows

	Consolidated	
	2018	**2017**
	USD	**USD**
(a) Reconciliation of net cash used in operating activities to operating loss after income tax		
Operating loss after tax	(4,335,566)	(4,266,644)
Add non-cash items:		
Depreciation and amortisation	504,602	440,276
Share-based payments expense	624,340	556,100
Restructuring costs	-	1,931,224
Impairment of intangible assets	1,063,889	-
Changes in net assets and liabilities:		
Movement in receivables	(476)	2,141
Movement in payables	320,012	(117,390)
Net cash flow used in operating activities	(1,823,199)	(1,454,293)

(b) Non-cash financing and investing activities

Share based payment in lieu of directors fees	-	-
Shares issued for provision of services	-	556,100
	-	556,100

NOTES TO THE FINANCIAL STATEMENTS

16. Discontinued Operations

On 29 June 2018, the consolidated group terminated all employees of Sportshero Information Technology (Shanghai) Co Limited and ceased operations. The subsidiary has been reported as discontinued operations in the financial statements for the year ending 30 June 2018. Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

(a) Financial performance for the disposal entity

The financial performance information is presented for the 12 months ended 30 June 2018 and the year ended 30 June 2017.

	2018 USD	2017 USD
Income		
Other revenue	-	-
Expenses		
Administration expenses	(165,246)	(169,108)
Employee and consulting expenses	(526,115)	(244,616)
Loss before income tax expense	(691,361)	(413,724)
Income tax expense	-	-
Loss after tax expense for discontinuing operations	(691,361)	(413,724)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	-	-
Total comprehensive loss for the year	(691,361)	(413,724)

(b) Carrying values of Assets and Liabilities in the disposal entity

	2018 USD
Cash and cash equivalents	65
Other receivables	11,358
Total Assets	**11,423**
Net Assets	**11,423**

Total liabilities of $324,338 relating to discontinued operations were to be absorbed by the parent entity and have not been included in the discontinued operations note.

NOTES TO THE FINANCIAL STATEMENTS

	Parent	
17. Parent Information	**2018 USD**	**2017 USD**
ASSETS		
Current assets	247,266	2,092,945
Non-current assets	-	-
TOTAL ASSETS	247,266	2,092,945
LIABILITIES		
Current liabilities	460,912	47,322
TOTAL LIABILITIES	460,912	47,322
NET (LIABILITIES)/ASSETS	(213,646)	2,045,623
EQUITY		
Contributed equity	6,059,488	4,709,342
Reserves	(19,645)	(17,974)
Accumulated losses	(6,253,489)	(2,645,745)
TOTAL EQUITY	(213,646)	2,045,623
Loss for the year	(3,607,744)	(2,645,745)
Total comprehensive loss	(3,607,744)	(2,645,745)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2.

18. Related Party Transactions

(a) Directors and Specified Executives

The names and positions held by key management personnel in office at any time during the year are:

M Higginson	Non-Executive Director and Chair
T Lapping	Non-Executive Director
C Green	Non-Executive Director

All of the above persons were key management personnel during the year ended 30 June 2018.

	Consolidated	
	2018	**2017**
(b) Key management personnel remuneration	**USD**	**USD**
Short-term employee benefits	176,099	126,688
Share based payments	-	-
	176,099	126,688

NOTES TO THE FINANCIAL STATEMENTS

(c) Payables to key management personnel

Amounts payable to Directors and Director related entities at the end of the financial year, included in current liabilities	4,818	6,833

(d) Other transactions with key management personnel

During the year the Company paid rent of US $4,264 (2017: US $1,433) to Mr Higginson for the provision of the Company's registered and principal office.

There were no other sale or purchase related transactions between the Group and key management personnel during the year ended 30 June 2018 (2017: US $11,765).

(e) Other transactions with related parties

There were no other transactions with related parties through the year.

(f) Other Entities

There were no other transaction with other entities.

	Consolidated	
19. Share based payments	**2018**	**2017**
	USD	**USD**
Recognised share-based payment expenses		
Shares issued for services rendered	179,105	539,418
Performance rights vesting over period – issued in current year (a)	291,631	16,682
Performance options vesting over period – issued in current year (b)	35,272	-
Performance rights vesting over a period – issued in prior year	118,332	-
	624,340	556,100

Employee share option plan

The Company has established an Employee Share Option Plan that allows for share options to be granted to eligible employees and officers of the Company. The number of share options that can be issued under the plan cannot exceed 5% of the total number of shares on issue. The terms and conditions of the share option issued under the plan are at the discretion of the Board, however, the maximum term of the share option is five years.

(a) Performance rights

The performance rights were granted during the year at no consideration, do not have an exercise price and will lapse if the vesting conditions are not met. Details of the performance rights issue and their vesting conditions are set out below:

i) 1,000,000 shares will be issued to the consultant (Mr Chris Flintoft) for the development of a implementation plan and strategy for Version 3 SportsHero app which delivers an even better user experience than improved Version 2.4 of the app;
ii) 1,000,000 shares will be issued to the consultant (Mr Chris Flintoft) for the delivery on or before 7/2/18 of an implementation plan and strategy for the introduction of a SportsHero cryptocurrency/coin;
iii) 1,500,000 shares will be issued based on the consultant (Mr Chris Flintoft) for the successful release to the market on or before 31.5.18 of Version 3 of the SportsHero app that delivers as per milestone 1 and 2 above.
iv) 2,000,000 shares will be issued to Mr Tony Wee based on the market capitalisation of the Company increasing to $30,000,000.
v) 2,000,000 shares will be issued to Mr Tony Wee based on the market capitalisation of the Company increasing to $40,000,000.

NOTES TO THE FINANCIAL STATEMENTS

vi) 2,000,000 shares will be issued to Mr Tony Wee based on the market capitalisation of the Company increasing to $50,000,000.
vii) 2,000,000 shares will be issued to Mr Tony Wee based on the market capitalisation of the Company increasing to $60,000,000.

Set out below are performance rights granted

	Grant Date	*Expiry Date*	*Share price at grant date ****	*Rights issued*	*FV at grant date (USD)*	*Probability*	*SBP for year ended 30 June 2018*
i	8/12/17	31/12/17	0.05	1,000,000	51,173	100%	51,173
ii	8/12/17	7/2/18	0.05	1,000,000	51,173	100%	51,173
iii *	8/12/17	31/5/18	0.05	1,500,000	76,759	-	-
iv **	8/12/17	8/12/19	0.05	2,000,000	80,853	N/A	80,853
v **	8/12/17	8/12/19	0.05	2,000,000	71,022	N/A	71,022
vi **	8/12/17	8/12/19	0.05	2,000,000	62,803	N/A	20,172
vii **	8/12/17	8/12/19	0.05	2,000,000	56,135	N/A	17,238
							291,631

*-Performance condition was not met and such the rights were forfeited.
**-Rights are market-based condition and therefore no probability was assigned. On 7 February 2018, 2,000,000 shares were issued upon reaching the condition. The full expense was recognised in this period.
***- Share price has been converted to USD at grant date

(b) Performance options

The following performance options were issued for no consideration and will lapse if the vesting conditions are not met.

i) 1,000,000 options to be granted exercisable at AUD$0.20 expiring on 1 February 2022 subject to 1,000,000 cycling users within 36 months.

The following performance options have not been issued as at 30 June 2018. Details of the option issues and their vesting conditions are set out below:

i) 1,000,000 options to be granted exercisable at AUD$0.30 expiring on February 2021 subject to 1,000,000 users and US $2m revenue generated within 12 months;
ii) 1,000,000 options to be granted exercisable at AUD$0.30 expiring on February 2022 subject to 2,000,000 users and US $4m revenue generated within 24 months; and
iii) 1,000,000 options to be granted exercisable at AUD$0.30 expiring on February 2023 subject to 4,000,000 users and US $6m revenue generated within 36 months.

NOTES TO THE FINANCIAL STATEMENTS

The following options were issued in the current financial year:

Grant date	**1/2/18**
Type	Consultant Tranche 1
Dividend yield (%)	-
Expected price volatility	100%
Risk-free interest rate (%)	1.94%
Expected life of options (years)	3
Option exercise price (AUD)	0.20
Option exercise price in AUD translated to USD at grant date	0.16
Share price at grant date AUD	0.19
Share price in AUD translated to USD at grant date0	0.15
Number of options issued	1,000,000
Probability	65%
FV at grant date (AUD)	75,963
FV at grant date (USD)	58,897
SBP for the year ended 30 June 2018 (USD)	**8,007**

The following options were granted but not issued in the current financial year:

Grant date	**28/2/18**	**28/2/18**	**28/2/18**	**Total**
Type	Consultant Tranche 2	Consultant Tranche 3	Consultant Tranche 4	
Dividend yield (%)	-	-	-	
Expected price volatility	100%	100%	100%	
Risk-free interest rate (%)	2.11%	2.25%	2.38%	
Expected life of options (years)	3	4	5	
Option exercise price (AUD)	0.30	0.30	0.30	
Option exercise price in AUD translated to USD at grant date	0.23	0.23	0.23	
Share price at grant date AUD	0.18	0.18	0.18	
Share price in AUD translated to USD at grant date0	0.14	0.14	0.14	
Number of options issued	1,000,000	1,000,000	1,000,000	
Probability	40%	70%	70%	
FV at grant date (AUD)	94,415	110,360	122,819	
FV at grant date (USD)	73,204	85,567	95,227	253,998
SBP for the year ended 30 June 2018 (USD)	**9,814**	**10,023**	**7,428**	**27,265**

NOTES TO THE FINANCIAL STATEMENTS

	2018		2017	
	Number of Options	**Weighted Average Exercise Price USD**	**Number of Options**	**Weighted Average Exercise Price USD**
At beginning of reporting year	76,757,940		9,815,882	
Granted during the year	1,000,000	0.16		
- Lapsed	-		(300,002)	1.01
Subtotal	77,757,940		9,515,880	
1 for 2 consolidation of capital	-		(4,757,940)	0.144
- Part consideration for acquisition of the SportsHero business	-		72,000,000	0.038
- Lapsed	(30,000)	0.79		
- Lapsed	(30,000)	0.96		
- Lapsed	(4,697,940)	0.77		
- Exercised	(1,028,572)	0.038		
Balance the end of reporting year	**71,971,428**		**76,757,940**	
Exercisable at end of reporting year	**71,971,428**		**76,757,940**	

Not included in the total number of options are 3,000,000 performance options granted on 28 February 2018. These options have not been issued and are subject to certain vesting conditions outlined in Note 19 (b).

The following table sets out the movements in the number of options throughout the year**:**

Grant date	Expiry date	Balance at start of year	Number issued during year	Number exercised during year	Number expired during year	Balance at end of year	Number exercisable at end of year
6 Jan 15	31 Dec 17	30,000	-	-	(30,000)	-	-
6 Jan 15	31 Dec 17	30,000	-	-	(30,000)	-	-
27 Oct 15	30 Sept 17	4,697,940	-	-	(4,697,940)	-	-
7 Feb 17	31 Aug 19	72,000,000	-	(1,028,572)	-	70,971,428	70,971,428
1 Feb 18	1 Feb 22	-	1,000,000	-	-	1,000,000	1,000,000
Total		76,757,940	-	(1,028,572)	(4,757,940)	71,971,428	71,971,428

NOTES TO THE FINANCIAL STATEMENTS

The following tables set out the assumptions made in determining the fair value of the options granted in the prior financial year:

Grant date	**6 Jan 2015**	**6 Jan 2015**	**27 Oct 2015**	**7 Feb 2017**
Type	Employee and Consultant	Employee and Consultant	Free attaching options	Free attaching options
Dividend yield (%)	-	-	-	-
Expected price volatility	1.00	1.00	1.00	1.00
Risk-free interest rate (%)	2.50%	2.50%	2.5%	2.5%
Expected life of options (years)	2.99	2.99	1.93	2.15
Option exercise price AUD	$1.02	$1.24	$0.20	$0.05
Option exercise price in AUD translated to USD at grant date	$0.83	$1.01	$0.144	$0.038
Share price at grant date AUD	$0.14	$0.14	$0.06	$0.05
Share price in AUD translated to USD at grant date	$0.11	$0.11	$0.04	$0.038
Number of options issued	30,000	30,000	4,697,940	72,000,000

20. Auditors' Remuneration

	Consolidated 2018 USD	**Consolidated 2017 USD**
Audit of the financial statements - RSM Australia Partners		
Audit or review of financial reports	34,890	33,259
	34,890	33,259
Other services - RSM Australia Pty Ltd		
Independent expert reports	-	31,748
	-	31,748
Audit services - Network firms		
Audit or review of the financial statements - Ruihua Certified Public Accountants	10,000	10,000
Audit or review of the financial statements - RSM Chio Lim LLP	9,500	11,596
	19,500	21,596
	54,390	**86,603**

21. Commitments

There were no outstanding commitments which are not disclosed in the financial statements as at 30 June 2018 other than:

	Consolidated 2018	**Consolidated 2017**
Office rental commitments	**USD**	**USD**
Within 1 year	-	38,067
After 1 year but not more than 5 years	-	-
	-	38,067

22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are either summarised below or disclosed at note 9 in the case of credit risk and note 13 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group does not have a formal policy in place to mitigate such risks.

Consolidated	Notes	Floating Interest Rate	1 year or less USD	Over 1-5 years USD	Non-interest bearing USD	Total USD
2018						
Financial assets						
Continuing operations						
Cash and cash equivalents	8	0%	-	-	323,333	323,333
Trade and other receivables	9		-	-	1,411	1,411
Total financial assets for continuing operations			-	-	324,744	324,744
Discontinuing operations						
Cash and cash equivalents	16	0%	-	-	65	65
Trade and other receivables	16		-	-	11,358	11,358
Total financial assets			-	-	11,423	11,423
Financial liabilities						
Continuing operations						
Trade and other payables	12		-	-	554,820	554,820
Total financial liabilities			-	-	554,820	554,820
Net financial liabilities from continuing operations			**-**	**-**	**(230,076)**	**(230,076)**
Net financial assets from discontinuing operations			**-**	**-**	**11,423**	**11,423**
Net financial assets			**-**	**-**	**(218,653)**	**(218,653)**

NOTES TO THE FINANCIAL STATEMENTS

Consolidated	Notes	Floating Interest Rate	1 year or less USD	Over 1-5 years USD	Non-interest bearing USD	Total USD
2017						
Financial assets						
Continuing operations						
Cash and cash equivalents	8	0%	1,244,421	-	245,245	1,489,666
Trade and other receivables	9		-	-	12,226	12,226
Total financial assets			1,244,421	-	257,471	1,501,892
Financial liabilities						
Trade and other payables	12		-	-	234,676	234,676
Total financial liabilities			-	-	234,676	234,676
Net financial assets			**1,244,421**	**-**	**22,795**	**1,267,216**

Interest rate sensitivity

At 30 June 2018, if interest rates had changed by 15% during the entire year with all other variables held constant, income for the year and equity would have been nil lower/higher (30 June 2017: Nil), as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 15% (15%: 2017) has been selected as this is considered reasonable given the current level of both short term and long term Australian interest rates. A 15% sensitivity would move short term interest rates at 30 June 2018 from around 1.50% to1.75% representing a 25 basis point increase. Market expectations are that interest rates in Australia are more likely to move up than down in subsequent periods.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities, and through the continuous monitoring of budgeted and actual cash flows.

	Notes	Consolidated 2018 USD	2017 USD
Contracted maturities of payables at 30 June			
Payable			
- less than 6 months	12	303,642	234,676

Foreign exchange risk

The Group has cash and cash equivalents denominated in AUD of US $284,189 (2017: US $1,489,666). At 30 June 2018, if USD/AUD rates had changed by 15% with all other variables held constant, loss for the year and equity would have been US $42,628 lower/higher (30 June 2017: US $223,450), as a result of with change in fair value of cash and cash equivalents.

A sensitivity of 15% (15%: 2017) has been selected as this is considered reasonable given the current level of volatility in the USD/AUD rate.

NOTES TO THE FINANCIAL STATEMENTS

Net fair values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The consolidated entity has no financial assets where carrying amount exceeds net fair values at balance date.

23. Segment Information

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

- corporate head office in Australia
- Technology development and marketing based in Singapore and until 29 June 2018 China

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 loss 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.

Consolidated - 2018	Australia USD	Singapore USD	China USD	Total
Revenue				
Intersegment sales	-	-	-	-
Other revenue	10,757	6,084	-	16,841
Total segment revenue	10,757	6,084	-	16,841
Intersegment eliminations	-	-	-	
Total revenue	10,757	6,084	-	16,841
EBITDA	(1,560,684)	(1,578,919)	(691,361)	(3,830,964)
Profit before income tax expense	(1,560,684)	(2,083,521)	(691,361)	(4,335,566)
Income tax expense	-	-	-	-
Loss after income tax expense	(1,560,684)	(2,083,521)	(691,361)	(4,335,566)
Material items include:				
Share based payments	624,340	-	-	624,340
Impairment	-	1,063,889	-	1,063,889
Amortisation	-	504,602	-	504,602
Assets				
Segment assets	284,189	45,562	11,423	341,174
Total assets	**284,189**	**45,562**	**11,423**	**341,174**
Liabilities				
Segment liabilities	80,140	1,820,888	1,040,470	2,941,498
Intersegment eliminations	-	(1,670,547)	(716,131)	(2,386,678)
Total liabilities	**80,140**	**150,341**	**324,339**	**(554,820)**

NOTES TO THE FINANCIAL STATEMENTS

Consolidated - 2017	Australia USD	Singapore USD	China USD	Total
Revenue				
Intersegment sales	-	-	-	-
Other revenue	8,764	350		9,113
Total segment revenue	8,764	350	-	9,113
Intersegment eliminations	-	-	-	-
Total revenue	8,764	350	-	9,113
EBITDA	(2,648,383)	(348,064)	(413,724)	(3,410,171)
Profit before income tax expense	(2,648,383)	(1,204,537)	(413,724)	(4,266,644)
Income tax expense	-	-	-	-
Loss after income tax expense	**(2,648,383)**	**(1,204,537)**	**(413,727)**	**(4,266,644)**
Material items include:				
Share based payments	556,100	-	-	556,100
Amortisation	-	436,111	-	436,111
Restructuring expense	1,931,224	-	-	1,931,224
Assets				
Segment assets	1,320,262	1,746,668	11,460	3,078,390
Total assets	**1,320,262**	**1,746,668**	**11,460**	**3,078,390**
Liabilities				
Segment liabilities	47,321	935,585	353,040	1,335,946
Intersegment eliminations	-	(753,299	(347,971)	(1,101,270)
Total liabilities	**47,321**	**182,285**	**5,069**	**234,676**

24. Subsequent Events

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. In addition, the Company announced the completion of a Share placement raising AUD$1,000,000 pursuant to the issue of 5,000,000 Shares at an issue price of AUD$0.20 per Share.

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.

NOTES TO THE FINANCIAL STATEMENTS

25. Contingent Liabilities and Contingent Assets

During the period leading 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 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.

The Group does not have any contingent assets as at 30 June 2018 (2017: nil).

26. Investment in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

	Country of Incorporation	Principal Activities	Ownership %
Parent entity			
SportsHero Limited	Australia	Parent	
Name of Controlled Entity			
Sportz Hero Pty Limited	Australia	Investment holding	100%
SportsHero Enterprise Pte Ltd	Singapore	Technology development & marketing	100%
SportsHero Information Technology (Shanghai) Co Limited.	China	Technology development	100%

27. Company Details

The registered office and principal place of business of the Company is:

29 Brookside Place
Lota, QLD 4179

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are 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 2018 and of its performance for the year ended on that date; and

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

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) 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 has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

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

On behalf of the Board

Michael Higginson
Chairman

Dated this 28th day of September 2018

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of SportsHero limited

Opinion

We have audited the financial report of SportsHero Ltd (**Company**) and its subsidiaries (**Group**), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (**Code**) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of USD$4,335,566 and had net cash outflows from operating activities of USD$1,823,199 for the year ended 30 June 2018. As at that date, the Group's current liabilities exceeded its current assets and total assets by USD$218,653 and USD$213,646 respectively. These conditions, along with the other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	**How our audit addressed this matter**
Share based payments Refer to Note 19 in the financial statements	
During the financial year the Group incurred share-based payment expenses of $326,903 in accordance with AASB 2 *Share-based Payment* from the issue of the following performance rights and performance options: • 8,000,000 performance rights were issued with market based vesting conditions. Management used a valuation model to value these rights and estimated the length of the expected vesting period. The fair value is being apportioned over the vesting period and the proportionate share-based payment expense of $291,631 is recorded in the current reporting period. • 3,500,000 performance rights and 4,000,000 performance options were granted with non-market based vesting conditions. Management was required to assess the probability of achieving the non-market performance conditions attached to the rights and options. The fair value is being apportioned over the vesting period and the proportionate share-based payment expense of $35,272 is recorded in the current reporting period. We determined this to be a key audit matter due to the material amount of the share-based payment and the significant judgement involved in assessing the fair value of the transactions.	Our audit procedures in relation to performance rights with market based vesting conditions included: • Obtaining the valuation model and assessed whether the model was appropriate for valuing the rights issued during the year; • Checking the mathematical accuracy of the computation and the apportioned expense over the vesting period; • Reviewing management's assessment of the probability of the estimated length of the expected vesting period; and • Assessing the appropriateness of the Company's disclosures in the financial report. Our audit procedures in relation to performance rights and performance options with non-market based vesting conditions included: • Obtaining the valuation model and assessed whether the model was appropriate for valuing the rights issued during the year; • Checking the mathematical accuracy of the computation and the apportioned expense over the vesting period; • Assessing the reasonableness of the assumptions used in the valuation model, such as the price volatility of the underlying share and risk-free interest rate; • Reviewing management's assessment of the probability of the estimated length of the expected vesting period; and • Assessing the appropriateness of the Company's disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of SportsHero Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

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.

DAVID WALL
Partner
RSM Australia Partners

Perth, Western Australia
28 September 2018

SHAREHOLDER INFORMATION

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is made up to 24 September, 2018.

Distribution schedules of security holders

	Fully Paid Shares	AUD 0.05 Options Expiring 31/08/19	AUD 0.20 Options Expiring 1/02/21
1 -1,000	149	-	-
1,001 - 5,000	364	-	-
5,001 - 10,000	214	-	-
10,001 - 100,000	324	-	-
100,001 and over	141	8	1
Number of Holders	**1,192**	**10**	**1**

Holders of nonmarketable parcels

There are 350 fully paid ordinary shareholders who hold less than a marketable parcel of shares.

Twenty largest shareholders

The names of the twenty largest shareholders are:

		Number of shares	**% Held**
1	MyHero Limited	60,000,000	23.96%
2	Sunshore Holdings Pty Ltd	12,500,000	4.99%
3	IPV Capital II HK Limited	12,500,000	4.99%
4	BNP Paribas Nominees Pty Ltd	10,414,408	4.16%
5	JD Reis	8,357,143	3.34%
6	TNT Lapping	8,357,143	3.34%
7	T Wee	7,000,000	2.80%
8	Citicorp Nominees Pty Ltd	6,259,792	2.50%
9	Allgreen Holdings Pty Ltd	6,214,286	2.48%
10	JP Morgan Nominees Australia Ltd	6,159,764	2.46%
11	Timriki Pty Ltd	5,142,857	2.05%
12	JG Lim	5,018,310	2.00%
13	Lim & Tan Securities Pte Ltd	5,000,000	2.00%
14	CJF Low	4,954,289	1.98%
15	AS & NF Paul	4,242,857	1.69%
16	A Mehra	3,885,510	1.55%
17	Kortana Pty Ltd	3,500,000	1.40%
18	KM Lapping	3,425,000	1.37%
19	CJ Barnett	3,415,000	1.36%
20	Allnorth Nominees Pty Ltd	3,214,286	1.28%
		179,561,145	**71.72%**

SHAREHOLDER INFORMATION

Restricted securities

The Company has the following Restricted Securities on issue.

Number	Class
74,557,142	Fully paid ordinary shares (held in ASX imposed escrow for 24 months from 13 February 2017).
4,114,286	Options each exercisable at A$0.05 and expiring 31 August 2019 (held in ASX imposed escrow for 24 months from 13 February 2017).

Unquoted equity securities

	Number on issue	Number of holders
Options to acquire fully paid shares at A$ 0.05 per share and expiring 31 August 2019	66,857,142	8
Options to acquire fully paid shares at A$0.20 per share and expiring 1 February 2021	1,000,000	1
Performance rights to acquire fully paid shares	8,500,000	3

Substantial shareholders

	No. of Shares Held	% of Shares Held
MyHero Limited – as per Form 603 lodged with ASX on 10 Feb 2017	60,000,000	23.96%

On-market buy-back

There is no current on-market buy-back.

Acquisition of voting shares

No issues of securities have been approved for the purposes of Item 7 of section 611 of the Corporations Act 2001.

Voting Rights

Ordinary fully paid shares – on a show of hands, every member present in person or by proxy shall have one vote and upon a poll, each member shall have one vote per share.

Tax status

The Company is treated as a public company for taxation purposes.

Franking credits

The Company has nil franking credits.