SportsHero Limited

ACN 123 423 987

Annual Report

for the year ended

30 June 2019

CORPORATE DIRECTORY

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

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.live/

Auditor

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

Share Registry

Advanced Share Registry Services Limited
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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 27 September 2019. 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 pleased to be able to present the 2019 Annual Report of the Group.

The year certainly delivered a significant transformation for the Group, that culminated with the development and launch on both the Apple App Store and Google Play of the white label Kita Garuda mobile application for the Football Association of Indonesia (PSSI). PSSI being one of the world's largest sports federations that boasts of having an engaged fan base of 80 million, over 4 leagues and 128 teams.

On 25 March 2019, SportsHero executed an exclusive multi-revenue stream digital partnership agreement with PSSI that resulted in SportsHero developing Kita Garuda, an intelligent, engaging sports prediction digital platform that offers a broad range of revenue streams. The Indonesian market and the opportunity for the Group to leverage PSSI's significant fan base is an exciting opportunity, which both PSSI and SportsHero intend to monetise.

Having developed a white label digital solution, the Group is now able to offer that digital solution across multiple sports to sporting groups and other partners globally.

Importantly, the Group also has a partnership with one of the world's most popular sporting leagues, Spain's LaLiga, as the exclusive Indonesian partner in the sports prediction category.

During the March 2019 quarter, the Group executed binding agreements with Cross Bet Holdings Pty Ltd (**CBH**) for the purpose of enabling the granting of a Sports Bookmaker Licence (regulated by the Northern Territory Racing Commission) to facilitate the Australian launch of a SportsHero pay-to-play sports prediction platform. Conditional approval for the granting of the Licence, from the Department of the Attorney General and Justice Licencing, has been received by CBH.

Subsequent to year end, the Group executed an underwriting agreement with Veritas Securities Pty Ltd for the exercise of 30 million options each exercisable at AU$0.05 and expiring 31 August 2019. As a consequence of that underwriting agreement, on 12 September 2019 the Group announced the raising of AU$1,862,500 following the exercise of 37.25 million options.

The securing of additional equity capital and the introduction of institutional investors to the Group's register, augers well for the Group as it seeks to fully capitalise on the company making opportunities that it has created and developed throughout the year.

Whilst the past year has delivered many challenges, I very sincerely commend our laterally thinking and resourceful CEO and his team for delivering what can only be described as significant opportunity and upside for the Group. As a consequence, I very much look forward to the challenges and anticipated achievements that await the Group during the coming year.

Yours sincerely

Michael Higginson
Chairman

OPERATIONS REPORT

SportsHero Limited has developed an intelligent, engaging sports prediction platform, designed to provide a dynamic immersive social experience, coupled with both monetary and other prizes.

On 25 March 2019, SportsHero executed an exclusive multi-revenue stream digital partnership agreement with the Football Association of Indonesia (**PSSI**), with over 80 million PSSI fans targeted for connection on a newly developed digital platform offering a broad range of revenue streams and powered by SportsHero.

The Group also has a partnership with one of the world's most popular sporting leagues, Spain's LaLiga, as the exclusive Indonesian partner in the sports prediction category.

Having developed a white label digital solution, the Group is now able to offer that digital solution across multiple sports to sporting groups and other partners globally.

Kita Garuda and PSSI

Throughout the year, the Group undertook and delivered significant technical achievements, culminating in the development and launch in June 2019 on the Apple App Store and Google Play of the white label mobile application “Kita Garuda” for PSSI.

In accordance with a partnership agreement with PSSI, SportsHero has been appointed for a term of 3 years (with the option to extend for 2 further periods of 3 years) as PSSI’s exclusive provider and partner to build PSSI’s first official platform, including apps that incorporate SportsHero’s gamified sports prediction platform, a ticketing platform, live streaming, social media, merchandise/e-commerce, game highlights and player access.

Pursuant to the partnership agreement, the parties have agreed that net revenue from direct advertising will be split 70/30% in favour of the party that introduces the advertiser. Included under the agreement revenue is generated from:

- Direct advertising
- Brand sponsorship
- Competition revenue
- Video streaming
- eCommerce
- Match ticketing
- Gamification-related ticket sales – which are required to participate in weekly, monthly and season long prediction competitions and PSSI promotions.

With respect to revenue generated from third party sponsorships, direct advertising and relevant competitions, the party who introduces the revenue source will receive 70% of the revenue, less all applicable taxes and deductions (the other party will receive 30%).

Throughout the term of the partnership agreement, PSSI will exclusively provide rich content, including access to video footage of games, events and features of the Indonesian national teams and its players.

In addition, PSSI intends to use the app, built by SportsHero, to stream live and recorded matches to their estimated 80 million fan base in Indonesia – thereby meaningfully expanding the potential advertising and sponsorship revenue base through a wider audience and an extended app user engagement time.

The parties further intend that users will be offered the right to subscribe to exclusive access to premium content, such as international match video highlights, live streaming of games and featured video stories and education.

LaLiga Partnership Agreement

On 23 August 2018, the Group 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.

OPERATIONS REPORT

Licensing Agreement with Linius Technologies

Subsequent to year end, on 1 July 2019 the Group announced a binding Agreement with leading hyper-personalised video content provider, Linius Technologies Limited ("**Linius**") (ASX: LNU), via their respective wholly-owned subsidiaries.

Pursuant to the Agreement, SportsHero secured the rights to use the Linius technology in the SportsHero app and other 'white label' solutions, including the mobile application 'Kita Garuda', developed for PSSI.

The Linius technology allows a user to customise a video to show only content that is relevant to the individual requirements and viewing preferences of the user. For example, once integrated, a user of the PSSI app will be able to search for and watch highlights of their favourite players, the best goals scored, or customise their viewing content based on virtually any criteria, such as shots on target, goalkeeper saves, injuries, substitutions, penalties, red cards and many more.

The integration of the Linius technology into the PSSI mobile app has the potential to significantly increase user engagement and viewer numbers for the 'Kita Garuda' mobile app, which in turn is expected to result in the generation of more substantive advertising revenue for both PSSI and SportsHero.

Sports Bookmaker License

During the March quarter, SportsHero executed binding agreements with Cross Bet Holdings Pty Ltd (**CBH**) for the purpose of enabling the granting of a Sports Bookmaker Licence (regulated by the Northern Territory Racing Commission) to facilitate the Australian launch of a SportsHero pay-to-play sports prediction platform.

Conditional approval for the granting of the Licence, from the Department of the Attorney General and Justice Licencing, has been received by CBH.

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".

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 2019.

Directors

(i) Names, qualifications and experience

The names and details of the Group'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	Director and CEO
Wayne Johnson	Non-Executive Director (appointed 28 November 2018)
Christopher Green	Non-Executive Director (resigned 27 November 2018)

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 VIP Gloves Limited.

Tom Lapping – Director and CEO

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

Mr Wayne Johnson (Non-Executive Director) – Appointed 28 November 2018

Mr Johnson has over 30 years business and financial transaction experience gained in Australia, New Zealand, Asia and North America. He has extensive experience in managing businesses, corporate advisory, governance and compliance as a result of building, managing and directing public and private companies from start up to established public corporations.

Mr Johnson's hands on experience in business management and operations, often in markets undergoing significant change, is a rare attribute not held by many corporate advisors. The knowledge and skills accumulated through being at the helm of a range of successful enterprises has been at the core of his ability to drive many merger and acquisition transactions, restructures and recapitalisations. Mr Johnson's expertise spans a variety of industries, including telecommunications, electronic payments, financial services and the resources sector.

Mr Johnson is the principal of Noblemen Ventures Pty Ltd, a Sydney based corporate and investment advisory firm providing services to select public and private entities, primarily in the middle market. He also provides services as a professional director to public companies. Mr Johnson is chairman of Cape Range Limited (ASX code: CAG) and a non-executive director of VIP Gloves Limited (ASX code: VIP) and Enhanced Oil & Gas Recovery Ltd (ASX code: EOR).

DIRECTORS REPORT

Christopher Green – Non Executive Director – Resigned 27 November 2018
Qualification: 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.

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

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

	Number of shares	Number of options
M Higginson	20,834	-
T Lapping	11,782,143	-
W Johnson	-	-
TOTAL	**11,802,977**	**-**

16,714,286 options held of Tom Lapping at year end expired on 31 of August 2019 and were disposed of unexercised. There are no options held by Tom Lapping as at the date of the report.

Company Secretary

Michael Higginson
Qualification: B.Bus Fin & Admin

Directors' meetings

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

	Directors' Meetings	
	(a)	(b)
Michael Higginson	3	3
Tom Lapping	3	3
Wayne Johnson	3	3
Christopher Green	-	-

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

Given the size of the Group 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.

For details of the Company's controlled entities, please refer to note 27.

Nature of operations and principal activities

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

DIRECTORS REPORT

Results of operations

The operating loss after income tax of the Group for the year ended 30 June 2019 was US$2,276,625 (2018: US$4,335,566).

As set out in the Statement of Comprehensive Income, the two most significant expense categories for the financial year were:

- Administration expenses, totalling US$1,259,352; and
- Employee and consulting expenses, totalling US$844,977.

Included within these two expense categories are the following items:

- Product development and maintenance - US$724,911 (100% of development expenditure being expensed and not capitalized) of which US$247,468 is under Administration expenses and US$477,443 is under Employee and consulting expenses);
- Marketing and promotions – US$303,183, and
- Legal expenses – US$149,813.

Other factors that contributed to the US$2,276,625 loss included an impairment loss of US$146,738 as a result of monies not received from Walletku (refer Significant changes in state of affairs) and share based payments to non-related parties that totalled US$223,333.

The Group's basic loss per share for the year was 0.93 US cents (2018: 1.84 US cents).

Dividends

No dividend has been paid during or is recommended for the financial year ended 30 June 2019 (2018: nil).

Review of operations

The principal activity of the Group during the financial year was the development of the Group'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 23 August 2018, the Group 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.

Following the launch of Version 3 of SportsHero's app in September 2018 and the commencement of the LaLiga Hero of the Month competitions in Indonesia, the Group commenced generating revenue through its joint venture with Indonesia's Walletku. As a consequence of Walletku withholding SportsHero's share of the generated revenue of US$146,738 for the period July 2018 to December 2018, SportsHero elected to stop all joint venture activities with Walletku. On 31 May 2019, SportsHero received from Walletku a payment of US$32,030.

On 3 October 2018, the Group issued 3,582,500 shares at an issue price of AU$0.20 per share raising AU$716,500 in working capital.

Following the resignation of Mr Christopher Green as a Director on 27 November 2018, on 28 November 2018 Mr Wayne Johnson was appointed as a Director.

On 10 January 2019, the Group announced that it had entered into a heads of agreement with Cross Bet Holdings Pty Ltd (CBH) for the purpose of enabling SportsHero to launch its existing pay-to-play sports prediction platform in Australia. Subsequent to the heads of agreement, the parties established a joint venture vehicle for the purpose of securing the grant of a Sports Bookmaker Licence regulated by the Northern Territory Racing Commission.

DIRECTORS REPORT

On 8 February 2019, the Group issued 10,808,334 shares at an issue price of AU$0.10 per share raising AU$1,080,833 (before costs) in working capital. In addition, the Group completed the raising of AU$175,417 pursuant to the issue of 3,508,334 shares following the exercise of 3,508,34 options each exercisable at AU$0.05 and expiring 31 August 2019.

On 25 March 2019, the Group announced that it had entered into an exclusive multi revenue stream digital partnership with PSSI (refer Operations Report).

Future developments

Likely future developments in the operations of the Group are referred to in the Chairman's Letter and Operations Report. Other than as 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 1 July 2019, the Group announced a licensing agreement with Linius Technologies Limited whereby SportsHero secured the rights to use the Linius video customisation technology. For further information, please refer to the Operations Report.

On 24 July 2019, the Group issued 4,283,333 shares at an issue price of AU$0.10 per share raising AU$428,333 in working capital. In addition, the Group raised a further AU$2,682,717 (before costs) following the exercise of 53,654,334 options each exercisable at AU$0.05 and expiring 31 August 2019.

On 1 August 2019, the Group announced an extension of the partnership with PSSI for a term of 3 years, plus the right to further extend for 2 further periods of 3 years (ie a total of 9 years).

On 21 August 2019, the Group announced that full exclusivity for Indonesia's FIFA World Cup qualifying match ticket sales, merchandise and other exclusive World Cup content had been secured for the Kita Garuda mobile application.

On 12 September 2019, the Group completed the raising of AU$1,862,500 (before costs) pursuant to the issue of 37,250,000 shares following the exercise of 37,250,000 options each exercisable at AU$0.05 and expiring 31 August 2019 and issued 20,000,000 options each exercisable at AU$0.10 and expiring 30 September 2021.

Financial position

The Group's working capital, being current assets less current liabilities, was negative US$1,162,990 as at 30 June 2019 (2018: negative US$218,653).

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 2019 are summarised below:

	2019 US$	2018 US$	2017 US$	2016 US$	2015 US$
Income	463,791	16,841	9,113	-	-
EBITDA	(2,276,050)	(3,830,964)	(3,410,171)	(151,228)	-
EBIT	(2,276,625)	(4,335,566)	(3,850,447)	(151,260)	-
Loss after income tax	(2,276,625)	(4,335,566)	(4,266,614)	(151,260)	-

DIRECTORS REPORT

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

	2019 US	2018 US	2017 US	2016 US	2015 US
Share price at financial year end (US cents)	4.5	5.91	3.1	-	-
Total dividends declared (US cents per share)	-	-	-	-	-
Basic and diluted loss per share for continued operations (US cents per share)	0.93	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)	0.93	1.84	3.85	-	-

Remuneration report (Audited)

Details of Remuneration for the Year Ended 30 June 2019

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 2019, the consolidated entity did not engage any external parties for a review of remuneration practices.

At the 2018 Annual General Meeting, 99.98% of the eligible votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Group 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.

DIRECTORS REPORT

The tables below show the 2019 and 2018 remuneration of the Directors and other key management personnel:

2019	***Short-term***		***Post-employment***	***Share-based payments***		***Value of options as a %***
	Salary & fees US$	**Cash Bonus US$**	**Superannuation US$**	**Shares US$**	**Total US$**	
Chairman						
Michael Higginson	75,384	-	-	-	75,384	0%
Directors						
Tom Lapping	107,340	28,624	-	-	135,964	0%
Wayne Johnson*	25,903	-	-	-	25,903	0%
Christopher Green**	7,800	-	-	-	7,800	0%
Total key management personnel compensation	**216,427**	**28,624**	**-**	**-**	**245,051**	**0%**

* Appointed on 28 November 2018
** Resigned on 27 November 2018

2018	***Short-term***	***Post-employment***	***Share-based payments***		***Value of options as a %***
	Salary & fees US$	**Superannuation US$**	**Shares US$**	**Total US$**	
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%**

Performance Shares as a Proportion of Total Remuneration

There were no performance shares issued to Directors during the year ended 30 June 2019 (2018: nil).

Ordinary Shares held by Directors

2019 **Directors**	***Balance at beginning of year***	**Allotted during the year**	**Purchased during the year**	**Sold during the year**	***Balance at end of year***
M Higginson	20,834	-	-	-	20,834
C Green[1]	-	-	-	-	-
T Lapping	11,782,143	-	-	-	11,782,143
W Johnson[2]	-	-	-	-	-
	11,802,977	**-**	**-**	**-**	**11,802,977**

1- Closing balance represents shareholding upon resignation as a Director on 27 November 2018
2- Opening balance represents shareholding upon appointment at 28 November 2018

DIRECTORS REPORT

2018 Directors	*Balance at beginning of year*	Allotted during the year	Purchased during the year	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**

Group 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 Group 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 Group and to continue to work to enhance the Group's value.

Options Granted for the Year Ended 30 June 2019

			Option movements for the year				
2019 **Directors**	***Balance at beginning of year***	***Allotted***	***Granted as compensation***	***Exercised***	***Expired***	***Other changes***	***Balance at end of year***
M Higginson	-	-	-	-	-	-	-
C Green[1]	-	-	-	-	-	-	-
T Lapping	16,714,286	-	-	-	-	-	16,714,286
W Johnson [2]	-	-	-	-	-	-	-
Total	***16,714,286***	***-***	***-***	***-***	***-***	***-***	***16,714,286***

1.Closing balance represents number of options held upon resignation as a Director on 27 November 2018.
2.Opening balance represents number of options held upon appointment at 28 November 2018.

			Option movements for the year				
2018 **Directors**	***Balance at beginning of 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***

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% (2018: 0%).

DIRECTORS REPORT

Employment Contracts of Directors and Senior Executives

As of 30 June 2019 there were no formal contracts for Non-Executive Directors.

Mr Johnson is paid fees at the rate of AU$60,000 per annum.

Mr Higginson, as Chair of the Group, is paid fees at the rate of AU$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 Group.

During the financial year, the Group paid Mr Lapping a bonus of AU$40,000. The Group has not paid bonuses to any other Directors or executives.

End of remuneration report

Share options

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

Grant date	Date of Expiry	Exercise Price	Number Under Option
7 February 2018	1 February 2021	AU$0.20	1,000,000

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 2022	AU$0.30	1,000,000
28 February 2018[1]	28 February 2023	AU$0.30	1,000,000
			2,000,000

Issue of options is subject to vesting conditions outlined in note 20(b). In current financial year these options were forfeited as the vesting conditions were not met.

During the financial year ended 30 June 2019, 3,508,334 SportsHero Limited shares were issued following the exercise of 3,508,334 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 US$	Performance rights
27/3/17	1/04/20	-	1,000,000
27/3/17	1/04/20	-	1,000,000
8/12/17	8/12/19	0.05	4,000,000
			6,000,000

Since the end of the financial year 53,653,334 shares have been issued following the exercise of options.

Since the end of the financial year 20,000,000 options have been issued and 13,809,760 options lapsed.

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

DIRECTORS REPORT

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 Group 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 (2018:nil).

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and immediately follows the Directors' Report.

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

There are no officers of the Group 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 Group support and have adhered to the principles of sound corporate governance.

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 Group's website at: http://sportshero.live/

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 2019, 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.

David Wall
Partner
RSM Australia Partners

Perth, WA
Dated: 27 September 2019

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		Consolidated	
	Note	**30 June 2019 US$**	**30 June 2018 US$**
Current assets			
Cash and cash equivalents	8	49,781	323,333
Trade and other receivables	9	44,246	1,411
		94,027	324,744
Assets associated with discontinued operations	16	-	11,423
Total current assets		94,027	336,167
Non-current assets			
Plant and equipment	10	1,507	5,007
Investment accounted for using the equity method	18	24,623	-
Other assets	11	140,260	-
Total non-current assets		166,390	5,007
Total assets		260,417	341,174
Current liabilities			
Trade and other payables	12	1,257,017	554,820
Total current liabilities		1,257,017	554,820
Total liabilities		1,257,017	554,820
Net (liabilities)/assets		(996,600)	(213,646)
Equity			
Issued capital	13	10,097,370	8,559,488
Share based payments reserve	14	92,515	97,751
Foreign currency translation reserve	14	(156,390)	(117,415)
Accumulated losses		(11,030,095)	(8,753,470)
Total equity		(996,600)	(213,646)

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 2019

		Consolidated	
		2019	**2018**
	Note	**US$**	**US$**
Continuing operations			
Income			
Revenue	3	423,242	-
Other revenue	3	40,549	16,841
Expenses			
Administration expenses	4a	(1,259,352)	(990,340)
Commission expense	4b	(243,364)	-
Employee and consulting expenses	5	(844,977)	(477,875)
Depreciation and amortisation expense	10	(575)	(504,602)
Impairment of intangible assets		-	(1,063,889)
Impairment expense	9	(158,161)	-
Share based payments	20	(223,333)	(624,340)
Share of net loss of joint venture accounted for using equity method	18	(10,654)	-
Loss before income tax expense		(2,276,625)	(3,644,205)
Income tax expense	7	-	-
Loss after tax expense for continuing operations		(2,276,625)	(3,644,205)
Loss from discontinued operations	16	-	(691,361)
Loss for the year		(2,276,625)	(4,335,566)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(38,975)	(150,009)
Total comprehensive loss for the year		(2,315,600)	(4,485,575)
Basic and diluted loss per share for continued operations (US cents per share)	6	0.93	1.55
Basic and diluted loss per share for discontinued operations (US cents per share)	6	-	0.29
Basic and Diluted loss per share (US cents per share)	6	0.93	1.84

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 2019

	Note	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
		US$	US$	US$	US$	US$
Consolidated						
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	20	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)
Balance at 01/07/2018		8,559,488	97,751	(117,415)	(8,753,470)	(213,646)
Total comprehensive loss for the year		-	-	(38,975)	(2,276,625)	(2,315,600)
Performance rights issued during the year	14	117,035	(117,035)	-	-	-
Shares issued during the year	13	1,397,136	-	-	-	1,397,136
Share based payments	20	111,534	111,799	-	-	223,333
Transaction costs	13	(87,823)	-	-	-	(87,823)
Balance at 30/06/2019		10,097,370	92,515	(156,390)	(11,030,095)	(996,600)

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 2019

		Consolidated	
		2019	**2018**
	Note	**US$**	**US$**
Cash Flows from Operating Activities			
Receipts from customers		54,469	5,541
Payments to suppliers		(1,910,731)	(1,839,497)
Interest received		2,042	10,757
Net cash flows used in operating activities	15	(1,854,220)	(1,823,199)
Cash Flows from Investing Activities			
Payments for plant and equipment (note 10)		(2,086)	-
Cash received as part of acquisition		(35,277)	-
Net cash flows used in investing activities		(37,363)	-
Cash Flows from Financing Activities			
Issue of new share capital (note 13)		1,744,829	822,722
Share issue transaction costs		(87,823)	(17,516)
Net cash provided by financing activities		1,657,006	805,206
Net (decrease) / increase in cash and cash equivalents		(234,577)	(1,017,993)
Effects of exchange rate changes on cash and cash equivalents		(38,975)	(148,340)
Cash and cash equivalents at the beginning of the year		323,333	1,489,666
Cash and cash equivalents at the end of the year	8	49,781	323,333

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 2019 was authorised for issue in accordance with a resolution of the Director’s on 27 September 2019.

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Impact of adoption

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below

AASB 16 Leases
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 at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity has made an assessment and determined that the impact of this standard will not be material to the financial statements.

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(y).

NOTES TO THE FINANCIAL STATEMENTS

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 US$2,276,625, had net cash outflows from operating activities of US$1,854,220 and a net cash outflow from investing activities of US$37,363 for the year ended 30 June 2019. As at that date, the consolidated entity had net current liabilities of US$1,162,990 and net liabilities of US$996,600.

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 25, AU$428,333 was raised following the issue of 4,283,333 shares on 24 July 2019 and a further AU$2,682,717 (before costs) was raised following the exercise of 53,654,334 options each exercisable at AU$0.05 and expiring 31 August 2019.
- The Group may reasonably expect to maintain continued support from shareholders and other financiers that have supported the Group's previous capital raisings to assist with future funding needs.
- The Group has ability to curtail administrative, discretionary expenditure and overhead cash outflows as and when required.

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.

(c) Statement of Compliance

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

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SportsHero Limited as at 30 June 2019 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.

Associates and Joint venture entities are consolidated using the equity method. The initial recognition of the investment in the joint venture has been recognised at cost, with the carrying amount increased or decreased to recognise SportsHero Limited share of the profit or loss of the investee after the date of acquisition. The share of the investee's profit or loss is recognised in the investor's profit or loss.

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

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.

(d) 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.

(e) 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.

(f) Revenue from contracts with customers

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

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

Competition sales

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

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant

NOTES TO THE FINANCIAL STATEMENTS

period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

(g) 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.

(h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 90 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(i) 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.

(j) Joint venture

Joint ventures are entities over which the consolidated entity has joint control. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Dividends received or receivable from joint ventures reduce the carrying amount of the investment.

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

The consolidated entity discontinues the use of the equity method upon the loss of joint control and significant influence over the joint venture and recognises any retained investment at its fair value. Any

NOTES TO THE FINANCIAL STATEMENTS

difference between the joint venture's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(k) 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.

(l) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(m) 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.

(n) 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.

(o) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(p) 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.

(q) 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

(r) 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.

(s) 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.

(t) Dividends

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

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(v) 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.

(w) 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.

(x) Comparative information

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

(y) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management take judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually

NOTES TO THE FINANCIAL STATEMENTS

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.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates

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.

NOTES TO THE FINANCIAL STATEMENTS

3. Revenue

	Consolidated 2019 US$	2018 US$
Revenue from customers		
Competition sales	423,242	-
	423,242	-
Other revenue		
Interest revenue	2,042	11,855
Other income	38,507	4,986
	463,791	16,841

For the year ended 30 June 2019 and 30 June 2018, all revenue was recognised at a point in time once the relevant performance obligation was met.

4a. Administration expenses

	Consolidated 2019 US$	2018 US$
Administration expenses include the following :		
Advertising and marketing	303,183	408,949
Professional fees	497,518	90,918
Sports subscription services	37,872	42,371
Legal	149,813	118,716

4b. Commission expense

Commission expense	243,364	-
	243,364	-

Commission was paid in relation to the revenue generated form the LaLiga Hero of the Month competitions in Indonesia (please refer to “Significant changes in state of affairs”).

5. Employee and consulting expenses

	Consolidated 2019 US$	2018 US$
Salary and wages	844,977	477,875
	844,977	477,875

6. Loss per share

	Consolidated 2019 US$	2018 US$
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	2,276,625	3,644,205
Loss attributed to discontinued operations	-	691,361
Loss for the year attributable to ordinary shareholders	2,276,625	4,335,566

NOTES TO THE FINANCIAL STATEMENTS

Weighted average number of shares

	2019 No. of shares	2018 No. of shares
Weighted average number of ordinary shares for basic and diluted loss per share	245,674,218	235,191,364

Loss per share		
Basic and diluted loss per share for continued operations		
(US cents)		
Basic and diluted loss per share for discontinued operations	0.93	1.55
(US cents)	-	0.29
Basic and diluted loss per share (US cents)	0.93	1.84

(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 12, 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

	Consolidated 2019 US$	 2018 US$
Income tax recognised in profit or loss		
Prima facie tax benefit on operating loss before income tax at 27.5% (2018: 27.5%)	(626,072)	(1,174,798)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible items	61,417	715,698
Unrecognised deferred tax asset attributable to tax losses and temporary differences	564,655	459,100
Income tax attributable to operating loss	-	-

The consolidated entity has US$8,034,788 (2018: US$5,981,498) tax losses arising in Australia that are available indefinitely for offset against future profit of the Group in which the losses arose.

The potential deferred tax asset of US$1,209,566 (2018: US$644,911), 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.

NOTES TO THE FINANCIAL STATEMENTS

8. Cash and cash equivalents

	Consolidated 2019 US$	2018 US$
Cash at bank	49,781	323,333
	49,781	323,333

9. Trade and other receivables

	Consolidated 2019 US$	2018 US$
Trade receivables	158,161	-
Less: allowance for expected credit losses	(158,161)	-
Other receivables	44,246	1,411
	44,246	1,411

Allowance for expected credit losses
The consolidated entity has recognised a loss of US$158,161 (2018: nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2019.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2019 US$	2018 US$
Opening balance	-	-
Additional provisions recognised	158,161	-
Closing balance	158,161	-

Credit Risk

The maximum exposure to credit risk at balance date is the carrying amount (net of allowance for expected credit losses) 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.

10. Property, plant and equipment

	Consolidated 2019 US$	2018 US$
Equipment – at cost	2,086	13,806
Less: Accumulated depreciation	(575)	(8,799)
Foreign exchange differences	(4)	-
	1,507	5,007

NOTES TO THE FINANCIAL STATEMENTS

Consolidated	Equipment US$
Balance as at 1 July 2018	5,007
Additions	2,086
Disposals	(5,007)
Depreciation expense	(575)
Foreign exchange differences	(4)
Balance as 30 June 2019	1,507
Balance at 1 July 2017	9,609
Additions	-
Depreciation expense	(4,602)
Balance as 30 June 2018	5,007

11. Other assets

Other assets of US$140,260 is a bond paid to the Northern Territory Racing Commission (NTRC) for the grant by the NTRC of a Sports Bookmakers Licence to Pay-to-Play Australia Pty Ltd. Other assets are classified as non-current assets as the bond will remain for the term of the Licence. As at 30 June 2019 the application for the Sports Bookmakers Licence is being reviewed by the NTRC.

12. Trade and other payables

	Consolidated	
	2019	2018
Current Payables	**US$**	**US$**
Trade payables	497,640	137,806
Receipts for shares not issued at year end	455,144	-
Accrued expenses	47,147	165,836
Other payables	257,086	251,178
	1,257,017	554,820

(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.

NOTES TO THE FINANCIAL STATEMENTS

13. Contributed Equity

		2019 Number	2019 US$	2018 Number	2018 US$
(a) Share capital					
Ordinary fully paid shares		270,269,397	10,097,370	249,370,229	8,559,488
(b) Movements in ordinary shares					
Opening balance		249,370,229	8,559,488	222,841,657	7,209,342
Shares issued at US$0.063 per share [1]	(ii)	-	-	12,500,000	782,800
Shares issued at US$0.039 per share [2]	(iv)	-	-	214,286	8,446
Shares issued at US$0.039 per share [2]	(vi)	-	-	700,000	27,146
Shares issued at US$0.038 per share [2]	(viii)	-	-	114,286	4,330
Transaction cost on share issue	(ii)	-	-	-	(17,516)
Shares issued at US$0.031 per share [2]	(i)	-	-	3,500,000	108,010
Shares issued at US$0.052 per share [3]	(iii)	-	-	4,500,000	232,491
Shares issued at US$0.041 per share [2]	(v)	-	-	2,000,000	82,204
Shares issued at US$0.051 per share [3]	(vii)	-	-	1,000,000	51,190
Shares issued at US$0.036 per share [2]	(vii)	-	-	2,000,000	71,045
Shares issued at US$0.081 per share [4]	(ix)	1,000,000	81,224	-	-
Shares issued at US$0.142 per share [6]	(x)	3,582,500	508,213	-	-
Shares issued at US$0.078 per share [4]	(xi)	1,500,000	117,035	-	-
Shares issued at US$0.071 per share [5]	(xii)	10,808,334	764,797	-	-
Shares issued at US$0.035 per share [2]	(xiii)	3,508,334	124,125	-	-
Shares issued at US$0.061 per share [7]	(xiv)	500,000	30,311	-	-
Transaction cost on share issue	(xii)	-	(87,823)	-	-
		270,269,397	10,097,370	249,370,229	8,559,488

[1] Issue price AU$0.08 translated to US$ at grant date
[2] Issue price AU$0.05 translated to US$ at grant date
[3] Issue price AU$$0.07 translated to US$ at grant date
[4] Issue price AU$0.11 translated to US$ at grant date
[5] Issue price AU$0.10 translated to US$ at grant date
[6] Issue price AU$0.20 translated to US$ at grant date
[7] Issue price AU$0.085 translated to US$ at grant date

(i) On 2 November 2017, 3,500,000 shares were issued to Mr Randhawa following the conversion of 3,500,000 performance rights.
(ii) On 10 January 2018, the Group issued 12,500,000 shares to IPV Capital at an issue price of AU$0.08 per share
(iii) On 10 January 2018 the Group 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), and
- 3,000,000 shares in consideration for the engagement of Mr Tony Wee.

(iv) On 7 February 2018, the Group issued 214,286 shares following the exercise of 214,286 options each exercisable at AU$0.05 and expiring 31 August 2019.
(v) On 7 February 2018, 2,000,000 shares were issued to Mr Tony Wee following the conversion of 2,000,000 performance rights.
(vi) On 2 March 2018, the Group issued 700,000 shares following the exercise of 700,000 options each exercisable at AU$0.05 and expiring 31 August 2019.
(vii) On 2 March 2018, the Group issued the following shares
- 1,000,000 shares to Mr Chris Flintoft following the conversion of performance rights, and
- 2,000,000 shares to Mr Tony Wee following the conversion of 2,000,000 performance rights.

(viii) On 28 May 2018, the Group issued 114,286 shares following the exercise of 114,286 options each exercisable at AU$0.05 and expiring 31 August 2019.
(ix) On 12 July 2018, the Group issued 1,000,000 ordinary shares and 1,500,000 performance rights in consideration for the engagement of Mr Flintoft as the Group's Chief Digital Officer.

NOTES TO THE FINANCIAL STATEMENTS

(x) On 3 October 2018, the Group issued 3,582,500 ordinary shares at an issue price of AU$0.20 per share.
(xi) On 3 October 2018, 1,500,000 shares were issued to Mr Flintoft following the conversion of 1,500,000 performance rights.
(xii) On 8 February 2019, the Group issued 10,808,334 ordinary shares at an issue price of AU$0.10 per share.
(xiii) On 8 February 2019, the Group issued 3,508,334 shares following the exercise of 3,508,334 options each exercisable at AU$0.05 and expiring 31 August 2019.
(xiv) On 27 February 2019, the Group issued the following shares;
- 250,000 shares to Mr Giteau in consideration for being appointed as a SportsHero Rugby Ambassador, and
- 250,000 shares to Mr Mitchell in consideration for being appointed as a SportsHero Rugby Ambassador

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group 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 2019 (2018: nil) and no dividends are expected to be paid in 2020.

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 2019 US$**	**Consolidated 2018 US$**
Reserves		
Share-based payments reserve		
As at 1 July 2018	97,751	16,682
Share based payments	111,799	445,235
Conversion of rights	(117,035)	(364,166)
As at 30 June 2019	92,515	97,751
Foreign currency reserve		
As at 1 July 2018	(117,415)	32,594
Foreign currency translation	(38,975)	(150,009)
As at 30 June 2019	(156,390)	(117,415)

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.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Reconciliation of net cash used in operating activities to operating loss after income tax

	Consolidated	
	2019	**2018**
	US$	**US$**
Operating loss after tax	(2,276,625)	(4,335,566)
Add non-cash items:		
Depreciation and amortisation	575	504,602
Loss on Disposal of property plant and equipment	5,007	-
Share-based payments expense	223,333	624,340
Impairment expense	158,161	-
Impairment of intangible assets	-	1,063,889
Changes in net assets and liabilities:		
Movement in receivables	(329,828)	(476)
Movement in payables	354,503	320,012
Share of loss on joint venture	10,654	-
Net cash flow used in operating activities	(1,854,220)	(1,823,199)

(b) Non-cash financing and investing activities

	Consolidated	
	2019	**2018**
	US$	**US$**
Shares issued for provision of services	228,570	-
	228,570	-

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 was 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 2019 and the year ended 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

	2019 US$	2018 US$
Income		
Other revenue	-	-
Expenses		
Administration expenses	-	(165,246)
Employee and consulting expenses	-	(526,115)
Loss before income tax expense	-	(691,361)
Income tax expense	-	-
Loss after tax expense for discontinuing operations	-	(691,361)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	-	-
Total comprehensive loss for the year	-	(691,361)

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

	2019 US$	2018 US$
Cash and cash equivalents	-	65
Other receivables	-	11,358
Total Assets	**-**	**11,423**
Net Assets	**-**	**11,423**

For the year ending 2018 liabilities of US$324,338 relating to discontinued operations were to be absorbed by the parent entity and have not been included in the discontinued operations note.

17. Parent Information

	Parent 2019 US$	Parent 2018 US$
ASSETS		
Current assets	59,700	247,266
Non-current assets	164,883	-
TOTAL ASSETS	224,583	247,266
LIABILITIES		
Current liabilities	1,221,183	460,912
TOTAL LIABILITIES	1,221,183	460,912
NET (LIABILITIES)/ASSETS	(996,600)	(213,646)

NOTES TO THE FINANCIAL STATEMENTS

EQUITY		
Contributed equity	7,597,370	6,059,488
Reserves	(24,437)	(19,645)
Accumulated losses	(8,569,533)	(6,253,489)
TOTAL EQUITY	(996,600)	(213,646)
Loss for the year	(2,316,044)	(3,607,744)
Total comprehensive loss	(2,316,044)	(3,607,744)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 (2018: US$91,461).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2019 and 30 June 2018.

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

18. Details of Associates and Joint Venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	2019	**2018**	**2019**	**2018**
Name of associate / joint venture	**%**	**%**	**US$**	**US$**
Pay-to-Play Australia Pty Ltd	50%	-	(10,654)	-
Group's aggregate share of associates and joint venture entities' profit /(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			(10,654)	-
Income tax on operating activities			-	-

The above joint venture is accounted for using the equity method in the consolidated financial statements.

19. 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	Director and CEO
W Johnson	Non-Executive Director
C Green	Non-Executive Director

All of the above persons were key management personnel during the year ended 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2019 US$	2018 US$
(b) Key management personnel remuneration		
Short-term employee benefits	245,051	176,099
Share based payments	-	-
	245,051	176,099

(c) Payables to key management personnel

	2019 US$	2018 US$
Amounts payable to Directors and Director related entities at the end of the financial year, included in current liabilities	35,049	4,818

(d) Other transactions with key management personnel

During the year the Group paid rent of US$4,293 (2018: US$4,264) to Mr Higginson for the provision of the Group'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 2019 (2018: nil).

(e) Other transactions with related parties

During the year the Group reimbursed Noblemen Ventures Pty Ltd (an entity controlled by Mr Johnson) for costs of US$21,466 (2018: Nil).

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

(f) Other Entities

There were no other transaction with other entities.

20. Share based payments

	Consolidated 2019 US$	2018 US$
Recognised share-based payment expenses		
Shares issued for services rendered	111,534	179,105
Performance rights vesting over period – issued in current year	117,035	-
Performance options vesting over period – issued in prior year	-	35,272
Forfeiture of performance options issued in prior year	(42,586)	-
Forfeiture of performance rights issued in prior year	(24,429)	-
Performance rights vesting over a period – issued in prior year	61,779	409,963
	223,333	624,340

NOTES TO THE FINANCIAL STATEMENTS

Employee share option plan

The Group has established an Employee Share Option Plan that allows for share options to be granted to eligible employees and officers of the Group. 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:

2019

i) 1,500,000 shares will be issued to Chief Digital Officer, Chris Flintoft for the re-design of the software and upgrade of application to include new sports, such as cycling, AFL and rugby – vested on 30 September 2018,

2018

ii) 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 – vested before 31 December 2017;

iii) 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 – vested on 10 January 2018;

iv) 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 – lapsed before 30 June 2018.

v) 2,000,000 shares will be issued to Mr Tony Wee based on the market capitalisation of the Group increasing to $30,000,000.

vi) 2,000,000 shares will be issued to Mr Tony Wee based on the market capitalisation of the Group increasing to $40,000,000.

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

viii) 2,000,000 shares will be issued to Mr Tony Wee based on the market capitalisation of the Group increasing to $60,000,000.

Set out below are performance rights issued in current financial year

	Grant Date	*Expiry Date*	*Share price at grant date ****	*Rights issued*	*FV at grant date (US$)*	*Probability*
i	*12/07/18*	30/09/18	0.011	1,500,000	117,035	100%

Following performance rights were issued in prior year

	Grant Date	*Expiry Date*	*Share price at grant date ****	*Rights issued*	*FV at grant date (US$)*	*Probability*
ii	8/12/17	31/12/17	0.05	1,000,000	51,173	100%
iii	8/12/17	7/2/18	0.05	1,000,000	51,173	100%
iv *	8/12/17	31/5/18	0.05	1,500,000	76,759	-
v **	8/12/17	8/12/19	0.05	2,000,000	80,853	N/A
vi **	8/12/17	8/12/19	0.05	2,000,000	71,022	N/A
vii**	8/12/17	8/12/19	0.05	2,000,000	62,803	N/A
viii**	8/12/17	8/12/19	0.05	2,000,000	56,135	N/A

* 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 US$ at grant date.

NOTES TO THE FINANCIAL STATEMENTS

(b) Performance options

The following performance options were issued in financial year 2018 for no consideration and will lapse if the vesting conditions are not met. In current financial year these options were forfeited as the vesting conditions were not met.

i) 1,000,000 options to be granted exercisable at AU$0.20 expiring on 1 February 2021 subject to 1,000,000 cycling users within 36 months.

The following performance options were granted but not issued in financial year 2018. In current financial year these options were forfeited as the vesting conditions were not met. Details of the option issues and their vesting conditions are set out below:

i) 1,000,000 options to be granted exercisable at AU$0.30 expiring on February 2022 subject to 2,000,000 users and US$4m revenue generated within 24 months; and

ii) 1,000,000 options to be granted exercisable at AU$0.30 expiring on February 2023 subject to 4,000,000 users and US$6m revenue generated within 36 months.

The following options were issued in the previous 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 (AU$)	0.20
Option exercise price in AU$ translated to US$ at grant date	0.16
Share price at grant date AU$	0.19
Share price in AU$ translated to US$ at grant date	0.15
Number of options issued	1,000,000
Probability	65%
FV at grant date (AU$)	75,963
FV at grant date (US$)	58,897

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

Grant date	**28/2/18**	**28/2/18**	**28/2/18**
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 (AU$)	0.30	0.30	0.30
Option exercise price in AU$ translated to US$ at grant date	0.23	0.23	0.23
Share price at grant date AU$	0.18	0.18	0.18
Share price in AU$ translated to US$ 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 (AU$)	94,415	110,360	122,819
FV at grant date (US$)	73,204	85,567	95,227

NOTES TO THE FINANCIAL STATEMENTS

	2019		2018	
	Number of Options	Weighted Average Exercise Price US$	Number of Options	Weighted Average Exercise Price US$
At beginning of reporting year	71,971,428		76,757,940	
Granted during the year	-		1,000,000	0.16
- Lapsed	-		-	
- Early exercise of options expiring on 31 August 2019	(3,508,334)	0.035	-	
Subtotal	68,463,094		77,757,940	
- 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	**68,463,094**		**71,971,428**	
Exercisable at end of reporting year	**68,463,094**		**71,971,428**	

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 have been forfeited in current financial year as the vesting conditions as stated in Note 20(b) have not been met.

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
7 Feb 17	31 Aug 19	70,971,428	-	(3,508,334)	-	67,763,094	67,763,094
1 Feb 18	1 Feb 22	1,000,000	-	-	-	1,000,000	1,000,000
Total		71,971,428	-	(3,508,334)	-	68,763,094	68,763,094

21. Auditors' Remuneration

	Consolidated	
	2019 US$	2018 US$
Audit of the financial statements - RSM Australia Partners		
Audit or review of financial reports	32,558	34,890
	32,558	34,890
Audit services - Network firms		
Audit or review of the financial statements - Ruihua Certified Public Accountants	-	10,000
Audit or review of the financial statements - RSM Chio Lim LLP	15,383	9,500
	-	19,500
	47,941	**54,390**

NOTES TO THE FINANCIAL STATEMENTS

22. Commitments

There were no outstanding commitments which are not disclosed in the financial statements as at 30 June 2019 other than:

	Consolidated	
	2019	2018
Office rental commitments	US$	US$
Within 1 year	73,660	-
After 1 year but not more than 5 years	25,843	-
	99,503	-

23. 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.

NOTES TO THE FINANCIAL STATEMENTS

Consolidated 2018	Note	Floating Interest Rate	1 year or less US$	Over 1-5 years US$	Non-interest bearing US$	Total US$
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)**

Consolidated 2019	Note	Floating Interest Rate	1 year or less US$	Over 1-5 years US$	Non-interest bearing US$	Total US$
Financial assets						
Continuing operations						
Cash and cash equivalents	8	0%	-	-	49,781	49,781
Trade and other receivables	9				44,246	44,246
Total financial assets			-	-	94,027	94,027
Financial liabilities						
Trade and other payables	12		-	-	1,257,017	1,257,017
Total financial liabilities			-	-	1,257,017	1,257,017
Net financial assets			**-**	**-**	**(1,162,990)**	**(1,162,990)**

NOTES TO THE FINANCIAL STATEMENTS

Interest rate sensitivity

At 30 June 2019, 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 2018: Nil), as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 15% (15%: 2018) 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 2019 from around 1.50% to1.75% representing a 25 basis point decrease. Market expectations are that interest rates in Australia are more likely to move down 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.

		Consolidated	
	Note	**2019 US$**	**2018 US$**
Contracted maturities of payables at 30 June			
Payable			
- less than 6 months	12	544,787	303,642

Foreign exchange risk

The Group has cash and cash equivalents denominated in AU$ of US$22,299 (2018: US$284,189). At 30 June 2019, if USD/AUD rates had changed by 15% with all other variables held constant, loss for the year and equity would have been US$3,345 lower/higher (30 June 2018: US$42,628), as a result of with change in fair value of cash and cash equivalents.

A sensitivity of 15% (15%: 2018) has been selected as this is considered reasonable given the current level of volatility in the USD/AUD rate.

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.

24. 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

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.

NOTES TO THE FINANCIAL STATEMENTS

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 - 2019	Australia US$	Singapore US$	China US$	Total US$
Revenue				
Intersegment sales	-	-	-	-
Income	463,168	623	-	463,791
Total segment income	463,168	623	-	463,791
Intersegment eliminations	-	-	-	-
Total revenue	463,168	623	-	463,791
EBITDA	(1,845,380)	(430,670)	-	(2,276,050)
Profit before income tax expense	(1,845,380)	(431,245)	-	(2,276,625)
Income tax expense	-	-	-	-
Loss after income tax expense	**(1,845,380)**	**(431,245)**	**-**	**(2,276,625)**
Material items include:				
Share based payments	223,333	-	-	223,333
Depreciation	-	557	-	557
Impairment	158,161	-	-	158,161
Assets				
Segment assets	224,583	35,834	-	260,417
Total assets	**224,583**	**35,834**		**260,417**
Liabilities				
Segment liabilities	1,093,044	2,196,522	-	3,289,566
Intersegment eliminations	-	(2,032,549)	-	(2,032,549)
Total liabilities	1,093,044	163,973	-	**1,257,017**

Consolidated - 2018	Australia US$	Singapore US$	China US$	Total US$
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**

NOTES TO THE FINANCIAL STATEMENTS

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**

25. Subsequent Events

On 1 July 2019, the Group announced a licensing agreement with Linius Technologies Limited whereby SportsHero secured the rights to use the Linius video customisation technology. For further information, please refer to the Operations Report.

On 24 July 2019, the Group issued 4,283,333 shares at an issue price of AU$0.10 per share raising AU$428,333 in working capital. In addition, the Group raised a further AU$2,682,717 (before costs) following the exercise of 53,654,334 options each exercisable at AU$0.05 and expiring 31 August 2019.

On 1 August 2019, the Group announced an extension of the partnership with PSSI for a term of 3 years, plus the right to further extend for 2 further periods of 3 years (ie a total of 9 years).

On 21 August 2019, the Group announced that full exclusivity for Indonesia's FIFA World Cup qualifying match ticket sales, merchandise and other exclusive World Cup content had been secured for the Kita Garuda mobile application.

On 12 September 2019, the Group completed the raising of AU$1,862,500 (before costs) pursuant to the issue of 37,250,000 shares following the exercise of 37,250,000 options each exercisable at AU$0.05 and expiring 31 August 2019, and issued 20,000,000 options each exercisable at AU$0.10 and expiring 30 September 2021.

26. Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities as at 30 June 2019.

For the prior financial year, the Group had following contingent liability:

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 agreed to reimburse TradeHero an amount of US$91,461. This contingent liability was settled on 16 April 2019.

The Group does not have any contingent assets as at 30 June 2019 (2018: Nil).

27. 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%

NOTES TO THE FINANCIAL STATEMENTS

28. Company Details

The registered office and principal place of business of the Group 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 2019 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 Group 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 2019.

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

Michael Higginson
Chairman

Dated this 27th day of September 2019

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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 2019, 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 2019 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.

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. 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
Going Concern	
As disclosed in the financial statements, the Group incurred a net loss of US$2,276,625 and had net cash outflows from operating activities and investing activities of US$1,854,220 and $37,363 respectively for the year ended 30 June 2019. As at that date, the Group had net current liabilities and net liabilities of US$1,162,990 and US$996,600 respectively. The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The Directors' assessment of the Group's ability to continue as a going concern is based on the factors disclosed in Note 2(b) to the financial statements. We determined this assessment of going concern to be a key audit matter as it relies on the continued support of shareholders to generate sufficient cashflows to cover necessary expenditure.	Our audit procedures included: • Assessing the appropriateness and mathematical accuracy of the cash flow budget prepared by management; • Challenging the reasonableness of key assumptions used, including the likelihood of future capital raisings; • Considering potential downside scenarios and the resultant impact on available funds; • Critically assessing the directors' reasons of why they believe it is appropriate to prepare the financial report on a going concern basis; and • Assessing the adequacy of the going concern 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 2019 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.

RSM

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 2019.

In our opinion, the Remuneration Report of SportsHero Limited, for the year ended 30 June 2019, 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
27 September 2019

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 9 September 2019.

Distribution schedules of security holders

	Fully Paid Shares	AU$ 0.20 Options Expiring 1/02/21
1 -1,000	149	-
1,001 - 5,000	274	-
5,001 - 10,000	169	-
10,001 - 100,000	358	-
100,001 and over	200	1
Number of Holders	**1,150**	**1**

Holders of nonmarketable parcels

There are 510 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	20.62%
2	IPV Capital II HK Limited	16,650,000	5.72%
3	Sunshore Holdings Pty Ltd	12,500,000	4.30%
4	BNP Paribas Nominees Pty Ltd	11,535,762	3.96%
5	TNL Lapping	8,357,143	2.87%
6	Allgreen Holdings Pty Ltd	6,798,671	2.34%
7	J & TW Dekker Pty Ltd	6,405,511	2.20%
8	CJF Low	5,757,143	1.98%
9	JP Morgan Nominees Australia Ltd	5,396,156	1.85%
10	Timriki Pty Ltd	5,142,156	1.77%
11	CJF Low	5,076,099	1.74%
12	JG Lim	5,018,310	1.72%
13	Kortana Pty Ltd	5,000,000	1.72%
14	CJF Low	4,400,000	1.51%
15	AS & NF Paul	4,242,857	1.46%
16	One Managed Investment Funds Limited	4,000,000	1.37%
17	One Managed Investment Funds Limited	4,000,000	1.37%
18	L Kulisev	4,000,000	1.37%
19	A Mehra	3,885,510	1.34%
20	KM Lapping	3,425,000	1.18%
		181,591,019	**62.41%**

SHAREHOLDER INFORMATION

Restricted securities

The Group has no Restricted Securities on issue.

Unquoted equity securities

	Number on issue	Number of holders
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	6,000,000	2

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%
IPV Capital II HK Limited – as per Form 603 lodged with ASX on 26 July 2019	16,650,000	5.72%

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 Group is treated as a public company for taxation purposes.

Franking credits

The Group has nil franking credits.