



TopBetta Holdings Limited

ACN 164 521 395

PROSPECTUS

for the initial public offering of up to 30,000,000 ordinary shares in the Company at an offer price of \$0.20 per share to raise up to \$6,000,000.

For personal use only



LEAD MANAGER



AUSTRALIAN LEGAL ADVISER



IMPORTANT NOTICES

OFFER

The Offer contained in this Prospectus is an invitation to acquire new fully paid ordinary shares in TopBetta Holdings Limited ACN 164 521 395.

LODGEMENT AND LISTING

This Prospectus is dated 25 November 2015 and was lodged with ASIC on that date. It is a replacement prospectus which replaces the prospectus dated 18 November 2015 and lodged with ASIC on that date (**Original Prospectus**). The replacement prospectus differs from the Original Prospectus. The differences between this Prospectus and the Original Prospectus include an update to the paragraph titled Disclaimer in the Important Notices Section and an update to the consents in Section 10.9 to include the consent of Frost and Sullivan to being named in this Prospectus and for the inclusion of its Independent Industry Report in this Prospectus. The lodgement of a replacement prospectus has also required certain references to the date of "this Prospectus" to be amended to refer to the date of "the Original Prospectus".

The Company has applied to ASX for admission of the Company to the official list of ASX and for quotation of its Shares on ASX. Neither ASIC, ASX or their officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

EXPIRY DATE

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus.

NOTE TO APPLICANTS

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice.

The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

No person is authorised to give any information or to make any representation in connection with the Offer or the Shares described in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in the Company's Shares. There are risks associated with an investment in the Company's Shares which must be regarded as a speculative investment. Some of the risks that should be considered are set out in Section 4. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues). There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Shares.

No person named in this Prospectus warrants or guarantees the Company's performance or any return on investment made pursuant to this Prospectus.

NO OFFER WHERE OFFER WOULD BE ILLEGAL

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action

has been taken to register or qualify the Shares in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

NOTICE TO UNITED STATES RESIDENTS

The Shares being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any US state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Shares in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act. In addition, any hedging transactions involving the Shares may not be conducted unless in compliance with the US Securities Act.

FINANCIAL INFORMATION AND AMOUNTS

The financial information in this Prospectus is presented in Australian dollars and has been prepared in accordance with AIFRS.

DISCLAIMER

No person is authorised by the Company or the Lead Manager to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of the Original Prospectus.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 4.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements.

These forward-looking statements speak only as at the date of this Prospectus. Unless

required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with ASX after the date of this Prospectus.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

This Prospectus, including the Independent Industry Report in Section 2.3, uses market data, estimates, industry forecasts and projections. There is no assurance that any of the forecasts referred to in this Prospectus will be achieved and the Company has not independently verified and cannot give any assurances as to the accuracy and completeness of the market and industry data in the Independent Industry Report. The Independent Industry Report includes and is based on certain information supplied to Frost and Sullivan (Australia) Pty Ltd by the Company. Frost and Sullivan (Australia) Pty Ltd has not independently verified or audited information or materials provided to it by or on behalf of the Company. The Independent Industry Report also includes and relies on secondary information derived from recognised public sources, which the Company has not independently verified. The conclusions and underlying assumptions in the Independent Industry Report involve risks and uncertainties and are subject to change based on various factors, including the risk factors in Section 4.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing Applications under the Offer in the seven-day period after the date of lodgement of the Original Prospectus with ASIC (**Exposure Period**). This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. This Prospectus will be made generally available to Australian residents during the Exposure Period, without the Application Form, by being posted on the following website: www.corporate.topbeta.com.au. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

ELECTRONIC PROSPECTUS

This Prospectus will be made available in electronic form on the following website: www.corporate.topbeta.com.au

The information on www.corporate.topbeta.com.au does not form part of this Prospectus.

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact the Company. A paper copy of this Prospectus will be available for Australian residents free of charge by contacting:

TopBetta Offer Information Line

Tel: 1300 781 334 (within Australia)
or +61 3 9415 4679 (outside Australia)
(between 8:30am to 5:00pm AEDT)

Applications for the Shares under this Prospectus may only be made on either a printed copy of the Application Form attached

to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with Section 724 of the Corporations Act.

PRIVACY

The Company will collect, hold, use and disclose personal information provided by investors to allow it to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Shares that you hold). Under the Corporations Act some of this information must be included in the Company's Share register, which will be accessible by the public.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company and its Share Registry may not be able to process your Application.

The Company may also share your personal information with service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside of Australia.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's Privacy Policy located at www.corporate.topbeta.com.au. Alternatively, you can contact the Company by telephone on +61 2 9993 8100 or by email at investorrelations@topbeta.com and the Company will send you a copy of its Privacy Policy free of charge. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Company's Privacy Policy (located www.corporate.topbeta.com.au).

The Company's Privacy Policy (located at www.corporate.topbeta.com.au) also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of the Australian privacy laws, and how the Company will deal with your complaint.

DEFINITIONS AND ABBREVIATIONS

Defined terms and abbreviations used in this Prospectus are explained in Section 11.

TIME

All references to time in this Prospectus refer to Australian Eastern Daylight Time unless stated otherwise.

DATA

All data contained in charts, graphs and tables is based on information available as at 31 October 2015 unless otherwise stated.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have any descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company.

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at 31 October 2015.

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Important Dates

Lodgement of the Prospectus with ASIC	Wednesday 18 November 2015
Offer opens	Thursday 3 December 2015
Offer closes	5:00pm Monday 7 December 2015
Settlement of the Offer	Thursday 10 December 2015
Expected date for allotment of Shares	Friday 11 December 2015
Trading of Shares commences on ASX on a deferred settlement basis	Friday 11 December 2015
Expected date for dispatch of holding statements	Monday 14 December 2015
Trading of Shares commences on ASX on a normal settlement basis	Thursday 17 December 2015

All times above are Australian Eastern Daylight Time. The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable law. In particular, the Company reserves the right to close the Offer early, extend the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens.

Key Offer Statistics

Company	TopBeta Holdings Limited ACN 164 521 395
Proposed ASX code for the Shares	TBH
Securities offered	Fully paid Shares
Offer Price per Share	\$0.20
Number of Shares available under the Offer	25 million – 30 million
Gross proceeds from the Offer	\$5.0 million – \$6.0 million
Total number of Shares on issue on Completion of the Offer	91.36 million – 96.36 million
Total number of Options on issue on Completion of the Offer	26.667 million
Indicative market capitalisation on Completion of the Offer ¹	\$18.3 million – \$19.3 million
Indicative market capitalisation on a fully diluted basis ²	\$23.6 million – \$24.6 million

¹ Indicative market capitalisation is calculated as the number of Shares on issue multiplied by the Offer Price. The Shares may not trade at the Offer Price after listing on the ASX. If the Shares trade below the Offer Price after Listing, the market capitalisation may be lower.

² Indicative market capitalisation on a fully diluted basis is calculated as the number of Shares which would be on issue if all Options on issue were exercised in full multiplied by the Offer Price.

Chairman's Letter

Dear Shareholder,

On behalf of the Board of Directors I would like to invite you to become a Shareholder in the Company.

The TopBetta business started in 2009 with the vision of developing a platform that incorporates social gaming into sports betting. With the growing market globally for online tournament betting, the founders felt similar "gamification" could be extended to betting on sports.

The rapid growth of fantasy sports in the US has certainly vindicated the founders' belief that social sports would be a growing market over the ensuing years.

In TopBetta's fantasy wagering business, the Company has been working on integrating modern software applications that allow the user to get more out of watching a game without the degree of risk normally associated with betting.

TopBetta's proprietary software allows effective customisation that adapts to the user's preferences. We believe we are well positioned to execute a unique experience as the platform develops.

Our CEO, Todd Buckingham, together with the other founders, have refined the platforms and established a comprehensive wagering business which combines fantasy wagering with traditional wagering and betting supported by extensive content, which we expect to deliver exciting results as an ASX listed company.

The Company is led by a committed and highly experienced CEO and management team. Our Board include individuals that have operated at senior levels in some of Australia's leading companies.

Matthew Cain, who recently held the position of Treasurer of the Melbourne Racing Club, and Simon Dulhunty, the former editor of The Sun Herald, join Todd and myself on the Board as Non-Executive Directors.

The combined experience and connections of the Board members are essential to executing the Company's accelerated go-to-market growth strategy.

I encourage investors to read the Prospectus in detail paying particular attention to the Company's growth strategy as well as the key risks associated with the Offer. Please consult an independent adviser before making your investment decision.

On behalf of the Directors and current Shareholders, we look forward to welcoming you as a Shareholder and becoming part of the exciting TopBetta journey.

Yours sincerely,



Nicholas Chan
Chairman, TopBetta Holdings Limited

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1. Investment Overview



1. Investment Overview

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares under the Offer, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

Topic	Summary	More Information
1.1 Introduction		
Who is the issuer of the Prospectus?	TopBetta Holdings Limited ACN 164 521 395, a company incorporated in New South Wales, Australia.	Section 3
What is the business of the Company?	<p>The Group believes it is the first Australian based wagering operator to combine a standard wagering platform with a 'fantasy wagering' platform including the capability of conducting fantasy wagering tournaments. The Company's subsidiary, 12Follow, was the first service to use customers' mobile phones to follow their favourite runners, and now offers a mobile content platform with analyst commentary.</p> <p>Two subsidiary companies within the Group (TopBetta OpCo and Operis Momentus) are licensed to conduct business as a bookmaker and betting exchange under the <i>Bookmakers and Betting Exchange Act 1998</i> (Norfolk Island).</p>	Section 3
What is the Offer?	The Offer is an initial public offering of a minimum of 25 million and maximum of 30 million Shares for subscription under this Prospectus to raise a minimum of \$5.0 million and a maximum of \$6.0 million.	Section 8
What are the key highlights of the Offer?	<p>The Company believes that it offers investors:</p> <p>A complementary wagering and fantasy wagering offering</p> <ul style="list-style-type: none"> The Company believes it is the first company within Australia to combine the standard wagering platform with a fantasy wagering platform and a mobile content platform. TopBetta's wagering platform passively acquires customers through its tournaments and mobile content platform, giving low acquisition cost to build its customer base. <p>A proprietary technology platform</p> <ul style="list-style-type: none"> Over \$6.0 million has been spent on business development and TopBetta's technology platform to date. TopBetta has developed a highly scalable platform that can be integrated into Partner and Affiliate websites to give the opportunity to expand revenue streams and customer acquisition channels. The platform is readily scalable into national and international markets. <p>Wagering expansion</p> <ul style="list-style-type: none"> TopBetta is investing capital to expand its product offering into fixed odds, multi-bets and quadrellas, which are traditionally higher margin products. 	Section 3

1. Investment Overview

Topic	Summary	More Information
<p>What are the key highlights of the Offer? continued</p>	<p>Organic growth prospects</p> <ul style="list-style-type: none"> • TopBetta is growing its customer base by partnering with sports websites and media partners on a revenue share basis in return for audience. • The Company believes that increased marketing spend will increase the growth of the customer base. • TopBetta's innovative products and enriched social gaming platform are driving customer engagement and growth rates. • Management believe that the introduction of traditionally higher margin products, such as fixed odds, multi-bets and quadrellas, will assist with increasing the margin on the Wagering Turnover as well as increasing the activity rate of customers on the wagering platform. <p>High quality Board and Management</p> <ul style="list-style-type: none"> • Nicholas Chan, Independent Chairman and Non-Executive Director, is a former Group COO of Seven West Media and a former CEO of Pacific Magazines. • Managing Director, CEO and founder Todd Buckingham, has more than 15 years' experience in the sports and wagering industries. • Matthew Cain, Independent Non-Executive Director, is a current committee member of the Melbourne Racing Club. • Simon Dulhunty, Independent Non-executive Director, is former editor of The Sun Herald and former General Manager (Group Mobile Development) of Fairfax Media. 	<p>Section 3, 5.1</p>
<p>What are the purposes of the Offer?</p>	<p>The purposes of the Offer are:</p> <ul style="list-style-type: none"> • to raise capital to fund sales and marketing initiatives to drive more aggressive customer acquisition; • to raise capital to fund further technical development and refinement of the Company's proprietary online sports wagering and fantasy wagering platforms; • to raise capital to fund general working capital of the business; • to provide the Company with access to capital markets, which it expects will give it added financial flexibility to pursue growth opportunities; and • to provide a liquid market for the Shares and an opportunity for others to invest in the Company. 	<p>Section 8</p>

1. Investment Overview

Topic	Summary	More Information																																					
What is the proposed use of proceeds raised from the Offer?	<p>The Company expects to receive approximately \$5.0 – \$6.0 million of gross proceeds from the Offer.</p> <p>The table below sets out the proposed use of the proceeds from the Offer. This table represents the Company's current intentions based upon its plans and present business conditions. The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including any changes from the expected business environment.</p>	Section 8.4																																					
	<table border="1"> <thead> <tr> <th rowspan="2">Proceeds</th> <th colspan="2">Minimum Subscription</th> <th colspan="2">Maximum Subscription</th> </tr> <tr> <th>Amount A\$M</th> <th>Proportion</th> <th>Amount A\$M</th> <th>Proportion</th> </tr> </thead> <tbody> <tr> <td>Sales and Marketing</td> <td>\$2.0</td> <td>40%</td> <td>\$2.5</td> <td>42%</td> </tr> <tr> <td>Software/Platform Development</td> <td>\$0.9</td> <td>18%</td> <td>\$1.0</td> <td>17%</td> </tr> <tr> <td>Employment and Operations</td> <td>\$1.1</td> <td>22%</td> <td>\$1.4</td> <td>23%</td> </tr> <tr> <td>Debt repayment</td> <td>\$0.2</td> <td>4%</td> <td>\$0.2</td> <td>3%</td> </tr> <tr> <td>IPO transaction costs</td> <td>\$0.8</td> <td>16%</td> <td>\$0.9</td> <td>15%</td> </tr> <tr> <td>Total Funds Raised</td> <td>\$5.0</td> <td>100%</td> <td>\$6.0</td> <td>100%</td> </tr> </tbody> </table> <p>As at 31 October 2015, the Company had approximately \$547,913 of cash reserves.</p> <p>The Directors believe that the Company's current cash reserves and its cash flow from existing operations plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives until at least June 2017. These business objectives comprise:</p> <ul style="list-style-type: none"> • further technical development of the online wagering and fantasy wagering platforms; • expansion of the wagering product offering; • increased sales and marketing campaigns in conjunction with the 2016 Australian Spring Racing Carnival; and • execution of organic growth strategy through cross platform marketing and partnership and affiliation deals. 		Proceeds	Minimum Subscription		Maximum Subscription		Amount A\$M	Proportion	Amount A\$M	Proportion	Sales and Marketing	\$2.0	40%	\$2.5	42%	Software/Platform Development	\$0.9	18%	\$1.0	17%	Employment and Operations	\$1.1	22%	\$1.4	23%	Debt repayment	\$0.2	4%	\$0.2	3%	IPO transaction costs	\$0.8	16%	\$0.9	15%	Total Funds Raised	\$5.0	100%
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1. Investment Overview

Topic	Summary	More Information
1.2 Key features of the Company's business model		
<p>What are the key elements of the Company's business?</p>	<p>The Company's business is segregated into three core business lines:</p> <p>Online wagering platform</p> <ul style="list-style-type: none"> • TopBetta operates an online wagering platform which utilises proprietary technology across risk management systems, odds management, content delivery and consumer facing platforms. <p>Fantasy wagering tournaments</p> <ul style="list-style-type: none"> • TopBetta also operates an online "fantasy wagering" tournaments platform which is integrated into its online wagering platform. • TopBetta tournaments enable sports fans to compete against each other via fantasy wagering on real sports events, with the focus on the social engagement. <p>Online content (including premium content)</p> <ul style="list-style-type: none"> • TopBetta also operates a free and premium content platform, which enables customers to seamlessly access a range of sporting and racing content. <p>The three core business lines are designed to enhance the customer experience. The intention is to drive customers' engagement to ultimately lead to lower customer acquisition costs and higher engagement rates.</p>	<p>Section 3.4</p>
<p>What is the Company's growth strategy?</p>	<p>With a minimal marketing budget, TopBetta has achieved a strong base in both customers and net revenue. The Company believes that the integration of the Group's online wagering, fantasy wagering tournaments and sports and racing content will position the Company well for continued growth. With the capital raised under the Offer, the Company intends to increase its customer base and in turn increase its revenues by focusing on an aggressive sales and marketing campaign.</p> <p>TopBetta will utilise the proceeds of the Offer to seek to accelerate growth through four primary initiatives:</p> <p>Expansion of wagering products</p> <ul style="list-style-type: none"> • The Group is in the process of broadening its wagering products into traditionally higher margin products, such as fixed odds, multi-bets, quadrellas. Management believes this will allow the Company to better compete with major market participants. <p>Cross platform marketing</p> <ul style="list-style-type: none"> • Having launched its fantasy wagering offering, the Group can now utilise its multi-product offering to cross promote, passively acquire customers and drive customer engagement, retention and revenue per customer. <p>Increased sales and marketing spend</p> <ul style="list-style-type: none"> • TopBetta will implement various marketing strategies around the 2016 Autumn Racing Carnival as well as the launch of new products for the start of the 2016 NRL and AFL seasons. Through trial marketing activities, Management believe these strategies will increase the customer base and engagement across its platforms. <p>Partnership and Affiliate deals</p> <ul style="list-style-type: none"> • The tournaments platform can be easily integrated into Partners' and Affiliates' websites. TopBetta is currently exploring multiple partnership deals on a revenue share basis. 	<p>Section 3.5</p>

1. Investment Overview

Topic	Summary	More Information																								
How does the Company generate its revenue?	<p>The Company has three main revenue streams:</p> <p>Premium subscription content</p> <ul style="list-style-type: none"> Customers subscribe for information such as tips on horses in upcoming races and/or other relevant content provided by internal analysts and external professionals. These products range in price from \$10/week to \$99/week and are generally an ongoing subscription model. <p>Wagering</p> <ul style="list-style-type: none"> Traditional wagering comprises betting on sports and racing events as well as other events. The revenue generated from traditional wagering is calculated by the amount of bets placed ("Wagering Turnover") less bet wins. The margin was around 8% of the Group's Wagering Turnover for the second half of FY2015. <p>Tournaments (fantasy wagering)</p> <ul style="list-style-type: none"> Revenue generated from tournaments is derived from entry fees that are charged when a customer enters a tournament. A tournament has a "buy in" and an entry fee. The "buy in" is the money which goes in to form the available winnings and the entry fee (which is generally 10-25% of the buy in) is revenue for TopBeta. 	Section 3.4																								
Does the Company have any debt?	<p>The Company currently has a \$205,000 debt owing to a seed investor in the business. It is the Company's expectation that, if not repaid prior to listing, then proceeds of the Offer would be used to repay this amount.</p>	Section 8.4																								
How does the Company expect to fund its operations?	<p>Until the date of the Original Prospectus, the Group has funded its operations through equity raisings from seed investors, convertible notes (which were converted to equity in FY2015) and debt (which has been repaid other than as described in this Prospectus).</p> <p>TopBeta intends to fund the development of its business and future operations from the Offer proceeds and internally generated revenues (see Section 8.4 – Use of Proceeds) .</p>	Section 3.10, 8.4																								
What is the Company's historical financial performance?	<p>The historical financial information presented below has been extracted from the audited statutory financial statements of the Company for FY2013, FY2014 and FY2015.</p> <table border="1"> <thead> <tr> <th colspan="4">Summary of historical financial information</th> </tr> <tr> <th></th> <th>FY2013</th> <th>FY2014</th> <th>FY2015</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$801,285</td> <td>\$1,052,734</td> <td>\$1,127,522</td> </tr> <tr> <td>EBITDA</td> <td>(\$1,197,795)</td> <td>(\$1,996,688)</td> <td>(\$1,449,035)</td> </tr> <tr> <td>EBIT</td> <td>(\$1,206,002)</td> <td>(\$2,000,317)</td> <td>(\$1,454,880)</td> </tr> <tr> <td>NLAT</td> <td>(\$1,274,638)</td> <td>(\$1,787,291)</td> <td>(\$1,282,461)</td> </tr> </tbody> </table> <p>The financial information presented above contains non-IFRS financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion set out in Section 6 – Financial Information as well as the risk factors set out in Section 4.</p> <p>Investors should read "Section 6 – Financial Information" for full details of the Group's financial results and the assumptions underlying this information.</p>	Summary of historical financial information					FY2013	FY2014	FY2015	Revenue	\$801,285	\$1,052,734	\$1,127,522	EBITDA	(\$1,197,795)	(\$1,996,688)	(\$1,449,035)	EBIT	(\$1,206,002)	(\$2,000,317)	(\$1,454,880)	NLAT	(\$1,274,638)	(\$1,787,291)	(\$1,282,461)	Section 6
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NLAT	(\$1,274,638)	(\$1,787,291)	(\$1,282,461)																							

1. Investment Overview

Topic	Summary	More Information
1.3 Key strengths of the Company		
<p>What are the key strengths of the Company's business?</p>	<p>The Company believes that its key strengths include, among others, the following:</p> <p>Complementary wagering and fantasy wagering offering</p> <ul style="list-style-type: none"> • TopBetta believes that it is the first operator in the Australian market to combine the standard wagering platforms with a fantasy platform, including the capability of "fantasy wagering" tournaments, and a mobile content platform. • Only ASX exposure to fantasy wagering industry, and the only ASX listed player operating purely in the Australian online wagering market. <p>Proprietary technology platform</p> <ul style="list-style-type: none"> • Integrated and highly scalable platform with personalised features to enhance customer engagement. • Over \$6.0M of equity investment in TopBetta to date, with the majority utilised on software and platform development. <p>Content marketing strategy</p> <ul style="list-style-type: none"> • TopBetta partners with certain media organisations and sports websites which enables the Group to expand its customer base and also provide further content to its customers. • Management believes that this will increase the revenues across the three key areas of the business. <p>Positioned for growth</p> <ul style="list-style-type: none"> • Well positioned for growth through first mover advantage in fantasy wagering, cross platform marketing, Partnerships and Affiliate deals, further product enhancement and expanded marketing budget. • Opportunity to take market share in a heavily consolidated industry. <p>High quality Board and Management</p> <ul style="list-style-type: none"> • Nicholas Chan, Independent Chairman and Non-Executive Director, is a former Group COO of Seven West Media and a former CEO of Pacific Magazines. • Managing Director, CEO and founder Todd Buckingham, with more than 15 years' experience working in the sports and wagering industries. • Matthew Cain, Independent Non-Executive Director, is a current committee member of the Melbourne Racing Club. • Simon Dulhunty, Independent Non-Executive Director, is a former editor of The Sun Herald and general manager of (Group mobile development) Fairfax Media. 	<p>Section 3.3</p>

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1. Investment Overview

Topic	Summary	More Information
1.4 Key risks		
What are the key risks associated with an investment in the Company?	<p>The Company's business is subject to a number of risks. Key risks that the Company believes investors should consider include, but are not limited to, the following:</p> <ul style="list-style-type: none">• Breach of bookmakers and betting exchange licences The Group relies on the bookmakers and betting exchange licences held by subsidiary companies within the Group. If the Company or any of its subsidiaries breaches, or fails to meet, the conditions of the bookmakers and betting exchange licences, there is a risk that the licence(s) granted will be suspended, revoked or cancelled which will have a material adverse impact on the Company's ability to provide its products and services.• Suspension or cancellation of licences The bookmakers and betting exchange licences and other key licences, agreements or approvals, held by the Company and its subsidiaries may be suspended, revoked or cancelled if TopBetta were to fail to meet the terms and conditions of its gambling licences or other compliance requirements set out in the various racing approvals or sports product fee and integrity agreements. There is also a risk that the bookmakers and betting exchange licences may be deemed to be ineffective due to changes in the Norfolk Island legislative regime.• Breach of legislation There is a risk that an Australian gambling regulator or other regulators may determine that the provision of the Company's products (in particular the fantasy wagering services) is in breach of relevant legislation.• Changes in product fees payable to racing controlling bodies and sports controlling bodies Each of the relevant racing controlling bodies (or corresponding state authority) has implemented race field approval arrangements which require wagering operators to pay product fees for use of that racing controlling body's race field information. Similarly, the Group has entered into product fee and integrity agreements with sports controlling bodies which require the payment of product fees. The level of product fees payable in respect of both sporting events and racing events has increased on a regular basis since their introduction. There is a risk that the product fees will continue to increase and there is a risk that the racing/sports controlling bodies may change the method for calculating the product fees payable.	Section 4

1. Investment Overview

Topic	Summary	More Information
<p>What are the key risks associated with an investment in the Company? continued</p>	<ul style="list-style-type: none"> <p>• Racing controlling bodies' and sports controlling bodies' control over types of bets Under some of the Group's approval arrangements with racing controlling bodies (or corresponding state authority), the racing controlling bodies have the discretion to determine the types of bets the Group is permitted to take. Similarly, under some of the Group's agreements with sports controlling bodies, the sports controlling body has the discretion to determine the types of bets the Group is permitted to take. A removal of one or more types of bets the Group is permitted to take under these arrangements may materially adversely affect the Group's financial position.</p> <p>• Access to data TopBetta has arrangements in place in order to obtain the data and information upon which it sets the odds that are offered in the provision of the fantasy wagering services, as well as the provision of more traditional wagering products. The access to the data is essential in the provision of the TopBetta products. In the event that any of the arrangements are terminated for any reason, this may limit TopBetta's ability to conduct business and therefore have a material adverse effect on the operational and financial performance of TopBetta.</p> <p>• Highly regulated industry The activities of TopBetta are conducted in a highly regulated industry. The gambling activities that TopBetta conducts and the level of competition that it experiences, depend to a significant extent on the licences granted to TopBetta, government policy and the manner in which the relevant governments exercise their powers in relation to TopBetta and the gambling industry in general. Changes in legislation, regulation or government policy may have an adverse impact on TopBetta's operational and financial performance.</p> <p>• Action of Competitors TopBetta's products compete currently with Australian licensed bookmakers (both on-course and corporate bookmakers) and other international wagering and gambling operators who accept bets over the telephone or internet (such as totalisators, corporate bookmakers and betting exchanges). The Internet and other forms of distribution have, and will continue to enable competitors to enter TopBetta's various markets. There is a risk that competitors with substantially greater resources could launch competing products to those offered by the Group and take market share away from the Group.</p> <p>• Limited trading history The Company has limited trading history and has incurred losses since its inception. Accordingly, potential investors should take into consideration risks associated with the Company still being at growth stage. It may be difficult for potential investors to make an evaluation of the Company's business or prospects, given its limited trading history.</p> <p>The nature of risks are such that any risk, if realised, may have a material adverse impact on the Company's financial performance and state of operations. As such, investors are required to consider all risks relating to the Company (see "Section 4 -Risk Factors") and if in doubt, to seek independent advice about the risks associated with an investment in the Shares. An investment in the Company should be considered speculative.</p>	<p>Section 4</p>

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1. Investment Overview

Topic	Summary	More Information																														
1.5 Directors and Senior Management																																
Who are the Directors of the Company?	<ul style="list-style-type: none"> Nicholas Chan, Independent Chairman and Non-Executive Director Todd Buckingham, Managing Director and Chief Executive Officer Matthew Cain, Independent Non-Executive director Simon Dulhunty, Independent Non-Executive Director 	Section 5.1																														
Who are the key members of the Company's Management?	<ul style="list-style-type: none"> Todd Buckingham, Chief Executive Officer Bill Butler, Chief Financial Officer Oliver Shanahan, Chief Information Officer 	Section 5.2																														
1.6 Significant interests of key people and related party transactions																																
What will the capital structure of the Company be on quotation of its shares on the ASX?	<table border="1"> <thead> <tr> <th>Security</th> <th>At the date of the Original Prospectus</th> <th>On Completion of the Offer (Minimum Subscription)</th> <th>On Completion of the Offer (fully diluted) (Minimum Subscription)</th> <th>On Completion of the Offer (Maximum Subscription)</th> <th>On Completion of the Offer (fully diluted) (Maximum Subscription)</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>66,364,540</td> <td>91,364,540</td> <td>118,031,540</td> <td>96,364,540</td> <td>123,031,540</td> </tr> <tr> <td>Options</td> <td>21,667,000</td> <td>26,667,000</td> <td>–</td> <td>26,667,000</td> <td>–</td> </tr> </tbody> </table>	Security	At the date of the Original Prospectus	On Completion of the Offer (Minimum Subscription)	On Completion of the Offer (fully diluted) (Minimum Subscription)	On Completion of the Offer (Maximum Subscription)	On Completion of the Offer (fully diluted) (Maximum Subscription)	Shares	66,364,540	91,364,540	118,031,540	96,364,540	123,031,540	Options	21,667,000	26,667,000	–	26,667,000	–													
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Are there any other interests and benefits or related party transactions?	Matthew Cain entered into a consultancy agreement with the Company dated 20 July 2015, which is to expire on 20 November 2015, under which Matthew received fees in return for advisory and consultancy services.	Section 5.7																														

³ Excludes any Shares that the listed persons may acquire under the Offer.

1. Investment Overview

Topic	Summary							More Information
Who are the significant Existing Shareholders of the Company at the date of the Original Prospectus and are they retaining an interest? ⁴	Existing Shareholder	At the date of the Original Prospectus			At Completion			
		Shares	Options	Per-centage	Shares	Options	Per-centage ⁵	Per-centage fully diluted ⁶
	RBW Nominees Pty Ltd	11,495,033	–	17.3%	11,495,033	–	12.6%	9.7%
	Directors and Management ⁷	9,872,176	21,667,000	14.9%	9,872,176	21,667,000	10.8%	26.7%
	Lead Manager	–	–	0.0%	–	5,000,000	0.0%	4.2%
	Little Breton Nominees Pty Ltd	4,303,373	–	6.5%	4,303,373	–	4.7%	3.6%
	TopBeta Investor Nominees Number 1 Pty Ltd ⁸	7,314,320	–	11.0%	7,314,320	–	8.0%	6.2%
	TopBeta FB Investor Nominees Pty Ltd ⁹	5,623,118	–	8.5%	5,623,118	–	6.2%	4.8%
	Other Shareholders	27,756,522	–	41.8%	27,756,522	–	30.4%	23.5%

Section 8.5

⁴ Excludes any Shares which Existing Shareholders may acquire as part of the Offer.

⁵ Based on the Minimum Subscription.

⁶ Based on the Minimum Subscription.

⁷ Includes Shares held by Leo Todd Buckingham's spouse, Jo-Anne Buckingham as trustee for the Buckingham Family Trust.

⁸ Shares held by TopBeta Investor Nominees Number 1 Pty Ltd as bare trustee for certain beneficiaries. It is proposed that these Shares be distributed to underlying beneficiaries prior to Listing.

⁹ TopBeta FB Investor Nominees Pty Ltd holds the Shares on bare trust for certain beneficiaries. It is proposed that these Shares (to the extent that they are not Escrowed Shares) be distributed to the beneficiaries post-Listing.

1. Investment Overview

Topic	Summary	More Information																																		
Will any Shares be subject to restrictions on disposal following Completion of the Offer?	Shares held by Existing Shareholders immediately prior to Completion will be subject to escrow arrangements in the period immediately following Completion of the Offer, as summarised below.	Section 8.8																																		
	<table border="1"> <thead> <tr> <th>Shareholders</th> <th>No. of Shares</th> <th>Escrow period</th> <th>Mandatory/ Voluntary</th> </tr> </thead> <tbody> <tr> <td>RBW Nominees Pty Ltd</td> <td>7,653,641</td> <td>24 months</td> <td>Mandatory</td> </tr> <tr> <td rowspan="2">Directors and Management¹⁰</td> <td>2,343,852</td> <td>24 months</td> <td>Mandatory</td> </tr> <tr> <td>2,413,653</td> <td>Until 22 Feb 16</td> <td>Mandatory</td> </tr> <tr> <td></td> <td>6,631,571</td> <td>24 months</td> <td>Voluntary</td> </tr> <tr> <td rowspan="2">Employees¹¹</td> <td>5,865,899</td> <td>24 months</td> <td>Voluntary</td> </tr> <tr> <td>3,327,496</td> <td>Until 22 Feb 16</td> <td>Mandatory</td> </tr> <tr> <td>Professionals/ Consultants/ Related Parties¹²</td> <td>763,470</td> <td>24 months</td> <td>Mandatory</td> </tr> <tr> <td>Other</td> <td>9,866,349</td> <td>12 months from date of issue expiring between February and October</td> <td>Mandatory</td> </tr> </tbody> </table>		Shareholders	No. of Shares	Escrow period	Mandatory/ Voluntary	RBW Nominees Pty Ltd	7,653,641	24 months	Mandatory	Directors and Management ¹⁰	2,343,852	24 months	Mandatory	2,413,653	Until 22 Feb 16	Mandatory		6,631,571	24 months	Voluntary	Employees ¹¹	5,865,899	24 months	Voluntary	3,327,496	Until 22 Feb 16	Mandatory	Professionals/ Consultants/ Related Parties ¹²	763,470	24 months	Mandatory	Other	9,866,349	12 months from date of issue expiring between February and October	Mandatory
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¹⁰ Includes Shares held by CEO Todd Buckingham's spouse, Jo-Anne Buckingham as trustee for the Buckingham Family Trust, but excludes Shares held by employees.

¹¹ Excludes Shares held by Directors and Management.

¹² Excludes Shares held by Directors and Management.

1. Investment Overview

Topic	Summary	More Information
1.7 Key terms and conditions of the offer		
Who is the Company?	The Company is a public company limited by shares incorporated in Australia.	Section 3
Will the Shares be quoted on ASX?	<p>The Company will apply for admission to the official list of the ASX and quotation of Shares on ASX (which is expected to be under the code TBH).</p> <p>It is anticipated that quotation will initially be on a deferred settlement basis.</p> <p>Completion of the Offer is conditional upon ASX approving the application for admission. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 8.6
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> • The Retail Offer consisting of: <ul style="list-style-type: none"> – The Broker Firm Offer; and – Chairman’s List Offer; and • The Institutional Offer. 	Section 8.6
Is there a minimum amount that the Company is seeking to raise under the Offer?	Yes. The Minimum Subscription is \$5,000,000. If the Minimum Subscription is not reached within four months of the date of the Original Prospectus, the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.	
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 8.6
What is the allocation policy?	The allocation of new Shares under the Offer will be determined by the Company in consultation with the Lead Manager.	Section 8.6
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 8.6
What are the tax implications of investing in the Shares?	The tax consequences of any investment in the Shares will depend upon an investor’s particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 8.6
When will I receive confirmation that my Application has been successful?	<p>Applicants may call the TopBeta Offer Information Line from 11 December 2015 to enquire as to whether their applications have been successful.</p> <p>It is expected that initial holding statements will be despatched as soon as practicable by the Share Registry.</p>	Section 8.6

1. Investment Overview

Topic	Summary	More Information
What is the Company's dividend policy?	<p>It is anticipated that significant expenditure will be incurred in executing the Company's business and marketing plans. These activities are expected to dominate the period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends for the foreseeable future.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p>	Section 6.12
What is the minimum and maximum Application size under the Offer?	The minimum Application under the Offer is \$2,000 worth of Shares. There is no maximum amount of Shares that can be applied for under the Offer and in multiples of \$500 worth of Shares thereafter.	Section 8.6
How can I apply?	<p>Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus.</p> <p>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p>	Section 8.6
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to Successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded.</p> <p>No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	Section 8.8
Where can I find more information about this Prospectus or the Offer?	<p>You can call the TopBeta Offer Information Line on 1300 781 334 (within Australia) or +61 3 9415 4679 (outside Australia) from 8:30 am to 5:00 pm (AEDT) Monday to Friday during the Offer Period.</p> <p>If you are unclear in relation to any matter or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, financial adviser, accountant, lawyer or other professional adviser before deciding whether to invest in the Company.</p>	Section 8.6

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2. Industry Overview



2. Industry Overview

2.1 Introduction

As a participant in online sports wagering and the developing market of fantasy wagering, TopBetta is involved in two rapidly growing markets. As a corporate bookmaker, TopBetta participates in the Australian online sports wagering market. Offering an online sports wagering service is permissible in Australia, as long as the service provider is licensed. Service providers are licensed in each State and Territory, although in most jurisdictions licensing is limited to the local TAB and on-course bookmakers. Corporate bookmakers (non-TABs and non on-course bookmakers) are licensed primarily in either the Northern Territory or Norfolk Island, which are the two leading jurisdictions in Australia which grant licenses for the conduct of online wagering and bookmaking.

The overall sports wagering market in Australia is valued at \$23.4 billion in total turnover in 2013-14, and has grown at a CAGR of 3.7% over the past 25 years.¹³ However, whilst growth in racing turnover has been relatively low (CAGR of 1.7%), turnover in other sports betting has increased at a CAGR of 23.2% over this period, reflecting greater consumer interest in other sports betting and the wider range of sports betting services provided. Sports wagering over the internet has grown significantly in recent years, as the internet has taken market share from other channels for wagering, such as physical premises. By 2011, the internet was estimated to account for 30% of all wagering turnover in Australia, and had grown at a CAGR of 31% from 2007 to 2011.¹⁴

The growth in online sports wagering is being stimulated by a number of factors, including increased levels of internet access; improved internet infrastructure; greater confidence in the security of the internet for transacting; rapid growth in usage of internet-connected mobile devices; and product innovation by wagering service providers. The Australian online sports wagering market is regarded as particularly attractive, and there have been a significant number of corporate transactions in recent years, primarily by multinational corporate bookmakers seeking a presence in the Australian online sports wagering market.

As part of its online sports wagering offering, TopBetta also operates a fantasy wagering service. Whilst not identical, this offering is similar in concept to the fantasy sports tournament-style events held over a short period (often only one day) ("**Daily Fantasy Sports**" or "**DFS**") offering that is growing rapidly in the USA. DFS is an analogous service to fantasy wagering, and the DFS market in the USA therefore provides a point of comparison with TopBetta's fantasy wagering service. In the USA, DFS benefits from an exemption in the UIGEA which permits online wagering on a game of skill, and most US states have interpreted DFS as a game of skill, allowing it to be offered currently in most US states. Over the past couple of years, participation in DFS has increased at a rapid rate, and entry fees being paid to participate in DFS competitions are increasing rapidly to reach well over \$3,000 million in 2015.¹⁵ The two leading DFS organizers in the USA, FanDuel and DraftKings, are seeing rapid growth in both entry fees and revenue, and both have raised significant amounts of capital in recent years. Much of this capital is being deployed to marketing investments, which is further driving the DFS user base.

The other industry in which TopBetta is involved is the relatively new and emerging market for the supply of premium content for wagering information. While the Company has been operational in this field for many years, only recently has it seen the increase in appetite for more expensive and premium content. With the rise in the online sports betting and wagering markets, Management believe this industry will continue to grow.

2.2 Overview of regulatory environment

Operators providing race wagering and sports betting products to Australian customers must comply with applicable laws at both the Federal and State/Territory levels of government. The Interactive Gambling Act 2001 (Cth) ("**IGA**") regulates online gambling at the Federal level and prohibits the supply of interactive gambling services to persons present in Australia. Wagering services, such as betting on racing and sports betting, are exempt from the definition of an interactive gambling service.¹⁶

Each State/Territory has its own gambling legislation which, in general terms, applies to any gambling operator that seeks to provide and/or promote services to residents of that jurisdiction. Under the gambling laws of each State/Territory, it is an offence to provide a wagering service (such as a service which involves the offering or acceptance of a bet) to a person without a wagering licence.

Under Australian constitutional law, to the extent that a gambling service is provided legally under a licence granted by an Australian State/Territory, it will be recognised as a legal service under the laws of each other State/Territory. However, each operator must still comply with requirements that may exist under the gambling laws of each State/Territory.

The Northern Territory contemplates the licensing of online "sports bookmakers". Operators such as bet365, Sportsbet, William Hill and Unibet are all licensed by the Northern Territory Racing Commission ("**NTRC**").

Similarly, Norfolk Island, which was at the relevant time, an external territory of the Commonwealth of Australia and will remain so until 30 June 2016, has a licensing regime under which licences have been granted to online wagering operators. For example, Ladbrokes Digital Australia Pty Ltd is licensed by the Norfolk Island Gaming Authority ("**Authority**") as is TopBetta OpCo and Operis Momentus.

¹³ Australian Gambling Statistics, 2013-14.

¹⁴ Australian Wagering Council, Online Wagering and Gaming in the Digital Economy, 2014.

¹⁵ Frost & Sullivan, Independent Industry Report, 3 November 2015.

¹⁶ Online in-play betting on sports events is expressly excluded from this exemption.

2. Industry Overview

2.3 Frost & Sullivan – Independent Industry Report On The Online Sports Wagering And Fantasy Wagering Markets



"We Accelerate Growth"

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The Directors
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November 3, 2015

Dear Directors,

Independent Industry Report on the Online Sports Wagering and Fantasy Wagering Markets

Introduction

OM Group Holdings Pty Ltd. (to be renamed TopBeta Holdings Ltd. (**TopBeta**)) is a company that offers sports wagering and fantasy wagering services through its subsidiaries. TopBeta's wagering services are delivered online via its website, with the use of a proprietary delivery platform, particularly for the fantasy wagering service. TopBeta is proposing to undertake an Initial Public Offering (**IPO**) on the Australian Securities Exchange (**ASX**), and has commissioned an independent industry report from Frost & Sullivan for inclusion in the prospectus.

Frost & Sullivan is an independent market research and consulting firm operating in over 40 countries globally. Founded in New York in 1961, Frost & Sullivan now employs over 1,800 staff. Frost & Sullivan has undertaken a number of market studies in the digital media, gaming and related sectors on behalf of market participants and financial institutions, as well as producing a number of multi-client reports on the digital media industry.

In undertaking this assessment, Frost & Sullivan has relied on secondary information derived from recognised public sources. The research was undertaken in the months of October and November 2015. All effort has been made by Frost & Sullivan to ensure that information in this report is accurate and appropriate at the time of writing. Conclusions, and assumptions attached to those conclusions, are based on Frost & Sullivan's investigations and analyses of the facts as they are known as at November 2015 and Frost & Sullivan is of the opinion that the conclusions and underlying assumptions are reasonable.

*Auckland Bangalore Bangkok Beijing Bogota Buenos Aires Cape Town Chennai Delhi Dubai
Frankfurt Kolkatta Kuala Lumpur London Manhattan Melbourne Mexico City Mumbai New York Oxford
Palo Alto Paris San Antonio Sao Paulo Seoul Shanghai Singapore Sydney Tokyo Toronto*

All references to dollars (\$) in this report are to Australian dollars, unless otherwise stated. Where conversions from other currencies have been made, the following exchange rates have been used.

Table 1: Exchange Rates Used

	USA	UK
A\$1 =	\$0.73	£0.47

Source: Yahoo! Finance, October 15th 2015

Definitions

The following definitions have been used in this report:

- **Daily fantasy sports (DFS)** are fantasy sports tournament-style events held over a short time period, often only one day. Whilst DFS events can potentially be held on a free-to-enter basis, they generally involve an entry fee for participants, and DFS is largely synonymous with events that involve an entry fee. DFS is a segment within the broader fantasy sports industry.
- **Expenditure**, as defined in this report, is the total amount lost by gamblers on gambling activities and equates to the net income (after payment of winnings) by gambling service providers, before payment of taxes or operating costs. It is sometimes referred to as gross gambling revenue (**GGR**).
- **Fantasy sports** are events in which participants assemble a virtual team or teams from players in actual sporting events. The events are generally conducted online. The participants compete against each other on the basis of the actual statistical outcome achieved by their teams in real events. Fantasy sports are played free-of-charge, or for a cash entry fee. Free-to-enter fantasy sports have traditionally been offered by sporting codes or media organisations as a means of driving consumer engagement, and are generally played over the duration of a sports playing season (known as traditional leagues). However, a more recent development has been the emergence of DFS, for which the relevant period is much shorter, often only one day, and which involves an entry fee for participants.
- **Fantasy wagering** takes place where a participant pays to participate in a fantasy sports event, for example in DFS events. Whether fantasy wagering is considered gambling is a definitional issue, with varying regulatory situations in different jurisdictions. In most US states, participation in fantasy wagering is currently not regarded as gambling, and transfer of funds for fantasy wagering is exempt from the restrictions on online gambling transfer of funds in the *Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA)*. Most US states consider that fantasy sports are a game of skill, and offering a fantasy wagering service is therefore currently allowed in most jurisdictions. However, in five US states, fantasy wagering is currently not legal, and providers do not offer access to their competitions to residents of these states.
- **Gambling** is placement of a wager or bet on the outcome of a future uncertain event. There are two main types of gambling; gaming, which involves placing a wager on an event of pure chance, or mixed skill and chance, including electronic gaming machines (EGMs), lotteries, Keno, casino games etc.; and wagering or sports betting (including racing and other sports).

- **Online wagering** is the placing of a wager through the internet (also known as interactive wagering).
- **Sports wagering** is the placement of a wager on the outcome of a sporting event. For the purposes of this report, sports wagering includes wagering on **racing** (horses and greyhounds) and wagering on **other sports** including sporting events and other events deemed to be a 'sporting event' by a regulator.
- **Wagering turnover** is the total amount wagered, before payment of winnings.

Company Overview and Business Model

TopBetta commenced offering wagering services in 2013, and its offer includes a "fantasy wagering" service as well as standard sports wagering. Fantasy wagering is a new business model in the wagering industry. In a fantasy wagering service, a customer pays to enter a fantasy wagering event, linked to a real world event, such as a sporting event (such as a horse race meeting, football stock exchange, political election etc). Entrants to the fantasy wagering event are allocated "fantasy dollars" which they can use to make wagers on any outcome linked to the event (e.g. winners of individual races or games, first scorers, etc.). At the conclusion of the relevant event (or events), the entrant(s) that have won the most amount of fantasy dollars through their wagers receive a proportion of the prize pool. The service provider retains a service fee on top of the fee paid by each participant (e.g. an entrant may pay a \$100 fee to participate, plus a \$10 service fee). Frost & Sullivan understands that fantasy wagering is a new business model, with few, if any, other organisations known to be currently offering such a service in Australia.

Fantasy wagering is similar, but not identical, to DFS, which is a more established industry, especially in the USA. In DFS, entrants pay to enter a fantasy sports tournament (such as NFL or NBA) and then assemble a virtual team, comprising players who are participating in real sporting events. The performance of members of the virtual team is measured based on their playing statistics in the real sporting events, and the entrant(s) whose team scores the highest points is the winner of the fantasy sports tournament, and is allocated a portion of the prize pool.

In addition to the fantasy wagering service, TopBetta also operates:

- a more traditional online sports wagering service, on which customers may make standard wagers on races and other sporting events; and
- a mobile content platform which enables customers to access seamlessly a range of premium sporting content, including visual, podcasts, chatrooms and respected analyst commentary on either a free or subscription basis.

Sports Wagering in Australia

Regulation of Wagering

Under Australia's constitutional system, the Commonwealth constitution does not give the Commonwealth Government power expressly to regulate gambling, and traditionally gambling legislation was the preserve of the state and territory governments. This has resulted in different regulatory regimes in each state and territory.

However, in 2001 the Commonwealth Government enacted the first federal law on gambling, the *Interactive Gaming Act 2001 (IGA)*, which prevails to the extent of any inconsistency with state or territory legislation. The development of the IGA at federal level was due to recognition by policymakers that interactive gaming was a new type of gambling activity for which legislation at a national level was needed.

The regulation of online sports and wagering is considered an expansion of the existing legal framework at state and territory level, and online wagering services are therefore still subject to state and territory legislation. The IGA prohibits operators from providing specified interactive gambling services to persons resident within Australia and in other designated countries (although no other countries have yet been designated). However, the IGA differentiates between online gaming (e.g. online casino games) and online wagering on sports or other events. According to the IGA (section 8A(1)) online wagering (i.e. betting on racing, or other sports or events) is not prohibited in Australia, however the Act only permits online wagers on sports being placed before an event has started. Services that contemplate a wager on sports being accepted after the event has commenced, or for contingencies within the event (other than in racing), known as in-play betting, are prohibited by section 8A(2).¹

Each state and territory allows the provision of a wagering service as long as the service provider has a wagering licence. However, the licensing frameworks of most states / territories only contemplate the licensing of that jurisdiction's totalisator agency board (**TAB**)² (which in most cases holds a monopoly licence) as well as on-course bookmakers. However, the Northern Territory (**NT**) licenses multiple online wagering service providers. Similarly, Norfolk Island, which as of November 2015 is an external territory of the Commonwealth of Australia³, provides licences to multiple online wagering operators. Service providers other than TABs offering online wagering services in Australia are licensed predominantly in either the NT or Norfolk Island. Many of the larger service providers in this category are known as **corporate bookmakers**, to distinguish them from the TABs and on-course bookmakers, which are associated with individual bookmakers (or their families).

Industry Turnover

Australia reportedly has the highest per capita gambling expenditure in the world,⁴ with around 64% of Australian adults estimated to participate in some form of gambling each year.⁵ Statistics on gambling in Australia are provided by the Queensland Government through the annual Australian Gambling Statistics.⁶ Total gambling turnover in Australia in 2013-14 was \$180.3 billion, and has grown at a CAGR of 4.4% over the past 25 years. Per capita gambling turnover reached \$9,993 per person in 2013-14, and has grown at a CAGR of 6.6% over the past 25 years.⁷ Gambling expenditure (which equates to revenue for the gambling industry) was \$21.1 billion in 2013-14.⁸

¹ Gaming Law, Thomson Reuters, 2012

² Totalisator agency boards (TABs) are government or privately-owned organisations that offer wagering services

³ The constitutional status of Norfolk Island was changed by the Norfolk Island Amending Act 2015 which is largely effective from 2016 and which reduces the ability of Norfolk Island to self-govern

⁴ <http://www.businessspectator.com.au/article/2014/2/7/gaming-and-racing/australians-are-world-leading-gamblers-houses-winnings-are>

⁵ Gambling Research Australia, Interactive Gambling, 2014

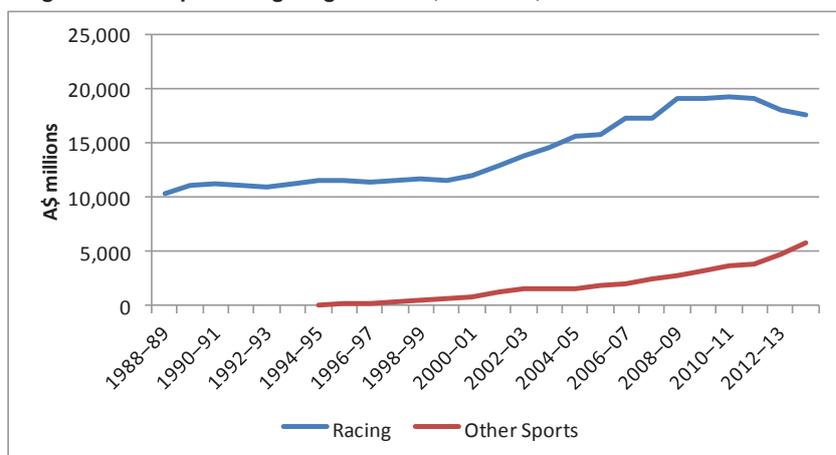
⁶ The Australian Gambling Statistics publication is produced by the Queensland Government Statistician's Office (QGSO) in cooperation with all state and territory governments.

⁷ Australian Gambling Statistics, 2013-14

2. Industry Overview

Turnover on racing and other sports wagering reached \$23.4 billion in 2013-14, approximately 13% of total gambling turnover. Over the past 25 years, racing turnover has increased at a CAGR of 1.7%, but other sports wagering turnover has increased at a CAGR of 23.2%, reflecting much greater participation in other sports wagering and the greater availability of other sports wagering services (see Figure 1).

Figure 1: Racing and Other Sports Wagering Turnover, Australia, 1988-89 to 2013-14

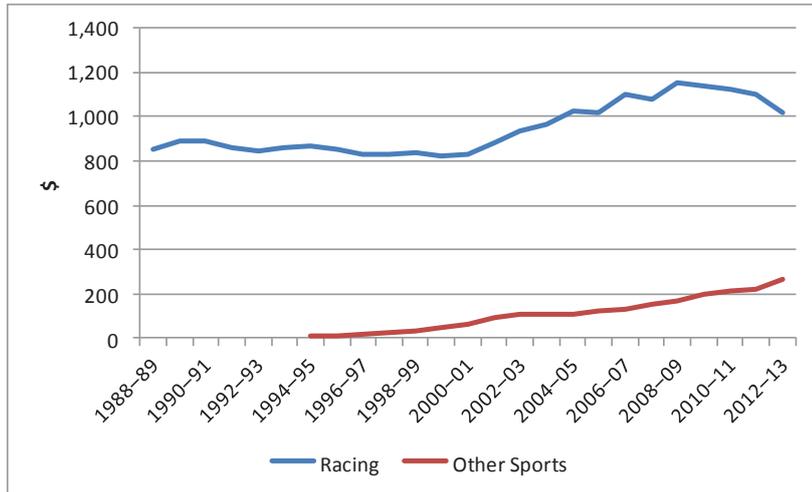


Source: Australian Gambling Statistics, 2013-14

On a per capita basis, turnover on racing has increased at a CAGR of only 0.5% from 1988-89, but per capita expenditure on other sports wagering has increased at a CAGR of 23% (see Figure 2). By 2013-14, Australians were wagering an average of \$978 each per year on racing and \$318 on sports wagering.

⁸ Ibid

Figure 2: Per Capita Racing and Other Sports Wagering Turnover, Australia, 1988-89 to 2013-14

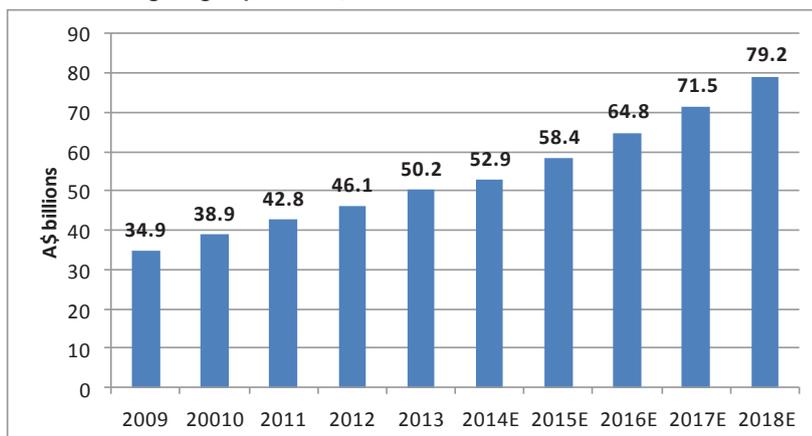


Source: Australian Gambling Statistics, 2013-14

Online Sports Wagering

Sports wagering is generally one gambling format that is legal to conduct over the internet in many jurisdictions, and hence the internet is growing rapidly as a channel for sports wagering. Several other forms of online gambling, such as online poker or online casinos, are illegal in many jurisdictions. The advent of the internet has provided a new channel for wagering, to supplement the physical premises and telephone channels. Globally, online wagering expenditure is estimated by one analyst at \$50 billion in 2013, and is forecast to increase to \$79 billion by 2018, a CAGR of 9.5% from 2009 to 2018 (see Figure 3).⁹

Figure 3: Global Online Wagering Expenditure, 2009 to 2018E



Source: Global Online Gambling, MarketLine (February 2015), quoted in presentation by Tim Stocks, Chairman James Stocks & Co and Partner Taylor Wessing LLP, 2015. Converted from UK £ at constant exchange rate as at 15 October 2015

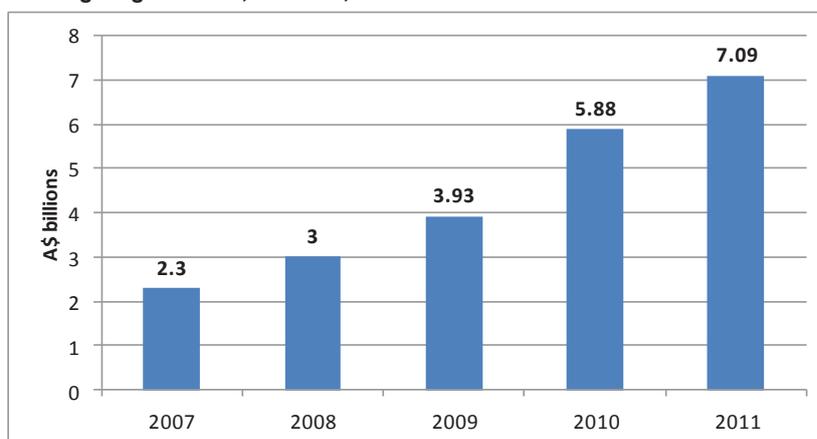
⁹ Global Online Gambling, MarketLine (February 2015), quoted in presentation by Tim Stocks, Chairman James Stocks & Co and Partner Taylor Wessing LLP, 2015

Statistics purely on online wagering are not published within the Australian Gambling Statistics, however the most recent survey on gambling prevalence indicated that around 8% of Australian adults had wagered online in the past 12 months.¹⁰ Applied to the total population, this indicates that approximately 1.45 million Australians aged 18 or over had wagered online in the past year.¹¹ Based on the same survey, around 932,000 Australians have wagered online on racing, and approximately 783,000 on other sports in the most recent year.¹² The Australian Wagering Council has a slightly higher estimate of 2 million Australians wagering online.¹³

Prevalence of online wagering is much higher among males than females, and amongst individuals aged between 20 and 40 than amongst older age groups.¹⁴ Amongst adults who had wagered online, 64% had wagered on racing and 54% on other sports.¹⁵ Adults who wager online also have a much greater frequency of wagering compared to those that do not wager online (approximately five times more frequently for racing and other sports wagering) and incur significantly higher wagering expenditure.¹⁶ This means that the proportion of wagering turnover through the online channel (as opposed to alternate channels) is much higher than the proportion of adults who wager online (as opposed to wagering via alternate channels).

The Australian Wagering Council has estimated that by 2011 online wagering turnover in Australia reached just over \$7 billion, and had grown at a CAGR of 31% from 2007 to 2011. By 2011, the online channel accounted for approximately 30% of all wagering turnover (see Figure 4).

Figure 4: Online Wagering Turnover, Australia, 2007 to 2011



Source: Australian Wagering Council, *Online Wagering and Gaming in the Digital Economy*, 2014

¹⁰ Gambling Research Australia, *Interactive Gambling*, 2014

¹¹ Calculated based on ABS, *Australian Demographic Statistics*, June 2014

¹² *Ibid*

¹³ Australian Wagering Council website, accessed October 2015

¹⁴ Gambling Research Australia, *Interactive Gambling*, 2014

¹⁵ *Ibid*

¹⁶ *Ibid*

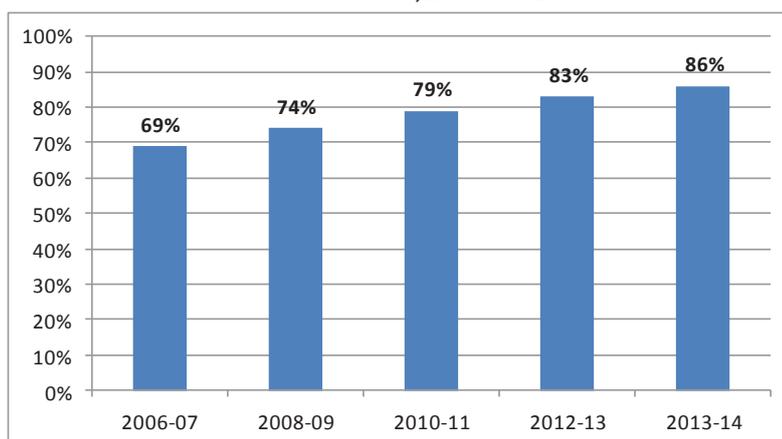
By 2013, the AWC estimated that 40% of wagering occurred online, 40% to 45% at TAB outlets and a small amount over the telephone.¹⁷

Growth Drivers for Online Sports Wagering

In common with many other industries, the internet has become increasingly important as a transactional channel for the wagering industry. A number of factors have contributed to this trend, including increased levels of internet access; improved internet infrastructure; greater confidence in the security of the internet for transacting; rapid growth in usage of internet-connected mobile devices; and product innovation by wagering service providers. These factors are described in more detail below.

The proportion of the Australian population over 15 that uses the internet has increased from 69% in 2006-07 to 86% in 2013-14 (see Figure 5).

Figure 5: Proportion of Individuals that use the Internet, 2006-07 to 2013-14



Source: Australian Bureau of Statistics, Household use of Information Technology

Virtually all households in Australia now have internet access; with internet penetration at 107% in 2014 (some households maintain more than one internet subscription).¹⁸ Almost all households now have a broadband connection, and the number of households with an advertised download speed of less than 1.5 Mps has declined from 45% in 2009 to 1% by June 2015, and 80% of broadband customers now have an average connection speed above 8Mbps.¹⁹ Average connection speeds are also increasingly significantly in Australia (7.6 Mbps in Q1 2015, a 28% increase from the prior year period (PYP)).²⁰

Online wagering is also being stimulated by the take-up of internet-connected mobile devices, particularly smartphones and tablets, which allow consumers to access the internet whilst on the move. Australia has

¹⁷ Information given by the AWC to the Joint Select Committee on Gambling Reform, 2013, quoted in fifth report - The advertising and promotion of gambling services in sport, June 2013

¹⁸ ABS, Household use of Information Technology; Frost & Sullivan estimates

¹⁹ ABS Internet Activity, June 2015

²⁰ Ibid

one of the highest levels of smartphone and tablet ownership in the world, with 89% of adults (aged 18 to 75) estimated to own a smartphone by end-2014. 58% of Australians own a tablet.²¹ Infrastructure improvements are also enhancing the user experience for mobile broadband, as mobile service providers roll out upgraded cellular networks using 3G or 4G²² technologies. Average mobile network connection speeds in Australia reached 7.6 Mbps in Q1 2015.²³

Use of online services such as wagering is also being encouraged by increased confidence in the use of the internet for transacting with service providers. By 2012-13, 76% of Australian internet users purchase goods or services online, an increase from 64% in 2008-09.²⁴

Finally, product innovation by online sports wagering service providers is also increasing the appeal of the online channel to consumers. For example, many service providers have launched mobile apps which improve the user experience for consumers, and the introduction of new product features such as “cash out”²⁵ has also made the online channel more appealing. Some service providers are also introducing features such as “cash in” which enables customers to deposit money into their wagering account at outlets such as newsagents, using a code generated on the consumer’s smartphone.²⁶

Market Participants in Online Sports Wagering and Recent Transactions

Market participants in online sports wagering in Australia can be categorised into two main groups: TABs and corporate bookmakers (such as Unibet, bet365, TopBetta, etc.).²⁷ Over recent years, there have been a number of corporate transactions involving acquisitions of, or investment into, Australian wagering operators with online operations. These have primarily involved investments by large European corporate bookmakers seeking to enter the Australian market, which is perceived to be large, with growth prospects and have a secure regulatory regime. A summary of corporate transactions involving Australian online sports wagering companies is given in Table 2.

Table 2: Corporate Transactions in Online Sports Wagering

Year	Investee	Investor	Consideration	Comments
2009	Sportsbet	Paddy Power Plc	Up to \$58.5 million for 51% stake, increased to 60.8% in Feb 2010	
2009	IAS	Paddy Power Plc	Valued at \$40 million	Acquisition of 80% stake not already owned
2010	Sportsbet	Paddy Power Plc	\$132.6 million for remaining stake	
2011	Centrebet	Sportingbet	\$183 million	
2012	Betchoice Group	Unibet Group	\$20 million	

²¹ AIMIA, 2014 Australian Mobile Phone Lifestyle Index

²² 3G and 4G mobile networks offer faster internet speeds than older mobile cellular technologies

²³ Akamai, State of the Internet, Q1 2015

²⁴ ABS, Household use of Information Technology

²⁵ Cash out allows clients to close out a multi-leg bet prior to the completion of the final legs, at a certain price

²⁶ For example, Ladbrokes cash in service (see <https://www.ladbrokes.com.au/blog/2015/08/14/ladbrokes-cash-in-now-available-at-newsagents/>)

²⁷ Other categories of wagering operators are betting exchanges and on-course bookmakers (which, in some cases, also conduct elements of their business online).

2. Industry Overview

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Year	Investee	Investor	Consideration	Comments
2013	Gaming Investments	Ladbrokes Plc	\$22.5 million	Acquired Gaming Investments and all of its subsidiaries, including online bookmaker Bookmaker.com.au
2013	Tom Waterhouse NT	William Hill Plc	Up to \$105 million including earn-out	
2013	Sportingbet	William Hill Plc	\$670 million	Acquired Sportingbet including Centrebet
2014	Betstar	Ladbrokes Plc	\$22 million	Approximately 40,000 registered customers
2014	Betfair Australasia	Crown Resorts	\$10 million for 50% stake	Acquired Betfair Group's 50% stake
2014	BetEasy	Crown Resorts	N/A	Joint venture combining sportsbook businesses of Betfair and BetEasy

Source: Company press releases and press articles

Wagering Content

In addition to its sports wagering service, TopBetta also offers sports content through its mobile content platform. This content can include wagering tips, chatrooms and other content, accessible to users on a free or subscription service basis. In Australia, there is a wide range of content providers offering sports tipping services, particularly for racing, on a subscription basis, such as Probet,²⁸ Elite Racing,²⁹ and Correct Weight Racing.³⁰ Video services are also available providing racing content, such as Sky Racing (available through Foxtel and Optus TV) and racing.com (accessible over internet streaming or terrestrial and cable TV).

Data is not available on total expenditure by consumers on wagering content (such as paid tipping services or subscription video content), however, an indication of the market potential for such services can be made based on the proportion of wagering participants who consider themselves professional or semi-professional gamblers, and who are likely to represent the main market for wagering content. According to a survey of interactive gambling in Australia, around 1.2% of gamblers consider themselves professional gamblers, and 6.8% semi-professional gamblers.³¹ Applied to the 64% of Australians who gamble, this indicates that there are around 710,000 self-identified professional or semi-professional gamblers in Australia.³²

²⁸ <http://probet.info/>

²⁹ <https://www.eliteracing.com.au/>

³⁰ <http://www.correctweightracing.com.au/>

³¹ Gambling Research Australia, Interactive Gambling, 2014

³² Frost & Sullivan estimate, based on Gambling Research Australia, Interactive Gambling, 2014

Daily Fantasy Sports

Overview

Fantasy sports have existed since the early 1980's, however participation in fantasy sports was stimulated by the introduction of the internet, which made it easier for participants to enter a fantasy sports competition, and which made statistics and news more widely accessible to participants. Traditionally, fantasy sports competitions were played over a sporting season, however the more recent emergence of DFS has provided a significant stimulus to the fantasy sports industry. Although DFS competitions are potentially available in both free-to-enter and pay-to-enter formats, the market description in this section relates to pay-to-enter DFS only.

The largest market for DFS is the USA. In the USA, operating a betting service is illegal in all jurisdictions except the states of Nevada, Delaware, Oregon and Montana. Transfer of funds for online gambling is also prohibited at federal level by the UIGEA, which "prohibits gambling businesses from knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of the Internet and that is unlawful under any federal or state law".³³ Since the UIGEA defines gambling as participation in a game of chance, fantasy wagering has been generally excluded from prohibition under the UIGEA, as in most jurisdictions, it is considered a game of skill, and the UIGEA excludes from its scope "participation in any fantasy or simulation sports game" subject to certain conditions.³⁴

In the USA, the regulation of DFS differs by state. The UIGEA only regulates the transfer of funds related to online gambling, does not define illegal internet gambling, and does not impact existing state laws on gambling. In most states, games or contests which collect real money entry fees to join and provide a competition with the opportunity to win real money prizes, must be games or contests of skill to be legal. However, the definition of "games of skill" can differ by state, and in some cases states have interpreted the law in a way which suggests that DFS events are not games of skill. 45 US states currently allow DFS, although five states (Iowa, Montana, Louisiana, Arizona, and Washington) currently prohibit participants from collecting prizes, effectively outlawing DFS, and DFS operators do not allow residents of these states to participate in competitions. Additionally, in October 2015, the state of Nevada was reported as requiring DFS operators to cease offering services in Nevada until they receive state gambling licenses, as DFS is classified as a sports pool, for which the service provider must be licensed.³⁵

Participation in Fantasy Sports

The US Fantasy Sports Trade Association (**FSTA**) estimates that approximately 52 million Americans play fantasy sports, including 42 million adults (over 18).³⁶ This includes participants in both fantasy wagering and free fantasy sports, and equates to 16% of the total US population. The number of participants has increased from 30 million in 2013.³⁷

³³ Examination Handbook Section 770. U.S. Treasury Department

³⁴ <https://www.law.cornell.edu/uscode/text/31/5362>

³⁵ http://www.nytimes.com/2015/10/16/sports/gambling-regulators-block-daily-fantasy-sites-in-nevada.html?_r=0

³⁶ FSTA, Fantasy Sports Market Study, 2015

³⁷ Ibid

However, the number of active participants in DFS is estimated by Frost & Sullivan at around 1 - 2 million, based on the reported number of active users of the main DFS operators. According to a survey conducted by the FSTA, the average expenditure on DFS entry fees per participant reached US\$257 (A\$357) in 2015, up from US\$15 (A\$21) in 2012.³⁸

Market Drivers for DFS

Some of the general factors that are stimulating growth in online commerce in the USA (greater mobile broadband access, improved broadband infrastructure, etc.) are also encouraging participation in DFS. For example, greater levels of mobile broadband access and improved broadband infrastructure are encouraging participation through mobile devices. 37% of fantasy sports participants primarily use a mobile device (smartphone or tablet) for fantasy sports activities in 2015, up from 25% in 2012.³⁹ However, there are also a number of factors that are specifically stimulating participation in DFS in the USA;

- Endorsement and support by sporting bodies and major media companies: many of the organisers of professional sports leagues in the USA, as well as main media companies, such as the NFL, NBA, NASCAR, Yahoo! and ESPN, promote and encourage participation in fantasy sports, for example, by providing statistics on their websites. Some sporting bodies have invested in or partnered with companies providing DFS services, for example the National Basketball Association (**NBA**) has an equity stake in FanDuel, and ESPN has a marketing agreement with DraftKings.⁴⁰
- DFS provides a viable alternative to participants who do not have easy access to legal sports wagering.
- The major DFS companies, FanDuel and DraftKings, have made substantial investments in marketing activities, funded by recent capital raisings. In the third quarter of 2015, FanDuel and DraftKings are cumulatively estimated to have spent over \$200 million (US\$150 million) on advertising.⁴¹
- Guaranteed prize pools for DFS are increasing, providing an added incentive for participants. For example, FanDuel is guaranteeing a total prize pool of \$2,739 million (US\$ 2,000 million) in 2015.⁴²

Expenditure on DFS

Participants in DFS events pay an entry fee, which is allocated largely to the prize pool for the competition. DFS organisers derive revenue from taking a service fee as a percentage of the entry fee (sometimes known as the hold rate) which typically averages 8-10% of total entry fees. Under the UIGEA exemption, DFS organisers that promise a prize pool for a competition have to provide that prize pool, irrespective of whether it is fully funded by participants' entry fees. The DFS market can therefore be quantified on two dimensions – total entry fees paid (equating to the total amount wagered by participants) and revenue for DFS organisers (equating to their hold of the entry fees).

³⁸ Ibid

³⁹ Ibid

⁴⁰ http://www.nytimes.com/2015/07/14/sports/fanduel-and-draftkings-command-attention-from-yahoo-and-investors.html?_r=2

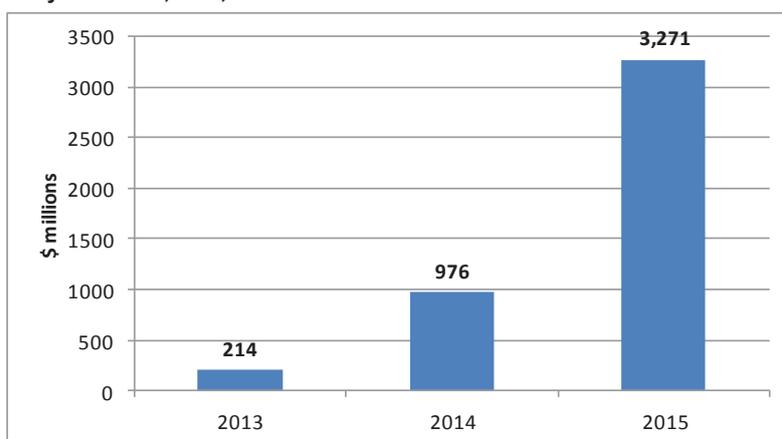
⁴¹ Nomura Research, quoted in <http://recode.net/2015/09/18/those-draftkings-and-fanduel-ads-youre-already-sick-of-are-keeping-the-tv-business-afloat/>

⁴² FanDuel website, accessed October 2015

2. Industry Overview

In 2014, the total value of DFS entry fees in the USA was estimated by Frost & Sullivan at approximately \$1.34 billion (US\$975 million), and has increased from \$294 million (US\$214 million) in 2013. Based on the announced minimum total prize pools to be offered by main DFS service providers, the entry fees in 2015 are forecast to reach \$3,271 million (US\$ 3,000 million) (see Figure 6).

Figure 6: DFS Entry Fees Paid, USA, 2013 to 2015



Source: Frost & Sullivan estimates based on company data

Matching the substantial growth in DFS entry fees, revenue for DFS organisers has also increased significantly to an estimated \$126 million (US\$92 million) in 2014, up from \$26 million (US\$19 million) in 2013.⁴³

Market Participants in DFS and Recent Transactions

There are over 20 organisations offering DFS in the USA. However, the market is dominated by two companies that cumulatively are estimated by Frost & Sullivan to account for over 95% of DFS entry fees and revenue: FanDuel and DraftKings.

FanDuel was established in 2009, and offers events that last one day or one week, with over 20,000 competitions running each day. The company claims over 1 million active users, and paid out \$767 million (US\$560 million) in prizes in 2014, a figure it claims will increase to \$2,740 million (US\$2,000 million) in 2015.⁴⁴

DraftKings was established in 2012 and offers competitions in five major sports, with a guaranteed prize pool of \$1,370 million (US\$1 billion) in 2015.⁴⁵

Although FanDuel and DraftKings are held privately, financial data has been made available which is summarised in Table 3.

⁴³ Frost & Sullivan estimate based on company data

⁴⁴ FanDuel website, accessed October 2015

⁴⁵ DraftKings website, accessed October 2015

Table 3: FanDuel and DraftKings Entry Fees and Revenue, 2013 and 2014 (US\$ millions)

	2013	2014
FanDuel – Entry Fees	159	622
FanDuel - Revenue	14	57
DraftKings – Entry Fees	45	304
DraftKings - Revenue	4	30

Source: Company releases and press reports

Over recent years, both FanDuel and DraftKings have raised significant equity through capital raisings as indicated in Tables 4 and 5. Since 2009 FanDuel has raised an estimated \$497 million (US\$363 million). DraftKings has announced that it has raised \$584 million (US\$426 million)⁴⁶, although only \$516 million (US\$376 million) has been publicly disclosed. In total, all DFS companies (including FanDuel, DraftKings and other companies) are estimated to have raised in excess of \$1,182 million (US\$863 million) in capital raisings.⁴⁷

Table 4: FanDuel Capital Raisings

Date	Type	Amount (US\$ million)	Investors
2009	Series A	1.2	Scottish Investment Bank, Pentech Ventures
2011	Seed	Undisclosed (estimated ~2.0)	Fabrice Grind
2011	Series B	4.0	Pentech Ventures
2013	Series C	11.0	Comcast Ventures, Scottish Investment Bank, Bullpen Capital, Pentech Ventures, Piton Capital
2014	Series D	70	Karlani Capital, Scottish Investment Bank, Bullpen Capital, Pentech Ventures, Comcast Ventures, KKR, NBC Sports Ventures, Shamrock Capital Advisors
2015	Series E	275.0	KKR, Google Capital, Time Warner Investments, Turner Sports, Shamrock Capital, NBC Sports Ventures, Comcast Ventures, Bullpen Capital, Pentech Ventures, Piton Capital

Source: Company releases and press reports

⁴⁶ http://www.nytimes.com/2015/07/27/sports/fantasy-sports-website-draftkings-adds-dollar300-million-in-new-investment.html?_r=0

⁴⁷ <http://www.legalsportsreport.com/dfs-investment-and-acquisition-tracker/>

2. Industry Overview

Table 5: DraftKings Capital Raisings

Date	Type	Amount (US\$ million)	Investors
2012	Seed	1.4	Jordan Mendell, Atlas Venture
2013	Series A	7.0	BDS Venture Fund, Jordan Mendell, Atlas Venture
2013	Seed	3.0	Undisclosed
2013	Series B	24.0	BDS Venture Fund, Jordan Mendell, Redpoint Ventures, GGV Capital, Atlas Venture
2014	Series C	41.0	Atlas Venture, GGV Capital, Repoint Venture, The Raine Group
2015	Series D	300.0	Major League Baseball, National Hockey League, Madison Square Garden Company, Kraft Group, Raine Group

Source: Company releases and press reports

In addition to capital raisings by FanDuel and DraftKings, other DFS companies have also undertaken capital raisings, although on a much smaller scale. Some of these capital raisings are summarised in Table 6.

Table 6: Other DFS Companies Capital Raisings

Company	Date	Type	Amount (US\$ millions)	Investors
AlphaDraft	2015	Seed	5.0	Undisclosed
Draft	2014	Seed	2.1	Undisclosed
	2015	Series A	3.5	Led by Upfront Ventures
DraftOps	2015	Angel	7.0	Undisclosed
Sportslock	2015	Series A	5.0	Wicklow Capital
Vulcun	2015	Series A	12.0	Led by Sequoia

Source: Company releases and press reports

DFS in Australia

Around 650,000 Australians are estimated to participate in free fantasy sports,⁴⁸ with a number of competitions provided by sporting and media organisations, such as the *Supercoach*⁴⁹ and *Ultimate League*⁵⁰ competitions which are free to enter but which do offer prizes. DFS is a nascent industry in Australia, however, some DFS services have recently been launched. For example, Moneyball was launched in February 2015 and is reported to be affiliated with Fairfax Media. The site offers daily and weekly NRL, AFL, EPL, NFL, RWC and NBA competitions, and by May 2015 was reported to have 1,200 users, with a target of 30,000 by the end of the sporting seasons.⁵¹ Another company, FantasyKing, was reported to have launched a DFS service in October 2015.⁵²

⁴⁸ <http://www.smh.com.au/nsw/the-flight-of-fantasy-sports-as-gambling-joins-in-20150418-1mnt6m.html>

⁴⁹ Supercoach is a competition managed by the Australian Football League (AFL) and News Corporation

⁵⁰ Ultimate League is a competition managed by the National Rugby League (NRL) and Fairfax Media

⁵¹ <http://www.smh.com.au/nsw/the-flight-of-fantasy-sports-as-gambling-joins-in-20150418-1mnt6m.html>

⁵² <http://www.startupdaily.net/2015/10/melbourne-daily-fantasy-sports-startup-fantasyking-wants-to-be-the-fanduel-of-the-asian-market/>

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Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in TopBetta and no interest in the outcome of the capital raising. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the capital raising. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan does not hold a dealer's license or Financial Services License.

Conclusion

As a participant in online sports wagering and the developing market of fantasy wagering, TopBetta is involved in two rapidly growing markets. As a corporate bookmaker, TopBetta participates in the Australian online sports wagering market. Offering an online sports wagering service is permissible in Australia, as long as the service provider is licensed. Service providers are licensed in each state and territory, although in most jurisdictions licensing is limited to the local TAB and on-course bookmakers. Corporate bookmakers (non-TABs and non on-course bookmakers) are licensed primarily in either the NT or Norfolk Island (or both), which are the two leading Australian jurisdictions that offer sports bookmaker licences to corporate bookmakers.

The overall sports wagering market in Australia is valued at \$23.4 billion in total turnover in 2013-14, and has grown at a CAGR of 3.7% over the past 25 years.⁵³ However, whilst growth in racing turnover has been relatively low (CAGR of 1.7%), turnover in other sports betting has increased at a CAGR of 23.2% over this period, reflecting greater consumer interest in other sports betting and the wider range of sports betting services provided. Sports wagering over the internet has grown significantly in recent years, as the internet has taken share from other channels for wagering, such as physical premises. By 2011, the internet was estimated to account for 30% of all sports wagering expenditure in Australia, and had grown at a CAGR of 31% from 2007 to 2011.⁵⁴ By 2013, 40% of sports wagering is estimated to have occurred online.⁵⁵

The growth in online sports wagering is being stimulated by a number of factors, including increased levels of internet access; improved internet infrastructure; greater confidence in the security of the internet for transacting; rapid growth in usage of internet-connected mobile devices; and product innovation by wagering service providers. The Australian online sports wagering market is regarded as particularly attractive, and there have been a significant number of corporate transactions in recent years, primarily by multinational corporate bookmakers seeking a presence in the Australian online sports wagering market.

⁵³ Australian Gambling Statistics, 2013-14

⁵⁴ Australian Wagering Council, Online Wagering and Gaming in the Digital Economy, 2014

⁵⁵ Data given by the AWC to the Joint Select Committee on Gambling Reform, 2013, quoted in fifth report - The advertising and promotion of gambling services in sport, June 2013

2. Industry Overview

In addition to its participation in online sports wagering, TopBetta also operates a fantasy wagering service. Whilst not identical, this offering is similar in concept to the DFS offering that is growing rapidly in the USA. DFS is an analogous service to fantasy wagering, and the DFS market in the USA therefore provides a point of comparison with TopBetta's fantasy wagering service. In the USA, DFS benefits from an exemption recognised by the UIGEA which permits pay for play contests that comprise skill, and most US states have interpreted DFS as a game of skill, allowing it to be offered currently in most US states. Over the past couple of years, participation in DFS has increased at a rapid rate, and entry fees being paid to participate in DFS competitions are increasing rapidly to reach well over \$3,000 million in 2015.⁵⁶ The two leading DFS organisers in the USA, FanDuel and FantasyKings, are seeing rapid growth in both entry fees and revenue, and both have raised significant amounts of capital in recent years. Much of this capital is being deployed to marketing investments, which is further driving the DFS user base.

Based on the rapid growth experienced in the US market, Frost & Sullivan anticipates that there is likely to be significant demand in Australia for TopBetta's fantasy wagering service. The fantasy wagering market in Australia is still largely nascent, however some organisations are now starting to promote DFS services.

Yours Sincerely



Mark Dougan
Managing Director, Australia & New Zealand

⁵⁶ Company websites, accessed October 2015

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3.

About
the Group

3. About the Group

3.1 Introduction

TopBetta Holdings Limited (the “**Company**” or “**TopBetta**”), through its wholly-owned subsidiaries, is licensed to conduct race wagering and sports betting, under the *Bookmakers and Betting Exchange Act 1998 (Norfolk Island)*.

The Company has built proprietary technology platforms that combine an online racing and sports wagering offering with a fantasy wagering platform and enables sports fans to compete against each other via online tournaments (“**TopBetta Platform**”).

In addition to the TopBetta Platform, the Group also has other technology platforms including the TopTipppa Platform and the 12Follow Platform (“**Platforms**”).

The Platforms provide third party website engagement tools for their audience and the opportunity to turn their traffic into a database for TopBetta. This database can then be monetised through a strategic sales funnel.

Once the database is captured and the customer has experienced one or some of the products, TopBetta sets out to monetise these customers with premium/subscription content, tournaments and wagering.

The Group’s revenue has grown from \$110,000 generated in the first quarter of FY2015 to \$350,000 in the fourth quarter of FY2015.

The Company believes that this growth can be attributed to the release of key products such as the premium content model, some marketing spend in the second quarter of FY2015 and the focus on improving the user experience on the wagering platform.

3.2 Company history

The Company was established in 2013 as the holding company for a group of companies and businesses.

TopBetta Holdings (formerly OM Group Holdings) was formed to bring together 12Follow Pty Ltd, TopBetta Pty Ltd and Operis Momentus Pty Ltd in July 2013.

12Follow was established in 2009 and at the time, was the first service in Australia for following runners using mobile phone SMS notification service. The business later expanded to provide racing information using this same delivery and subscription model through premium SMS (PSMS).

TopBetta OpCo (formerly BettaSports Pty Ltd) was formed in 2008 developing a concept of fantasy wagering across racing and sports. Building a proprietary platform for engaging customers it then distributed bets placed on its site to other providers.

Operis Momentus was established in 2011 to allow further investment in 12Follow and TopBetta OpCo, which would allow for the development of the platforms with the intention to give the opportunity for global scalability for both 12Follow and TopBetta OpCo. It was also envisaged that the development of a wagering platform that could host its own customers wagers could also be established.

To form the current Group, Operis Momentus acquired all the issued share capital of 12Follow and TopBetta OpCo under a share exchange in July 2013 respectively and the Company subsequently acquired all the issued share capital of Operis Momentus in July 2013 also under a share for share exchange.

In September 2012, OMIP Pty Ltd and OM Apps Pty Ltd were formed to hold the intellectual property associated with the TopBetta business and to act as the developer of software relating to the business of the Company respectively. Please see Section 10.4 for further details of the Group structure.

3. About the Group

3.3 Key strengths

The Company believes that its key strengths include, among others, the following:

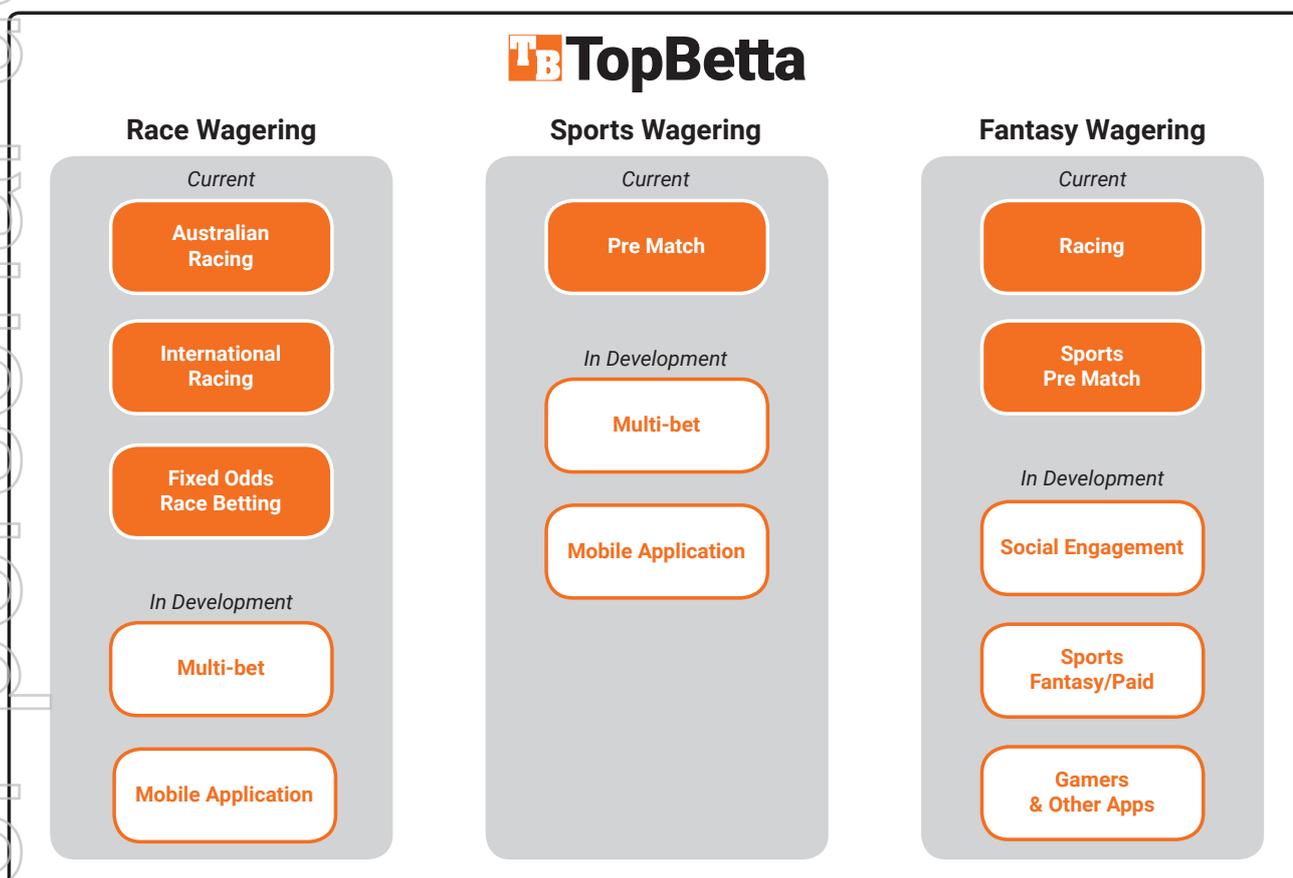
Complementary wagering and fantasy wagering offering

TopBeta believes that it is the first operator in the Australian market to combine a standard wagering platform with a fantasy wagering platform, including the capability of “fantasy wagering” tournaments, and a mobile content platform. TopBeta is also the only ASX exposure to the fantasy wagering industry, and is the only ASX listed player operating purely in the Australian online wagering market.

The Company has a number of customer acquisition applications, and it uses third party marketing solutions to acquire and retain its customers. Once these customers are acquired, Management believes the combination of service offerings (content, wagering, and fantasy wagering) offers greater opportunity to monetise and engage the customer.

Further products are being developed in wagering and fantasy wagering with the aim of further monetisation as shown in Figure 1 below: multi-bets and mobile applications for sports and racing wagering, additional social engagement, extensions to electronic gaming and additional arenas for fantasy wagering.

Figure 1: Diagram of TopBeta’s products which are currently available and in development



Proprietary technology platform

The Group has developed a highly scalable proprietary platform that can be integrated into Partner and Affiliate websites and is scalable into national and international markets. See section 3.9.

Content marketing strategy

TopBeta's strategy includes partnering with certain media organisations and sports websites to enable the Group to expand its customer base and also provide further content to its customers. Management believes that this strategy will increase the revenues across the three key areas of the business.

3. About the Group

Positioned for growth

The Company believes its strength lies in the services and supporting technology that the Company has developed to build and monetise a database of customers by combining the wagering, fantasy wagering and premium content industries.

Management believe that the Company is well positioned for growth by taking advantage of the relatively undeveloped fantasy wagering market in Australia, cross platform marketing, Partnerships and Affiliation deals, further product enhancement and expanded marketing budget.

This base and positioning for growth creates an opportunity to take market share in a heavily consolidated industry.

High quality Board and Management

The Company's Board is currently comprised of the following directors:

- Nicholas Chan, Independent Chairman and Non-Executive Director, is a former Group COO of Seven West Media and a former CEO of Pacific Magazines.
- Managing Director, CEO and founder Todd Buckingham, with more than 15 years' experience working in the sports and wagering industries.
- Matthew Cain, Independent Non-Executive Director, is a current committee member of the Melbourne Racing Club.
- Simon Dulhunty, Independent Non-Executive Director, is a former editor of The Sun Herald and General Manager (Group Mobile Development) at Fairfax Media.

3.4 Development of the Company's business model

Business model

The Company's business model has a B2B offering which provides its platforms to other websites and a B2C model to generate revenues for the Company and the Partner on the B2B channels.

The business model has three main objectives:

- acquisition of clients;
- retention of clients; and
- generating increased revenue from clients.

Management recognises the competitive nature of the online wagering industry and will therefore focus on B2B as part of its customer acquisition strategy.

This strategy allows for third party platforms to turn traffic on their site into a database by providing tools that engage an audience such as the opportunity to enter free tipping competitions, trial services for free, or enter free tournaments for the chance to win prizes.

When a customer from a partner website trials one of the free services or products, TopBetta then has the ability to market the services conducted by TopBetta to these customers.

TopTippa has been established as a partner integration tipping competition and is used by a number of Fairfax media regional newspaper websites to conduct their tipping competitions.

The TopTippa website is injected into the Partners site using an iFrame or API which allows for branding similar to a white-label version of the software. An Application-Programming Interface (API) is a set of instructions and standards for accessing a web-based application or tool, which allows third party websites to integrate and enable the functionality of a web-based application or tool (for example, many real estate websites integrate Google Maps functionality through the Google Maps API published by Google). An inline frame (iFrame) allows a page from one website to be displayed inside a page on another website and is often used to insert content from another source.

3. About the Group

Figure 2: Screenshots taken from the current Newcastle Herald TopTippa competition, which runs on their site and has in excess of 2000 users.



The 12Follow website and the TopTippa website allow for existing high traffic sites and products to monetise using the Platforms.

Revenue streams

TopBetta has three main revenue streams: fantasy wagering, wagering, and content.

Fantasy Wagering

TopBetta offers fantasy wagering with revenue generated from entry fees that are charged when a customer enters a tournament. TopBetta customers “buy-in” to the tournament, and each buy-in increases the prize pool. Clients also pay an entry fee of 10% to 25% of the buy-in depending on the nature of the tournament, which is TopBetta revenue. The price point for tournaments ranges from free-entry tournaments up to major tournaments with \$1,000 buy-ins.

Wagering

TopBetta’s wagering offering covers both sports and racing wagering. The revenue generated from traditional wagering is calculated by the amount of bets placed (“Wagering Turnover”) less bet wins. In the period of H2 FY2015, the Company’s margin on wagering was approximately 8% of the total value of wagers placed on the site. Currently TopBetta does not offer multi-bets. However, the Company is in the process of developing these services, and management believes that these will increase its revenue and margins.

Content services

Content services allow customers to access information, such as tips on horses running in upcoming races. TopBetta charges a subscription fee for these services, with prices ranging from \$10 to \$99 per week.

Target customers

TopBetta’s target market is the sports fan that likes to engage in sports and racing beyond just watching.

While the Company’s initial focus will be to advance the business throughout Australia, the Board will also continue to explore and develop the opportunities globally.

3. About the Group

3.5 Product offering

The Company believes that it is the first operator in the Australian market to combine an online sports betting platform with fantasy wagering and an associated digital content platform.

TopBetta has developed these three highly complementary components of the business in order to provide comprehensive and engaging online racing and sports experience.

Management believe that the synergies across these three core product offerings drive high levels of customer engagement, customer retention and low cost of customer acquisition.

Fantasy wagering tournaments allow the sports fan to invest a small amount of money and afford them the chance to win large pools of funds bet by other participants similar to themselves. TopBetta tournaments involve fans and punters competing against each other rather than against the traditional bookmaker.

The TopBetta fantasy wagering platform has won eGaming review's Social Gaming Operator of the year for 2014 and 2015 on the back of its engaging platform allowing racing and sports fans to compete against each other in tournaments across real racing and sporting events.

Figure 3: TopBetta's core lines of business

Content

Form Analysts and professional punters partner with 12Follow to provide an overview pre and post on Australian racing and sports and provide this content to racing and sport enthusiasts for free.

Online Wagering

TopBetta's proprietary built software allows users the ability to place traditional wagers on sports and racing products.



Online Tournaments

TopBetta tournaments are used to engage the user across race day and sports events. They allow users to compete and engage with each other rather than the bookmaker.

Premium Content

12Follow is a premium content platform where users to subscribe to receive premium content from more than 20 products priced between \$5 and \$99/week.

Tournaments

TopBetta launched its fantasy wagering platform on a full scale basis in early October 2015 and Management believe that fantasy wagering will be a rapidly-growing industry. The TopBetta offering facilitates fantasy wagering on real racing and sports events with the experience focused on social engagement as opposed to pure betting.

In a typical TopBetta fantasy wagering tournament, punters are given a set amount of fantasy dollars with various "buy-in" options, to bet with across real racing and sports events globally.

Punters bet their fantasy dollars on traditional betting options such as head to head, first point scorers, margin betting and more. Whoever can turn their fantasy dollars into the most by the end of the tournament's events wins the tournament, with the "buy-in" going into the prize pool. Tournament buy-ins can range in price from \$1 per player to more than \$1,000 per player. Punters also pay an entry fee which is generally between 10-25% of the buy-in depending on the nature of the tournament and this represents the Company's revenue.

TopBetta's tournaments can be customised to any sport or racing event, and can be single event or combined (e.g. a single NRL match, the completed round, or the whole season).

TopBetta tournaments drive social engagement on its platform through features such as chat rooms, sledge boxes, score boards and player achievements.

3. About the Group

Wagering

TopBetta has developed a customizable online wagering platform that learns from the customers betting history providing a highly personalised experience.

TopBetta's proprietary technology includes risk management systems, odds management, content delivery and consumer facing platforms.

The platform currently offers clients fixed odds, best tote and starting price odds, and is being expanded to offer multi-bets and quadrellas which are expected to make TopBetta highly competitive in the market place.

Other recent upgrades include new sports layout with easy access to all betting options, responsive design which customises to the device and socket technology to deliver real-time odds with minimal load on server and device.

TopBetta wagering customers generated over \$75,000 on average per month for the period from January to June 2015.

Content (including premium content)

TopBetta's premium content channel provides users with a range of more than 20 separate products, using the platform on 12follow.com.au to subscribe to and deliver the content.

Content includes commentary and suggested tips from professional wagering analysts as well as electronic notification of favourite runners.

Free trial products are used to engage and capture the sport and racing fan, enabling the platform to customise the user experience and deliver a seamless transition from free trial to paid content.

Multiple payment options including direct carrier billing (DCB) enabling "one-click" purchases across the products, as well as credit card, PayPal, bank and POLi payments. Products range in price from \$5/week to \$99/week.

The content division is growing rapidly with over 1,000 active users and current revenues circa \$35,000 per month for the period from January to June 2015.

Figure 4: Screenshots of selected content related web pages taken from TopBetta's website and the Punters Show website.



3.6 Growth strategy

With only a minimal marketing budget, TopBetta has achieved growth in both users and net revenue since inception. Management believes that the integration of its online wagering, fantasy wagering tournaments and sports and racing content positions the Company well for continued growth in market share. TopBetta will utilise the proceeds of the Offer to pursue growth through the four primary initiatives identified below.

Expansion of wagering products

TopBetta is in the process of broadening its wagering product offering, adding fixed odds, multi-bets, quadrellas etc. in order to better compete with the major wagering operators.

3. About the Group

Cross platform marketing

With the launch of the fantasy wagering offering, TopBetta can now utilise its multi-product offering to cross promote, passively acquire customers and drive customer engagement, retention and revenue per user.

Increased sales and marketing spend

The Company will implement various marketing strategies around the 2016 Autumn Racing Carnival as well as the launch of new products for the start of the 2016 NRL and AFL seasons. Through trial marketing activities, Management believe these strategies will increase the customer base and engagement across its platforms.

Partnership and affiliate deals

The tournaments platform can be licensed to Partners and Affiliates, through API or iFrame integration. TopBetta is currently exploring multiple licensing deals on a revenue share basis with domestic and international groups.

3.7 Partner profile

There are two types of partners for the Group. Firstly the B2B partners such as Fairfax Media as well as professional tipsters who are able to utilise the technology platform to engage and monetise their own audience. The B2B partner profile will include high traffic websites as well as high profile content providers and companies that are looking to engage and monetise users on their websites. Management will also target partners who are looking for increased engagement across their sports and racing viewing.

3.8 Relationships with racing and sporting controlling bodies

TopBetta has agreements with some of the sporting and racing controlling bodies to use information about their events. TopBetta relies on these agreements to publish information about the events, in some cases, to take and pay wagers, and to use logos and trademarks in connection with product offerings.

- TopBetta has approval from most of the major racing bodies and sporting codes within Australia, including:
 - Racing NSW;
 - Racing Victoria;
 - Racing Queensland;
 - Tasracing;
 - Canberra Racing Club;
 - Football Federation Australia;
 - The AFL;
 - The NRL;
 - Australian Rugby Union;
 - Greyhound Racing Victoria;
 - Greyhound Racing NSW;
 - Greyhound Racing SA;
 - Harness Racing NSW;
 - Harness Racing SA; and
 - Thoroughbred Racing SA.

3. About the Group

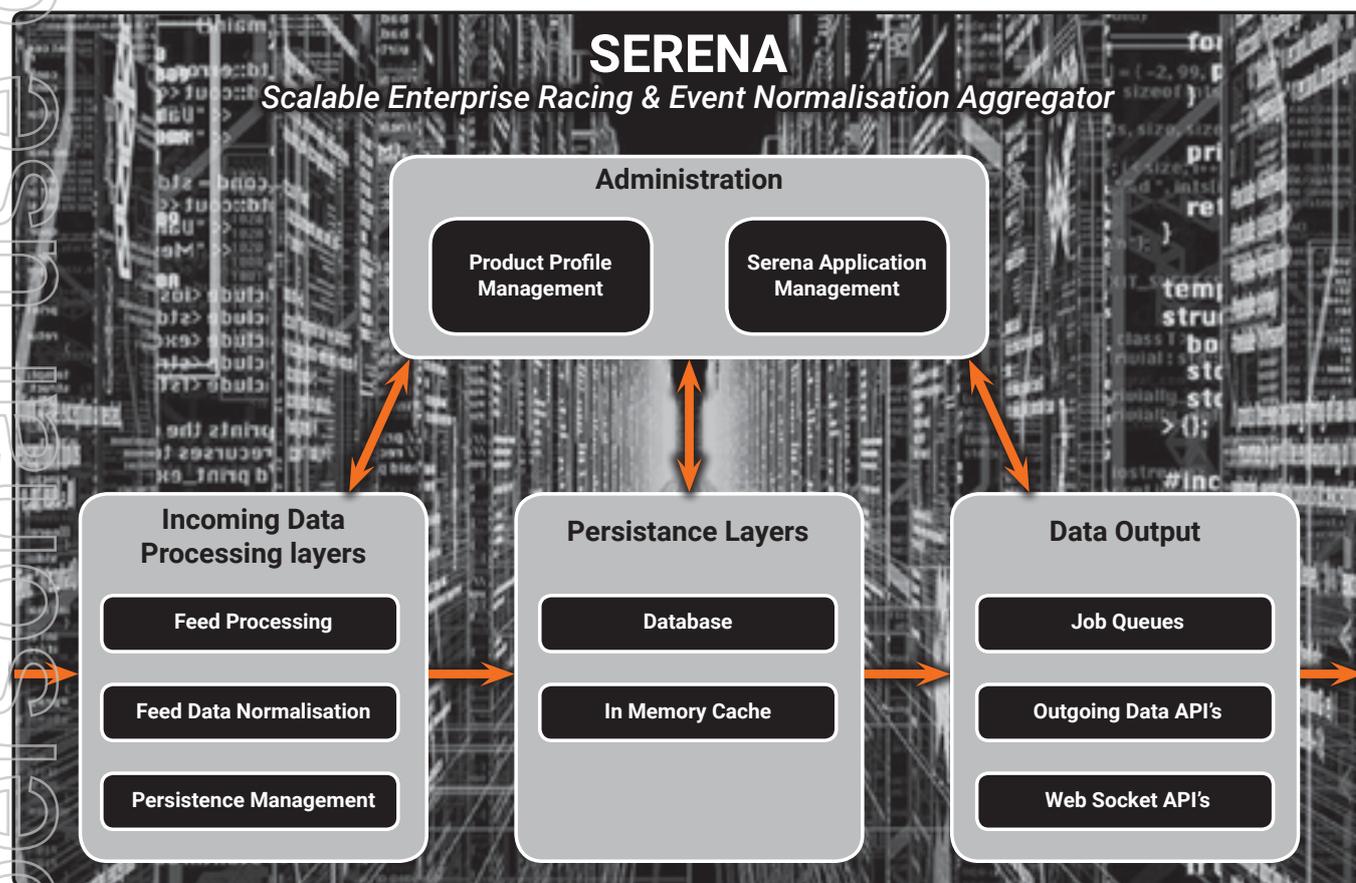
3.9 Proprietary technology platform

Of the \$6.0M of equity investment in TopBetta to date, a large proportion has been utilised for software and platform development. The Group's current software has been in development since the TopBetta business was founded.

The Group has developed an integrated and highly scalable platform with personalised features to enhance customer engagement.

TopBetta's responsive design customises the presentation of the user interface to the device. The presentation is then kept up to date in near-real-time via socket technology which gives a vastly superior user experience (updates without having to refresh the browser) and minimising the loads on the Company's (leased) servers.

Figure 5: High level operational overview of SERENA



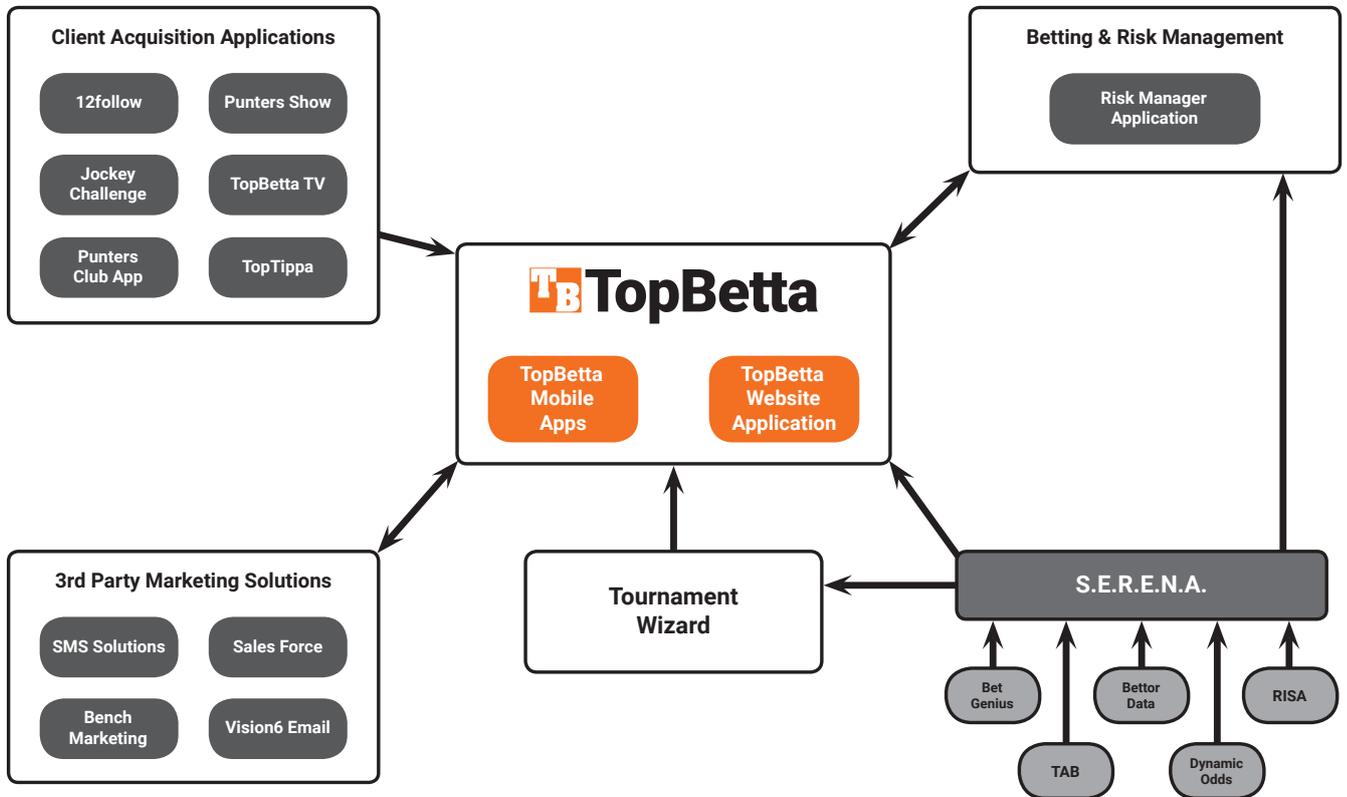
The Group offers a combination of wagering, fantasy wagering and content services by using a technology stack to accept data from multiple, disparate, and real-time sources. The Company then normalises the data (through the operation of SERENA which is outlined in the diagram Figure 5 above), builds wagering and fantasy wagering products from the data, and presents these to its customers through its web and mobile-web interfaces. As wagering takes place, the Company monitors its exposure to losses via its proprietary risk management system.

The technology platform is designed such that it can seamlessly integrate with Partners' and Affiliates' websites, such that the Group's content, wagering and fantasy wagering products can be directly embedded into third parties' websites with minimal effort. (see left side of Figure 6).

The Group's software is designed to quickly extend the Group's reach to new customer databases (through third parties including Partners and Affiliates) without major marketing outlay or technical-development. Equally, the flexible design of the Group's data-normalisation engine, SERENA, and risk management system (see the right side of Figure 6) is aimed at broadening the range of events/sports that the Group can include in its services to new customers.

3. About the Group

Figure 6: Overview of TopBetta's software and technology platforms



3.10 Financing

Historically the Company has been funded by debt, convertible notes, and increasingly, by issuance of equity. The Company expects that the current raising will provide sufficient capital to fund the Company until at least June 2017.

3.11 Employees

The Company currently has 18 full time staff comprising:

- 4 business/administration employees
- 6 information technology development employees
- 8 operations employees

3. About the Group

3.12 Regulatory information

Norfolk Island licensing regime

Norfolk Island, an external territory of the Commonwealth of Australia, has a licensing regime under which licences may be granted to online wagering operators. Currently, two entities within the Group hold bookmaker and betting exchange licences granted by the regulator, the Norfolk Island Gaming Authority ("**Authority**"). These entities are TopBetta OpCo and Operis Momentus ("**Licence Holders**"). It is through the business operations and management of these wholly-owned subsidiary Licence Holders that the Company provides its fantasy wagering platform and more traditional betting services, to customers.

In May 2015, the Australian Commonwealth Government passed legislation (the *Norfolk Island Amending Act 2015* (Cth) ("**Amending Act**")) to implement numerous changes to the legal regime applying to Norfolk Island, including that Norfolk Island would no longer be able to self-govern. The Amending Act contemplated that these changes would come into effect on or before 1 July 2016. Indeed, some of the changes came into effect on 1 July 2015.

The Amending Act preserves certain existing Norfolk Island legislation and wholly replaces others with the Federal laws of Australia and the State laws of New South Wales. However, it is unclear whether the Norfolk Island legislation under which bookmaker and betting exchange licences have been granted to various betting operators, including TopBetta OpCo and Operis Momentus, will be preserved by the Amending Act or replaced with the applicable New South Wales legislation.

In these circumstances, the Company is monitoring the regulatory position in Norfolk Island on an ongoing basis and has been informed by a senior representative of the Authority that they are optimistic of the continuation of the current licensing regime applicable to the bookmaker and betting exchange licences granted to TopBetta OpCo and Operis Momentus after 1 July 2016.

Northern Territory

As result of the uncertainty relating to the continuity of the Norfolk Island licensing regime, TopBetta has taken steps to apply for a sports bookmaker's licence, for TopBetta OpCo, from the Northern Territory Racing Commission ("**NTRC**") under the *Racing and Betting Act 1983* (Northern Territory).

The requirements that apply to companies that conduct businesses as sports bookmakers licensed by the NTRC are broadly consistent with the requirements applicable currently to TopBetta OpCo and Operis Momentus as licensees under the Norfolk Island regime. However, additional requirements that may apply to TopBetta OpCo include requirements that:

- a) if TopBetta OpCo has a call centre, this call centre must be located in the Northern Territory;
- b) TopBetta OpCo's principal place of business must be located in the Northern Territory; and
- c) TopBetta OpCo must appoint a "nominee" who must be resident in the Northern Territory.

TopBetta OpCo is taking steps actively to ensure the continuity of its wagering business up to and following 1 July 2016.

3.13 Cyber-security systems

Management believe the Company has taken an effective approach to potential cyber security threats. The Company seeks to protect its infrastructure, software and the Company's and its clients' data from such threats by implementing various cyber security technologies including, content delivery networks, advanced distributed denial of service (DDOS) protection, firewalls and web application firewalls, SSL encryption for network communications and virtual private networks for administrative access.

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4. Risk Factors



4. Risk Factors

4.1 Introduction

Any investment in shares is subject to a number of risks. This Section outlines some of the key risks attaching to an investment in TopBetta.

Prior to considering an investment in TopBetta, prospective investors should carefully consider the risk factors associated with an investment in TopBetta, together with all the information in this document and, in particular, the risks factors described below. The following risk factors do not purport to be a complete list or explanation of all the risk factors involved in investing in TopBetta, and additional risks and uncertainties relating to TopBetta that are not known to the Company, or that the Directors consider currently to be immaterial, may also have an adverse effect on TopBetta's business, financial condition and/or results of operations.

Potential investors should consider publicly available information on TopBetta, carefully consider whether this investment is suitable for them and consider the potential investment in light of their personal circumstances and consult their professional advisers before making an investment decision.

4.2 Risks specific to an investment in the Company

Breach of, or failure to meet, conditions of bookmaker and betting exchange licence

There are a number of strict licence conditions which apply to each of the bookmaker and betting exchange licences held by the Company's subsidiaries, TopBetta OpCo and Operis Momentum (the **Licence Holders**). These licence conditions include for example, the requirement for the Licence Holder to implement responsible gambling measures and the requirement to notify and seek prior written approval from the Authority in respect of certain matters. Similar licence conditions will also apply in respect of any sports bookmaker's licence, if such a licence is granted to TopBetta OpCo by the NTRC. If either of the Licence Holders fail to meet these licence conditions or are found to be in breach of any of these licence conditions, there is a risk that the licence(s) granted will be suspended or revoked/cancelled which will have a material adverse impact on the Company's ability to provide its products and services.

Termination, suspension and cancellation of licences

In certain situations, including if TopBetta were to fail to meet the terms and conditions of its gambling licences or other compliance requirements set out in the various racing approvals or sports product fee and integrity agreements, there is a risk that the licences and authorisations that have been granted to TopBetta may be suspended, terminated or cancelled.

As at the date of this document, TopBetta has not been advised of the existence of any circumstance which is likely to give rise to the termination, suspension or cancellation of any of those licences. The suspension, cancellation or termination of any of the key licences or authorisations held by TopBetta may result in a loss of revenue and profit for TopBetta, which would be likely to adversely affect TopBetta's financial performance.

However, there is a risk in the uncertainty faced by TopBetta in respect of its Norfolk Island licence, in particular, that the licence granted by the Authority may be deemed to be ineffective as a result of the Amending Act coming into full effect. While this risk may be mitigated by the fact that TopBetta, through TopBetta OpCo, is in the process currently of obtaining a licence from the NTRC, there is a risk that TopBetta's application for a Northern Territory licence is rejected or granted subject to conditions which have an adverse effect on TopBetta's business operations.

TopBetta tournaments and products

There is a risk that the fantasy wagering tournaments (which TopBetta offers currently), even when conducted under an Australian wagering licence, may be considered by the relevant Australian regulators to not be a wagering service, but more a service in the nature of an interactive gambling service. This may constitute a risk that TopBetta will be in breach of the Federal legislation, the *Interactive Gambling Act 2001* (Cth) ("**IGA**") and corresponding State/Territory gambling legislation.

If the fantasy wagering service is determined to be an interactive gambling service and TopBetta is found to be in breach of the IGA by providing an illegal interactive gambling service, this is a criminal offence and there is a risk that a maximum penalty of up to \$1.8 million, per offence, per day, will be applied. Under State/Territory legislation, the maximum penalties vary depending on the State/Territory, although they are generally less than at the Federal level.

If TopBetta is found to be in breach of the IGA (or corresponding State/Territory laws) and if a penalty is imposed on TopBetta, there is a risk that this will restrict significantly TopBetta's ability to provide its fantasy wagering services to customers and materially and adversely impact TopBetta's operations and financial position.

4. Risk Factors

Race field and sports product fees

Under the laws of all States and Territories (except for the Northern Territory and Norfolk Island), it is an offence to use “race fields information” (generally information relating to racing events held in that jurisdiction) without having approval granted by the relevant racing controlling body in that State/Territory. Accordingly, each of the relevant racing controlling bodies (or corresponding State authority) has implemented race field approval arrangements which require wagering operators to pay product fees for use of that racing controlling body’s race field information and which require the Company to comply with other obligations under those arrangements, for example, reporting obligations and responsible gambling obligations.

In addition, legislation is in place (or is being proposed) in various States and Territories to enable the imposition by sports controlling bodies of product fees (payable by wagering operators) for the use of the relevant sport fixture information in relation to the conduct of betting on the relevant sporting events. In particular, under Victorian law, a wagering operator must not take bets on a sporting event in Victoria unless they have a product fee and integrity agreement in place with the relevant sports controlling body. In 2014, similar legislation was introduced into NSW. However, this legislation has not yet commenced.

TopBetta has agreements with some of the major Australian sporting bodies relating to events taking place Australia-wide. Under these agreements, TopBetta is required to pay a product fee to the relevant sporting controlling body, which, unlike the race field fee levied by most racing controlling bodies, is based in almost all sports, on “gross revenue” (turnover minus winnings paid to customers).

The level of product fees payable in respect of both sporting events and racing events has increased on a regular basis since their introduction and there is a risk that the product fees will continue to increase. Further, some racing and sporting bodies have introduced complex new fee rates and models, which have had the effect of increasing expenses of the wagering business and which have an adverse effect on the operational and financial performance of TopBetta. There is risk that the racing/sporting controlling bodies will continue to amend/change their models for calculating the relevant product fees, increase the relevant product fees payable and/or consider that TopBetta has not paid the correct fees due under these product fee arrangements.

There is also a risk that the application of the sports product fee and integrity agreements (and therefore the obligation to pay a product fee) will be expanded to apply to sporting events taking place outside of Australia on overseas events. This may have an adverse effect on the operational and financial performance of TopBetta.

The Group relies on its agreements with sports and racing controlling bodies

The Group has entered into various product fee and integrity agreements with sports controlling bodies, under which the Group is entitled to conduct sports betting in relation to events and competitions operated by those sporting controlling bodies, in return for payment of product fees in accordance with the terms of those agreements. See Section 9. Under some of these sporting agreements, the sports controlling body has the discretion to determine the types of bets the Group is permitted to take. A removal of one or more types of bets the Group is permitted to take under these arrangements may materially adversely affect the Group’s financial position.

Similarly, the Group has in place various approvals and authorities granted by racing controlling bodies which permits the Group to publish and/or use the relevant race fields information associated with those racing controlling bodies in return for the payment of a race field fee. Under these approvals/authorities, the Group is required to comply with certain applicable terms and conditions, as well as the relevant provisions, rules and regulations relating to racing, provided under the relevant State/Territory laws. Under these approvals/authorities and State/Territory legislation, the racing controlling bodies have the discretion to determine the types of bets the Group is permitted to take. A removal of one or more of these bet types may materially adversely affect the Group’s business operations and financial position.

Content transmission arrangements

Various entities holds rights to broadcast various race meetings and other sporting events held throughout Australia and internationally. If, for any reason, TopBetta were unable to successfully negotiate any of its key broadcast arrangements or to renegotiate them on reasonable commercial terms, then this would be likely to impact the operational and financial performance of TopBetta’s racing and sports wagering businesses.

Access to data

TopBetta has arrangements in place in order to obtain the data and information upon which TopBetta sets the odds that are offered in the provision of the TopBetta fantasy wagering tournaments, as well as the provision of more traditional wagering products. The access to the data is essential in the provision of the TopBetta products. In the event that any of the arrangements are terminated for any reason, this may limit TopBetta’s ability to conduct business and therefore have a material adverse effect on the operational and financial performance of TopBetta.

4. Risk Factors

Action of competitors

Fantasy wagering, more traditional forms of betting and wagering and other gambling activities compete with other products and activities for consumers' discretionary expenditure and, in particular, with other forms of leisure and entertainment including cinema, restaurants, sporting events, the internet and pay television.

TopBetta's products currently compete with Australian licensed bookmakers (both on-course and corporate bookmakers) and other international wagering and gambling operators who accept bets over the telephone or internet (such as totalisators, corporate bookmakers and betting exchanges). The internet and other forms of distribution have, and will continue to enable competitors to enter TopBetta's various markets. There is a risk that competitors with substantially greater resources could launch competing products to those offered by the Group and take market share away from the Group.

Limited trading history

The Company has limited trading history and has incurred losses since its inception. Accordingly, potential investors should take into consideration risks associated with the Company still being at growth stage. It may be difficult for potential investors to make an evaluation of the Company's business or prospects, given its limited trading history.

Employee issues

TopBetta, like most businesses, is reliant upon a number of key senior personnel and the loss of such personnel may have an impact on the performance of TopBetta. TopBetta's business depends on its ability to attract and retain appropriately qualified and skilled management and staff. At various times it may be difficult for the Group to hire and retain key personnel and this may have an adverse effect on the Company's business.

Breach of shareholding restrictions

There are a number of potential restrictions on shareholders in TopBetta, which arise under legislation, licences or due to the requirements of various regulatory authorities. Under various State and Territory legislation and the licences held by the Licence Holders, there are general provisions in relation to approvals that are required before a person can become an "associate" of TopBetta. A person will be an "associate" of TopBetta where inter alia that person has an interest in the capital of TopBetta and, by virtue of that shareholding, is able to exercise a significant influence over the management or operation of the TopBetta business.

Various State and Territory legislation also contain provisions to the effect that, where it is considered that a person is not suitable to be associated with the gambling business of TopBetta, the relevant regulator, Authority or the Minister has the power to require TopBetta to terminate any association with the "associate" or to declare that that person dispose of the number of shares held that would need to be disposed of in order to cause that person to cease to be an "associate" of TopBetta.

Computer system risks

TopBetta by necessity places, and will continue to place, significant reliance on its computer systems and related infrastructure for ongoing operations. A prolonged failure of the computer systems and/or related infrastructure operated by TopBetta and supporting any of its products or businesses may result in a loss of revenue and profit to TopBetta and in such circumstances may have an adverse effect on the operational and financial performance of TopBetta.

Intellectual property risks and obligations

The proprietary technology that underpins TopBetta's fantasy wagering platform is one of TopBetta's most valuable assets.

The intellectual property rights in this technology and fantasy wagering platform (including any copyright in the software, source code and/or data) is key to TopBetta's competitive advantage and success to date and in the future. While TopBetta has already implemented measures to protect its intellectual property and know-how, there is a risk that TopBetta's failure or inability to protect its intellectual property rights may have a significant adverse effect on the Company's operations, financial performance and competitive advantage.

Further, there is a risk that TopBetta's operations, products and services or platform may infringe the intellectual property rights of third parties. In the event that any claim or litigation is brought against TopBetta which alleges that TopBetta has infringed another party's intellectual property rights, this could result in TopBetta being subject to significant liability for damages (among other consequences, such as losing the right to use the intellectual property). This may have an adverse effect on TopBetta's financial performance and its ability to conduct its business operations.

The Company may need additional funding and may be unable to raise capital when need

To the extent that the Company's existing capital plus the proceeds of the Offer, is insufficient to meet its requirements and cover any losses, the Company will need to raise additional funds through financings or borrowings. Failure to raise additional funds could result in the development of its business being delayed, reduced or halted.

4. Risk Factors

There is no assurance that additional funding will be available to the Company in future or be secured on acceptable terms. If adequate funding is not available, the Company may be required to significantly reduce its operations including its commercial activities and research and development programs. If adequate funds are not available, the Company's business will be materially and adversely affected.

The Group may be subject to an unfavourable court order

In July 2015, one of the Company's subsidiaries, TopBetta OpCo, received seven Court Attendance Notices issued by the New South Wales Office of Liquor, Gaming and Racing in the Local Court in Sydney. Each of these Court Attendance Notices alleges that the TopBetta OpCo committed an offence under clause 12 of the Racing Administration Regulation 2012 relating to the publication of gambling advertising on its website between 30 April 2015 to 16 May 2015. However, the promotion which appears to be the subject of the complaints is no longer being provided.

If established, each of these offences would cause TopBetta Pty Ltd to be subject to a maximum penalty of \$5,500 (per offence) and costs. The proceeding has been listed for hearing on 1 March 2016.

TopBetta racing and sports products

The TopBetta wagering business is reliant on the New South Wales, Victorian and other interstate and overseas racing and sporting controlling bodies providing a regular program of events for the purposes of wagering. A significant reduction in the number of race meetings or sporting fixtures, or the occurrence of an event which impacts adversely on the Australian racing industry or the relevant sport, or which otherwise disrupts the scheduled racing or sporting program, may have an adverse effect on wagering revenue and an adverse effect on the operational and financial performance of TopBetta.

4.3 Risks related to the industry in which the Company operates

Regulation and changes to the regulatory environment which may have commercially undesirable consequences

The activities of TopBetta are conducted in a highly regulated industry. The gambling activities that TopBetta conducts and the level of competition that it experiences, depend to a significant extent on the licences granted to TopBetta and government policy and the manner in which the relevant governments exercise their powers in relation to the Company and the gaming industry in general.

Changes in legislation, regulation or government policy may have an adverse impact on TopBetta's operational and financial performance. Uncertainty and conflict between the laws of different jurisdictions that apply to TopBetta may also have an adverse effect on the operation of TopBetta. Court decisions concerning the interpretation of legislation, regulations or government policy may also have an adverse effect on the operational and financial performance of TopBetta.

Potential changes, which could affect the value of the licences granted to TopBetta, and potentially TopBetta's operating and financial performance, include changes in federal, state and territory wagering, gaming or other gambling tax rates and levies; changes or decisions concerning race and sports product fees and the terms and conditions that apply under racing approvals and sporting agreements; changes in advertising rules; changes in the distribution of gambling products, including through particular channels; variations to arrangements with racing and sporting industry organisations in various states; the introduction of additional legislation to control money laundering; the introduction of further legislation to encourage responsible gambling and changes or decisions by government concerning wagering, or other forms of gambling.

Any cancellation, suspension, termination or non-renewal of any of the licences and permits held currently by TopBetta, would potentially result in TopBetta not generating the revenue it currently generates from its licences, which would be likely to impact adversely on TopBetta's financial performance.

Changes to the regulatory environment in any of the jurisdictions in which TopBetta operates, including an increase in race fields or sports product fees, may have an adverse effect on the operational and financial performance of TopBetta.

Moreover, the legality of certain online betting and gaming services is subject to uncertainty arising from conflicting laws in various jurisdictions.

For example, in September 2015, the Australian government announced that it would be conducting a review of Australia's gambling laws to ensure that they are effective in protecting Australians from illegal offshore wagering. While the Terms of Reference of this review are focused primarily on illegal offshore wagering, namely wagering operators who operate from outside of Australia and are not licensed in any Australian jurisdiction, there is a risk that the scope of the review may be broadened to include consideration of the provisions of Australia's gambling laws generally, thereby capturing wagering and sports betting activities conducted by Australian licensed operators. If this review by the federal government results in any proposed legislative amendments to the legal framework for online wagering and betting operators, there is a risk that this may affect the activities of TopBetta.

4. Risk Factors

Advertising obligations

Wagering operators are obliged to comply with extensive requirements in respect of the advertising of their services. These requirements are contained in:

- gambling legislation of each State/Territory (examples include the provisions of the South Australian Gambling Codes of Practice 2013, the NSW Racing Administration Act 1998 and the NSW Racing Administration Regulation 2012);
- advertising codes that apply to a particular medium, for example, the Free TV Code;
- Association of Australian National Advertisers Code which applies to all advertising aimed at Australian residents; and
- the Australian Consumer Law.

The breach of any of these advertising requirements by TopBetta may result in significant penalties being imposed.

In particular, recently, Australia's consumer law regulator, the ACCC and some gambling regulators (e.g. the NSW OLGR) have taken a stricter approach on enforcing various restrictions on the way in which a gambling operator may advertise its products and services.

If TopBetta is found by a court to be acting unlawfully in carrying out any marketing or gambling advertising, this will have a negative effect on TopBetta's operations, financial performance, and potentially may have adverse reputational consequences.

Responsible gambling obligations

In accordance with its Norfolk Island licences, TopBetta is required to have in place responsible gambling measures, for example, procedures that allow customers to set betting deposit limits or enter into self-exclusion arrangements. If TopBetta were to be granted a Northern Territory licence by the NTRC, TopBetta will be required to comply with the Northern Territory licence conditions which also places stringent responsible gambling requirements on Northern Territory licensed operators including a requirement to comply with the prescribed Northern Territory Responsible Gambling Code of Practice. Failure to comply with these obligations will result in a breach of TopBetta's licence(s) and a risk that the licence may be suspended or revoked/cancelled.

In addition to the responsible gambling obligations that exist under TopBetta's licences (or prospective licences), there are also extensive responsible gambling obligations set out in Australian Federal, State and Territory law and regulations with which TopBetta is required to comply. One example of the State regulations that apply are the restrictions that exist in the South Australian Gambling Codes of Practice 2013 and which apply to Authorised Interstate Betting Operators including TopBetta. The breach of these laws and regulations may result in not only penalties being imposed for the breach of legislation, but the possibility that, in some states, TopBetta may no longer be permitted to provide or offer its services to customers in that State or Territory.

Anti-money laundering/counter-terrorism financing risks

As a provider of a gambling service, TopBetta is deemed to be a reporting entity under Australia's *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (the **AML/CTF Act**). Accordingly, TopBetta is required to comply with a number of obligations under the AML/CTF Act including, for example, requirements to:

- develop and implement an AML/CTF program;
- conduct customer due diligence and customer identification and verification procedures; and
- report suspect matters and transactions to the Australian regulator, AUSTRAC.

Failure to adequately monitor and mitigate against money laundering and other fraudulent activities (e.g. the use of the proceeds of crime in wagering activities) or the failure by TopBetta to comply with its obligations under the AML/CTF Act may result in civil or criminal liability for TopBetta.

Increased regulation of problem/underage gambling, fraud and corruption

Recently, there has been significant publicity and criticism about the way in which wagering operators manage the issues relating to problem gambling and the prevention of underage gambling online.

Further, there has been publicity about the way in which online betting and wagering operators in particular, address fraud prevention, collusion and match-fixing-issues.

While this publicity has not been connected with TopBetta, there is a risk that this may have an adverse impact on TopBetta as an online wagering operator and the enthusiasm of the general public to utilise TopBetta services. It may also give rise to more stringent regulations. This then poses a risk that TopBetta operations and financial performance will be affected adversely. There is also a risk that TopBetta may suffer damage to its reputation or a threat to its licensed status if it is found to be inadvertently providing services to underage gamblers, problem gamblers or unsuitable players (including players which may be engaging in unusual behaviour, and may be engaged in fraudulent or corrupt conduct).

4. Risk Factors

Compliance risks

Any failure by TopBetta to meet required and prescribed compliance standards in respect of technical and system operations requirements may result in the suspension or revocation of applicable licences in addition to potential penalty fines being imposed.

Online gambling market is in a state of constant technology change

The online gambling industry is characterised by technological developments, the constant introduction of new products and services and evolving industry standards. Fantasy sports and fantasy wagering are just some examples of new products and services that have emerged. This requires the Company to ensure that it continues to develop its technological expertise and enhance its current products and services as well as continue to improve the performance, features, quality and reliability of its fantasy wagering platform and other technologies. There is a risk that this continuous improvement and enhancement will require substantial expenditure, which may have an adverse impact on the Company's business, financial condition and results of operation.

4.4 General risks

Liquidity of shares

There is currently no public market through which the Shares of the Company may be sold. On completion of the Offer, there can be no guarantee that an active market will develop or that the price of the Shares will increase. In addition, a significant portion of the issued share capital of the Company as at completion of the Offer will be subject to the escrow arrangements described in Section 8.8 and accordingly initially only a portion of the Company's share capital will be able to be traded. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares and may prevent investors from acquiring more Shares or disposing of Shares. It may also affect the prevailing market price at which the Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

Impairment

TopBetta annually assesses whether there is any indication that an intangible asset of the Company (namely, good will) may be impaired, and, where impairment exists, estimates the recoverable amount. Where the carrying value of the intangible asset exceeds its recoverable amount the asset is considered impaired and is written down to the recoverable amount. Changes in assumptions in respect of race sports product fees, competition or other risk factors, as well as other developments that are not currently apparent, may trigger an impairment and have a negative impact on the financial results of TopBetta.

Dividends

The Company can give no assurances in relation to the payment of dividends. Future determinations as to the payment of dividends by TopBetta will be at the discretion of the Directors at the time and will depend upon the availability of profits, the operating results and financial condition of TopBetta, future capital requirements, general business and financial conditions and other factors considered relevant by the Directors.

Investigations

TopBetta may in the future be subject to various regulatory investigations such as compliance investigations carried out by the Australian Taxation Office (ATO) or other Federal or State regulatory bodies and the Australian Transaction Reports and Analysis Centre (AUSTRAC). The outcome of these investigations may have an adverse effect on the financial performance of TopBetta. There is also the risk that TopBetta's good standing or reputation may be adversely affected by any such investigation regardless of the outcome.

Potential fluctuations in prices of Shares

The price at which Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price for the Shares will increase following their quotation on ASX, even if the Group's earnings increase.

The market price and demand for shares quoted on ASX could be volatile or fluctuate due to numerous factors including fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which the Group operates and general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Company specifically or the stock market more generally include financial crises, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.

4. Risk Factors

Taxation reform

Any changes to the current rate of company income tax in the markets in which the Group operates may impact Shareholder returns. Any changes to such tax laws generally or tax laws relating to the taxation of online gambling and wagering services, the way these laws are interpreted and applied, or the current rate of taxes may have an adverse effect on the Group's financial performance or results. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend imputation or franking and Shareholder returns.

Risk of Shareholder dilution

In the future, the Company may elect to issue Shares to engage in fundraisings including to fund acquisitions that the Group may decide to make or its future strategies in general. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

Exposure to general economic conditions

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside its control, including long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for the ASX and internationally listed securities. A prolonged deterioration in general economic conditions, for example a decrease in consumer and business demand which may impact the demand for the Group's gambling services and fantasy wagering services, may have a material adverse impact on the financial performance, financial position, cash flows, dividends, growth prospects and share price of the Company.

Force majeure events may occur

Events may occur within or outside Australia that may have potential impacts on the Australian economy, the operations of the Company and the price of Shares. These events include, but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's products and services and its ability to conduct business.

Litigation and disputes

TopBetta may on occasions become involved in litigation and disputes. While TopBetta will always seek to ensure that it has made appropriate provisions in respect of such potential litigation and disputes, there is a risk that the resolution of such litigation and disputes may result in those provisions being exceeded. There is also the risk that TopBetta's reputation may suffer due to public scrutiny surrounding any such litigation and disputes regardless of their outcome. There is also a risk that, where the Company does business with a third party with whom it is then in dispute, there may be an adverse effect on such business.

Speculative nature of investment

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may materially affect the financial performance of the Company and the value of the Shares offered under the Offer. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. Potential investors should therefore consider an investment in the Company as speculative and should consult their professional advisers before deciding whether to apply for Shares under the Offer.

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For

5. Key People, Interests and Benefits



5. Key People, Interests and Benefits

5.1 Board of Directors

At Listing, the Board will comprise four members, including one Executive Director and three Non-Executive Directors. The Board has a broad range of experience in sports and racing, betting and gaming operations and licensing, media, technology and financial and corporate services.

Experience and background

A biography of each of the Directors is set out in the below table:

Director	Experience
 <p>Nicholas Chan <i>Chairman and Non-Executive Director</i></p>	<p>Mr Chan has more than 30 years' experience in media. He has held senior leadership and operational roles with leading Australian media companies.</p> <p>Mr Chan was most recently Group Chief Operating Officer at Seven West Media and prior to that, CEO of Pacific Magazines, a subsidiary of Seven West Media, for 9 years.</p> <p>Mr Chan joined Pacific Magazines from Text Media, where he was CEO. He held a range of senior positions at ACP Publishing including Group Publisher and Chief Operating Officer.</p> <p>Mr Chan is a former Chairman of The Magazines Publishers of Australia and is currently consulting to a number of businesses in the digital, technology and marketing sectors.</p>
 <p>Todd Buckingham <i>Managing Director</i></p>	<p>Mr Buckingham has more than 20 years' experience working in the Sports and Wagering industry in Australia. After completing a double bachelor degree in teaching and health and physical education in 2000, Mr Buckingham taught secondary education for 5 years at Hunter Sports High School whilst simultaneously working as a sports manager at a successful sports management company, NSRT. During his time at NSRT, Mr Buckingham negotiated more than \$20M worth of sporting contracts, culminating in his appointment as Managing Director. As Managing Director of NSRT, Mr Buckingham's responsibilities included managing the affairs of Rugby League athletes, negotiating contracts, sourcing sponsorships, managing accounting and budgeting affairs, crisis management and media relations.</p> <p>In 2009, Mr Buckingham founded 12Follow OpCo.</p> <p>In 2010, Mr Buckingham founded TopBetta OpCo.</p>
 <p>Matthew Cain <i>Non-Executive Director</i></p>	<p>With a Bachelor of Commerce (Hons in Finance) from University of Melbourne, Mr Cain has over 18 years' experience in the financial services and banking industry. Mr Cain brings a significant amount of senior management, financial and corporate experience to the Company. Mr Cain has an extensive family background in racing and is involved with racing a number of horses with prominent Melbourne horse trainers, including Matchem Racing's Fontiton.</p> <p>Mr Cain is currently a Committee Member of the Melbourne Racing Club and a director of Matchem Racing and Ferghana Capital.</p> <p>Matthew is also a Board Trustee to the Caulfield Racecourse Reserve.</p>
 <p>Simon Dulhunty <i>Non-Executive Director</i></p>	<p>Mr Dulhunty has 25 years' experience in print and digital media in management and operational roles at the top of metropolitan and regional Australian media, including as an award-winning Editor of The Sun-Herald newspaper in Sydney and General Manager of Fairfax Media's mobile development team responsible for acclaimed iPad apps for The Age, The Sydney Morning Herald and The Australian Financial Review.</p> <p>Mr Dulhunty is currently Director of media relations and digital advisory firm Bell Communications.</p>

5. Key People, Interests and Benefits

Each Director has confirmed to the Company that they anticipate being available to perform their duties as Non-Executive or Executive Director as the case may be without constraints from other commitments.

The Board considers that each of Nicholas Chan, Matthew Cain and Simon Dulhunty is free from any business or any other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of the Director's judgement and is able to fulfil the role of an Independent Director. The Board has adopted a definition of independence that is based on the definition set out in the ASX Corporate Governance Principles and Recommendations.

Todd Buckingham is not currently considered by the Board to fulfil the role of Independent Director due to his executive role with the Company.

5.2 Senior Management

The Company has a highly experienced senior management team as set out below:

Executive	Experience
Todd Buckingham <i>Chief Executive Officer</i>	Please see Section 5.1 above.
 Bill Butler <i>Chief Financial Officer</i>	<p>Bill was the Managing Director of Latvia's second largest mobile telephone network in 2000. Over the next two years Bill took the company from 33% market share to more than 50% market share and along the way transformed it into one of Europe's most profitable mobile businesses. Bill then moved to the UK to manage Tele2's Calling Card business across Europe and launch fixed telephony operations.</p> <p>In 2005 he moved to Sydney and joined a digital media start-up, 3Dclinic, as the company's Chief Operating Officer and Chief Financial Officer through its first year and a half of operation. In 2007 Bill joined a mobile-based sports digital media company, Revo, serving as the Chief Operating Officer and later as Head of Strategy.</p> <p>Bill acts as the CFO for the Group, managing the financial strategy of the business along with the commercial agreements with the Partners and Affiliates globally. Bill is working closely with the Board to ensure budgets and cash flow are in accordance with the strategy of the Company.</p> <p>Bill has an MBA from INSEAD in France and a Bachelor of Electrical Engineering and Management from McMaster University in Canada.</p>
 Oliver Shanahan <i>Chief Information Officer</i>	<p>Oliver has been working in IT for over 20 years. He founded one of Newcastle's first ISP's and developed/integrated the third most widely-used mining operations software (Pulse) for some of the largest mining companies in the world.</p> <p>Oliver's own company Coscom Solutions provided IT support, e-commerce, audit and security services to many large companies including Glencore Coal and Hill End Gold.</p> <p>Oliver has been bringing his passion for using cutting edge technologies to solve business vision at TopBeta since its inception.</p> <p>Expertise in Extreme project management, SDLC, Agile methodologies, API integration, server infrastructure, cloud technologies, network engineering and security, database and in memory data persistence.</p>

5. Key People, Interests and Benefits

5.3 Director disclosures

No Director of the Company has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director of the Company or which is relevant to an investor's decision as to whether to subscribe for Shares.

Save as set out below, no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

5.4 Interests and benefits

This Section 5 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- Person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- Promoter of the Company; or
- Underwriter to the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or held at any time during the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Company.

Under the Company's Constitution, each Director (other than a Managing Director or an Executive Director) may be paid remuneration for ordinary services performed as a Director.

Under the Listing Rules the maximum fees payable to directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

5.5 Directors' interests and remuneration

Managing Director

The Company has entered into a fixed term executive services agreement with Mr Todd Buckingham to document his employment as Managing Director of the Company. Mr Buckingham will receive an annual fixed remuneration of \$180,000 (excluding superannuation), which includes all non-cash benefits that Mr Buckingham may be entitled to receive. Mr Buckingham is also entitled to a motor vehicle allowance of \$18,000 per year.

The term of Mr Buckingham's executive services agreement is for two years which commenced on 8 November 2015. Upon expiry of the fixed term, the Company and Mr Buckingham may agree to continue Mr Buckingham's employment on a continuing basis.

In addition, the Company has issued to Mr Buckingham:

- Tranche 1 – 10,000,000 Options each with an exercise price of \$0.25 and with an option term of 5 years. Those Options will only vest and be exercisable into fully paid ordinary shares in the capital of the Company upon the earlier of either of the following vesting conditions being met:
 - the Company achieving gross revenue of at least \$3 million over a period of three consecutive months within 5 years of the date of issue of the Options; or
 - the Company's 20 day volume weighted average price of its shares as quoted on the ASX being at least \$0.50 within 5 years of the date of issue of the Options;
 - a Change of Control Event occurring within five years of the date of issue of the Options.

5. Key People, Interests and Benefits

- Tranche 2 – 6,667,000 Options each with an exercise price of \$0.25 and with an option term of 5 years. Those Options will only vest and be exercisable into fully paid ordinary shares in the capital of the Company upon the earlier of either of the following vesting conditions being met:
 - the Company achieving an EBITDA of \$1 million over a period of three consecutive months within 5 years of the date of issue of the Options;
 - the Company's 20 day volume weighted average price of its shares as quoted on the ASX being at least \$1.00 within 5 years of the date of issue of the Options; or
 - a Change of Control Event occurring within five years of the date of issue of the Options.

Mr Buckingham will also be eligible to participate in the LTIP. For further details about the LTIP, refer to section 5.6.

During the initial two year fixed term, Mr Buckingham cannot resign from his role. If the Company and Mr Buckingham elect to continue Mr Buckingham's employment past the expiry of the fixed term, Mr Buckingham may terminate his employment contract by giving six months' notice in writing. In addition to the rights provided under the Constitution, subject to the requirements of the Corporations Act, if, amongst other circumstances, the Board determines that Mr Buckingham is not satisfactorily performing his duties as a Managing Director of the Company, the Board may recommend and put a resolution to Shareholders for the removal of Mr Buckingham as Managing Director of the Company either during the fixed term or otherwise.

Upon the termination of Mr Buckingham's employment contract, he will be subject to a restraint on solicitation of the Company's clients, suppliers and employees for a period of 12 months following the termination of employment. Enforceability of this restraint is subject to all usual legal requirements.

Senior Executives

Bill Butler entered into an employment contract with Operis Momentum dated 1 July 2014 under which he is employed as Chief Financial Officer of the Group. Mr Butler's terms and conditions of employment include:

- with effect from Listing, he will receive an annual salary of \$150,000 (excluding superannuation), which includes all non-cash benefits that Mr Butler may be entitled to receive;
- mandatory superannuation contributions are made into a superannuation fund of Mr Butler's choice;
- Mr Butler is eligible to participate in a discretionary bonus and incentive payment scheme;
- Mr Butler will also be eligible to participate in the LTIP. For further details about the LTIP, refer to Section 5.6; and
- standard provisions protecting confidential information and intellectual property.

Operis Momentum or Mr Butler may terminate his employment by giving two weeks' notice or by Operis Momentum making a payment to Mr Butler in lieu of that notice, in addition to the usual summary dismissal grounds. Other than in relation to the protection of confidential information, Mr Butler is not subject to any other restrictions on his activities after his employment with Operis Momentum ceases.

Oliver Shanahan entered into an employment contract with OM Apps dated 1 July 2014 under which he is employed as Chief Information Officer.

Mr Shanahan's terms and conditions of employment include:

- with effect from Listing, he will receive an annual salary of \$150,000 (excluding superannuation), which includes all non-cash benefits that Mr Shanahan may be entitled to receive;
- mandatory superannuation contributions are made into a superannuation fund of Mr Shanahan's choice;
- Mr Shanahan is eligible to participate in a discretionary bonus and incentive payment scheme;
- Mr Shanahan will also be eligible to participate in the LTIP. For further details about the LTIP, refer to Section 5.6; and
- standard provisions protecting confidential information and intellectual property.

OM Apps or Mr Shanahan may terminate his employment by giving two weeks' notice or by OM Apps making a payment to Mr Shanahan in lieu of that notice, in addition to the usual summary dismissal grounds. Other than in relation to the protection of confidential information, Mr Shanahan is not subject to any other restrictions on his activities after his employment with OM Apps ceases.

5. Key People, Interests and Benefits

Non-Executive Director remuneration

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director. However, under the Listing Rules, the total amount paid to all non-executive Directors for their services must not exceed in aggregate in any financial year the amount fixed at the Company's general meeting. This amount has been fixed by the Company at \$500,000 per annum. For the remainder of FY16, from the date of this Prospectus, it is expected that the fees payable to the current Non-Executive Directors will not exceed \$200,000 in aggregate.

The Non-Executive Directors are entitled to participate in the Company's employee incentive schemes (including the Company's long term incentive plan (LTIP) described in Section 5.6).

Non-Executive Director appointment letters

The Company has entered into non-executive director appointment letters with each of Nicholas Chan, Matthew Cain and Simon Dulhunty on the following key terms:

- each of Matthew Cain and Simon Dulhunty will receive an annual remuneration of \$50,000 (inclusive of superannuation) from Listing;
- Nicholas Chan will receive an annual remuneration of \$100,000 (inclusive of superannuation) from Listing;
- the Company has issued to:
 - each of Matthew Cain and Simon Dulhunty (or their nominees) 1,500,000 Options, each of which is exercisable at 20 cents on or before the date that is 3 years from the date of issue;
 - Nicholas Chan (or his nominee) 2,000,000 Options, each of which is exercisable at 20 cents on or before the date that is 3 years from the date of issue; and
- in addition to the rights provided under the Constitution, subject to the requirements of the Corporations Act, if, amongst other circumstances, the Board determines that a non-executive director is not satisfactorily performing his duties as a non-executive director of the Company, the Board may recommend and put a resolution to Shareholders for the removal of that non-executive director as a Director of the Company.

Directors' interests in Shares

Directors are not required under the Constitution to hold any Shares. On Completion of the Offer, the number of Shares held by the Directors will be as outlined in the table below.

Director	Shares	Options	Immediately prior to completion	On completion, minimum subscription, fully diluted	On completion, maximum subscription, fully diluted
Nicholas Chan		2,000,000	0.00%	1.7%	1.6%
Todd Buckingham	4,850,862	16,667,000	7.31%	18.2%	17.5%
Matthew Cain	295,000	1,500,000	0.44%	1.5%	1.5%
Simon Dulhunty	146,438	1,500,000	0.22%	1.4%	1.3%

Note that this excludes any Shares which Directors may acquire under the Offer.

5. Key People, Interests and Benefits

Indemnification of Directors and Officers

The Company has entered into deeds of indemnity, access and insurance with each Director and the Company Secretary. Under these deeds, the Company has agreed to indemnify, to the extent permitted by law and otherwise subject to the terms of these deeds, each Director and the Company Secretary in respect of certain liabilities which the Director or Company Secretary may incur as an officer of the Company. These liabilities include losses or liabilities incurred by the Director to any other person as an officer of the Company, including legal expenses. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

5.6 Long term incentive plan

The Company has determined to implement a Long Term Incentive Plan (**LTIP**) to assist in the reward, retention and motivation of executives and key employees of the Group (**Participants**).

Under the terms of the LTIP it is proposed that the Company may grant Options and/or performance rights (Options with a zero exercise price) to eligible participants (**Awards**). Each Award granted represents a right to receive one Share once the Award vests and is exercised by the relevant Participant.

In accordance with the proposed rules of the LTIP, the Board will determine in its sole and absolute discretion the terms and conditions of Awards which are granted under the LTIP including, but not limited to, the following:

- which individuals will be invited to participate in the LTIP;
- the number of Awards to be granted to each Participant;
- the fee payable (if any) by Participants on the grant of Awards to Participants;
- the terms on which the Awards will vest and become exercisable, including any vesting conditions or performance hurdles which must be met;
- the exercise price (if any) of each Award granted to Participants;
- the period during which a vested Award can be exercised; and
- any forfeiture conditions or disposal restrictions applying to the Awards and any Shares that Participants receive upon exercise of their Awards.

The Board may delegate management and administration of the LTIP together with any of its powers or discretions under the LTIP to a committee of the Board or to any one or more persons selected by it as the Board thinks fit, including but not limited to the Company Secretary.

The LTIP will operate subject to the Listing Rules.

5.7 Related party agreements

Other than as set out below or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest:

- the compensation arrangements with Directors and executive officers, which are described in this Section 5;
- the indemnification arrangements with the Directors which are described in this Section 5.
- the Company and Matthew Cain entered into a consultancy agreement dated 20 July 2015 under which Matthew was engaged for a four month term provided advisory and consultancy services to the Company in relation to the IPO in return for fees, comprising a monthly fee of \$10,000 and 295,000 Shares. This agreement terminates on 19 November 2015.

5. Key People, Interests and Benefits

5.8 Policy for approval of related party transactions

The Company's Audit and Risk Committee is responsible for reviewing and approving all transactions in which the Company is a participant and in which any parties related to the Company, including its executive officers, Directors, beneficial owners of more than 5% of the Company's Shares, immediate family members of the foregoing persons and any other persons whom the Board determines may be considered related parties of the Company, has or will have a direct or indirect material interest.

The Audit and Risk Committee or its Chair, as the case may be, will only approve those related party transactions that are determined to be in, or are not inconsistent with, the best interests of the Company and its Shareholders, after taking into account all available facts and circumstances as the Audit and Risk Committee or the Chairperson determines in good faith to be necessary. Transactions with related parties will also be subject to Shareholder approval to the extent required by the Listing Rules or Corporations Act.

5.9 Corporate Governance

The Board is responsible for overseeing the management of the Company's business and the overall corporate governance of the Company. The Board monitors the operational and financial performance of the Company and oversees the strategies for the achievement of its business objectives, including approving the short and long-term strategic direction of the Company. To achieve these fundamental objectives, the Board has adopted, or is developing, relevant internal controls and practices, risk management processes and corporate governance policies (which are appropriate for the size and nature of the Company's business) for managing the Company which are designed to promote the responsible management and conduct of the Company.

The main corporate governance policies adopted by the Company, which will take effect from Listing, are summarised below. Following Listing, the Company may develop further practices consistent with these policies.

Details of the Company's key policies and the charters for the Board and each of its committees will be available from Listing at www.corporate.topbetta.com.au.

Board Charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out the Board's composition, role and responsibilities and the relationship and interaction between the Board and management and the authority delegated by the Board to management and Board committees. Amongst other things, the Board Charter requires the Board to comprise a minimum of three directors (ideally, a majority of whom are independent non-executive directors) with an appropriate range of skills, experience and expertise who can understand and competently deal with current and emerging business issues.

The Board considers that each of Messers Nicholas Chan, Matthew Cain and Simon Dulhunty is an independent Director, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of the Director's judgment and each is able to fulfil the role of an independent director for the purposes of ASX Recommendations. None of these Directors are acting as nominees or representatives of any current or former shareholder of any related entity of the Company, nor as nominees or representatives of the Lead Manager or suppliers to the Company. Mr Todd Buckingham, the Managing Director of the Company, is not considered to be an independent Director.

A copy of the Company's Board Charter is available on the Company's website at www.corporate.topbetta.com.au. The Company will also send you a paper copy of its Board Charter, at no cost to you, should you request a copy during the Offer Period.

Board Committees

As set out below, the Board has established two standing committees, an Audit and Risk Committee and a Nomination and Remuneration Committee, to facilitate and assist the Board in fulfilling its responsibilities. The Board may also establish other committees from time-to-time to assist in the discharge of its responsibilities.

Each committee has the responsibilities described in the committee charter (which has been prepared having regard to the ASX Corporate Governance Principles) adopted by the Company. A copy of the charter for the below committees is available on the Company's website at www.corporate.topbetta.com.au. The Company will also send you a free paper copy of its charter should you request a copy during the Offer Period.

5. Key People, Interests and Benefits

Audit and Risk Committee

Under its charter, the Audit and Risk Committee is charged with overseeing the Company's corporate accounting and financial reporting, including auditing of the Company's financial statements and the qualifications, independence, performance and terms of engagement of the Company's external auditor.

While the Company will aim to maintain an Audit and Risk Committee of at least the size and composition prescribed in the Audit and Risk Committee Charter, this may not always be practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Audit and Risk Committee from time to time.

On Listing, the Audit and Risk Committee will be comprised of Nicholas Chan, Matthew Cain (who will chair this committee) and Simon Dulhunty.

Nomination and Remuneration Committee

Under its charter, the Nomination and Remuneration Committee is responsible for establishing, amending, reviewing and approving the compensation and equity incentive plans with respect to senior management and employees of the Company including determining individual elements of total compensation of the Chief Executive Officer and other members of senior management. The Nomination and Remuneration Committee is also responsible for reviewing the performance of the Company's executive officers with respect to these elements of compensation. The Nomination and Remuneration Committee also recommends the nominees for appointment as a Director at each annual general meeting and ensures that the audit, compensation and nominating and corporate governance committees of the Board have the benefit of qualified and experienced independent directors. Whilst the Board (led by the Chairman) will endeavour to objectively evaluate its own performance and the performance of individual Directors on an annual basis, if deemed necessary, the Board may engage an independent third party to facilitate this internal review.

The Company has also developed a Selection and Appointment of Directors Policy, Diversity Policy and Remuneration Policy to guide the Nomination and Remuneration Committee in discharging its obligations.

While the Company will aim to maintain a Nomination and Remuneration Committee of at least the size and composition prescribed in the Nomination and Remuneration Committee Charter, this may not always be practicable given the size of the Board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Nomination and Remuneration Committee from time to time.

On Listing, the Nomination and Remuneration Committee will be comprised of Nicholas Chan, Matthew Cain and Simon Dulhunty.

Corporate governance policies

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and is available on the Company's website at www.corporate.topbeta.com.au.

Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct to be followed by all employees and officers (including Directors). The key aspects of the Code of Conduct are to:

- act with honesty, integrity and fairness and in the best interests of the Company and in the reasonable expectations of Shareholders;
- act in accordance with all applicable laws, regulations, policies and procedures, including the Company's regulatory and licensing requirements relating to its bookmaking and betting exchange licence;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- use the Company's resources and property properly.

Continuous Disclosure Policy

From Listing, the Company will be required to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act, Subject to the exceptions contained in the Listing Rules, the Company will be required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares.

To assist with the Company's compliance with its disclosure obligations under the Listing Rules and the Corporations Act, the Company has adopted a Continuous Disclosure Policy that establishes procedures that seek to ensure that Directors and management are aware of, and fulfil, their obligations in relation to the timely disclosure of material price-sensitive information.

5. Key People, Interests and Benefits

Risk Management Policy

The identification and proper management of the Company's risks are an important priority of the Board. The Company has adopted a risk management policy which seeks to design and implement systems and methods to identify, minimise and control the risks applicable to the Company's business.

Securities Trading Policy

The Company has adopted a Securities Trading Policy which applies to the Company and its Directors, officers, employees and management, including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly, and any other person to whom this policy is deemed by the Board to apply, and each of their associates.

The Securities Trading Policy details the types of conduct which are prohibited under the Corporations Act when dealing in securities and establishes procedures to which the above identified persons must adhere when dealing in Company Securities during certain periods where price sensitive information may exist.

In all instances, buying or selling of securities in the Company is not permitted at any time by any person who possesses price-sensitive information.

Shareholder Communications Policy

The Board is committed to ensuring that Shareholders are provided with sufficient information to assess the performance of the Company and are informed of all major developments affecting the affairs of the Company in accordance with all applicable laws.

The Company is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with ASX. The Company will also publish this information on the Company's website at www.corporate.topbeta.com.au.

The Company's website will also contain information about the Company, including media releases, key policies and the charters of its Board committees.

Diversity Policy

Diversity encompasses gender, race, ethnicity, disability, age, sexual orientation, gender identity, marital or family status, religious or cultural background and more. The Board believes that the cultivation of a strong and diverse workforce provides the Company with many multifaceted benefits and will best position the Company to maximise its performance. Accordingly, the Board is committed to developing measurable objectives to achieve the appropriate diversity in its workplace.

Whilst meritocracy must be the overriding guiding principle, the Board has implemented a diversity policy that seeks to align the Company's recruitment, remuneration and management systems with the commitment to develop a workplace culture that values and strives to achieve diversity in its workforce and on its Board. In its annual report, the Company will disclose the measurable objectives for achieving diversity and progress towards achieving them and will also disclose the proportion of women in the whole organisation, women in senior executive positions and women on the Board.

The Company will also send you a free paper copy of any of the above policies should you request a copy during the Offer Period.

ASX Corporate Governance Principles

The Board has evaluated the Company's current corporate governance policies and practices in light of the ASX Corporate Governance Principles. A brief summary of the approach currently adopted by the Company is set out below.

Principle 1 – Lay solid foundations for management and oversight

The Board's responsibilities are defined in the Board Charter.

The Company has also established a clear delineation between the Board's responsibility for the Company's strategy and activities, and the day-to-day management of operations conferred upon the Chief Executive Officer and certain other officers of the Company. The Nomination and Remuneration Committee evaluates the performance of senior executives.

Principle 2 – Structure the Board to add value

The majority of the Company's Board is comprised of independent Directors and the roles of Chairman and Chief Executive Officer are exercised by two separate individuals. The Company's Chairman is also an independent director as required by ASX Principle 2.

As the Company is still in an early stage of development, it has not yet undertaken a formal review of the Board's performance. However, the Nomination and Remuneration Committee Charter provides for the Nomination and Remuneration Committee to establish processes for the periodic assessment of the Board's performance and disclosure of whether such a performance assessment has occurred during each reporting period.

5. Key People, Interests and Benefits

Principle 3 – Promote ethical and responsible decision making

The Company has adopted a Code of Conduct, as well as a Securities Trading Policy, a Diversity Policy and a policy and procedure for related party transactions.

Principle 4 – Safeguard integrity in financial reporting

The Company has established an Audit and Risk Committee which complies with the ASX Corporate Governance Principles to oversee the management of financial and internal risks.

Principle 5 – Make timely and balanced disclosure

The Company is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy.

Principle 6 – Respect the rights of Shareholders

The Company has adopted a Shareholder Communications Policy for Shareholders wishing to communicate with the Board. The Company seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is frequent, clear and accessible.

All Shareholders are invited to attend the Company's annual general meeting, either in person or by representative. The Board regards the annual general meeting as an excellent forum in which to discuss issues relevant to the Company and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors.

Principle 7 – Recognise and manage risk

In conjunction with the Company's other corporate governance policies, the Company has adopted a Risk Management Policy, which is designed to assist the Company to identify, evaluate and mitigate risks affecting the Company. Regular internal communication between the Company's management and Board supplements the Company's quality system, complaint handling processes, employee policies and standard operating procedures which are all designed to address various forms of risks.

Principle 8 – Remunerate fairly and responsibly

The Nomination and Remuneration Committee, as governed by the Nomination and Remuneration Committee Charter, is responsible for setting and monitoring the remuneration policies and practices of the Company to enable the Company to attract and retain executives and Directors who will create value for Shareholders, whilst fairly and responsibly remunerating Directors and executives, having regard to performance and the general remuneration environment. The Company will provide disclosure of its Directors' and executives' remuneration in its annual report.

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6.

Financial Information

6. Financial Information

6.1 Introduction

The financial information for the Company ("**Historical Financial Information**") contained within this Section 6 comprises the Statutory Historical Financial Information and the Pro Forma Historical Financial Information.

The Statutory Historical Financial Information comprises:

- the audited statutory Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income for FY2013, FY2014 and FY2015 ("**Historical Income Statements**"); and
- the audited statutory Historical Consolidated Statement of Cash Flows for FY2013, FY2014 and FY2015 ("**Historical Cash Flow Statements**").

The Pro Forma Historical Financial Information comprises the Pro Forma Historical Consolidated Statement of Financial Position as at 30 June 2015 ("**Pro Forma Historical Balance Sheet**").

All amounts presented in this **Section 6** are in Australian dollars unless otherwise specified.

6.2 Basis of Preparation and Presentation of the Historical Financial Information

Background

The Historical Financial Information has been reviewed by PKF (NS) Audit and Assurance Limited Partnership ("**Investigating Accountant**") as set out in the Investigating Accountant's Report ("**IAR**") in Section 7 of this Prospectus. Applicants should note the scope and limitation of the IAR as outlined in this Section.

The Historical Financial Information included in this Section 6 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act. The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by Australian Accounting Standards as applicable to annual financial reports prepared in accordance with the Corporations Act. A summary of key accounting policies of the Company relevant to the Historical Financial Information is set out in Section Appendix 1.

The Company was incorporated as OM Group Holdings Pty Ltd on 27 June 2013 to become the holding company for the Group offering wagering, fantasy wagering and content. The name of the Company changed to TopBetta Holdings Limited in November 2015.

Since incorporation of the Company, the following transactions occurred to establish the Group as it stands at the date of this Prospectus:

Date	Acquisition	Target business
30 Jun 2012	Operis Momentus acquired 50.1% of the issued share capital of TopBetta OpCo.	TopBetta OpCo provides wagering and fantasy wagering services.
28 Sep 2012	OM Apps founded, 100% owned by Operis Momentus	OM Apps designs and creates software for the group.
28 Sep 2012	OM IP founded, 100% owned by Operis Momentus	OM IP holds the trademarks for the group.
20 Oct 2012	Operis Momentus acquired 50.1% of the issued share capital of 12Follow	12Follow provides content services.
1 Jul 2013	Operis Momentus acquired the remaining issued share capital of TopBetta OpCo which it did not already hold.	TopBetta OpCo provides wagering and fantasy wagering services.
1 Jul 2013	Company acquired 100% of the issued share capital of Operis Momentus.	Operis Momentus provides wagering, fantasy wagering and content services.
1 Jul 2013	Operis Momentus acquired the remaining issued share capital of 12Follow which it did not already hold.	12Follow provides content services.
19 Jun 2014	OM Apps and OM IP moved to become 100% subsidiaries of OM Group Holdings	OM Apps designs and creates software for the group and OM IP holds the trademarks for the group.

6. Financial Information

Use of "Non IFRS" financial information

Investors should be aware that certain financial data included in this Section is "non-IFRS financial information" under Regulatory Guide 230 "Disclosing non-IFRS financial information" published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance of OM Group. Investors are cautioned not to place undue reliance on any non-IFRS financial information and any ratios calculated using that information.

Preparation of Pro Forma Historical Balance Sheet

The Pro Forma Historical Balance Sheet has been derived from the audited statutory historical consolidated financial statements of the Group for FY2015.

The Pro Forma Historical Balance Sheet as at 30 June 2015 has been adjusted to take into account the following pro forma adjustments:

- the impact of the Offer; and
- the impact of other material transactions which have taken place subsequent to 30 June 2015 and up to the date of the Original Prospectus including the issue of Options to Directors, employees and advisors of the Company (including key Management personnel).

6.3 Historical Income Statements

Table 1 below sets out the Historical Income Statements for FY2013, FY2014 and FY2015:

Table 1: Historical Income Statements

	FY2013 Audited	FY2014 Audited	FY2015 Audited	FY2013- FY 2014	FY2014- FY2015
Revenue	801,285	1,052,734	1,127,522	31.4%	7.1%
Cost of Sales	(641,021)	(1,031,178)	(716,883)		
Gross Profit	160,264	21,556	410,639	(86.5)%	1805.0%
Other income	477,299	617,452	429,280		
Administration expenses	(162,587)	(311,923)	(158,747)		
Employee benefits expense	(681,368)	(1,503,686)	(1,245,587)		
Marketing expenses	(100,272)	(149,296)	(227,069)		
IT expenses	(68,345)	(387,751)	(198,173)		
Occupancy expenses	(42,315)	(50,282)	(59,633)		
Professional fees	(780,471)	(232,758)	(394,047)		
Other expenses	–	–	(5,698)		
Total Expenses	(1,358,059)	(2,018,244)	(1,859,674)	48.6%	(7.9)%
EBITDA	(1,197,795)	(1,996,688)	(1,449,035)	66.7%	(27.4)%
Depreciation and amortisation expense	(8,207)	(3,629)	(5,845)		
EBIT	(1,206,002)	(2,000,317)	(1,454,880)	65.9%	(27.3)%
Interest Expense	(52,337)	(169,952)	(145,659)		
NLBT	(1,258,339)	(2,170,269)	(1,600,539)	72.5%	(26.3)%
Income Tax Benefit/(Expense)	(16,299)	382,978	318,078		
Loss after income tax expense	(1,274,638)	(1,787,291)	(1,282,461)	40.2%	(28.2)%

6. Financial Information

6.3.1 Segment Information and Key Operating and Financial Metrics

Table 2 below provides a summary of the Group's pro forma historical segment operating and financial metrics for FY2013, FY2014 and FY2015:

Table 2: Historical Key Operating Metrics

	FY2013	FY2014	FY2015
Revenue by business channel			
Wagering	\$582,881	\$656,502	\$650,083
Tournaments	\$51,654	\$68,765	\$21,043
Premium Content	\$166,750	\$327,467	\$456,396
Total operating revenue	\$801,285	\$1,052,734	\$1,127,522
EBITDA by business channel			
Wagering	\$(189,009)	\$(767,636)	\$(506,744)
Tournaments	\$(233,836)	\$(422,410)	\$(294,693)
Premium Content	\$(276,854)	\$(137,652)	\$(104,234)
Corporate	\$(498,096)	\$(668,990)	\$(543,364)
Total EBITDA	\$(1,197,795)	\$(1,996,688)	\$(1,449,035)
Depreciation/Amortisation	\$(8,207)	\$(3,629)	\$(5,845)
EBIT	\$(1,206,002)	\$(2,000,317)	\$(1,454,880)
Taxes	\$(16,299)	\$382,978	\$318,078
Interest	\$(52,337)	\$(169,952)	\$(145,659)
NLAT	\$(1,274,638)	\$(1,787,291)	\$(1,282,461)

6. Financial Information

6.4 Pro Forma Historical Balance Sheet

Table 3 below sets out the Pro Forma Historical Balance Sheet as at 30 June 2015 including the Statutory consolidated Balance Sheet:

Table 3: Pro Forma Historical Balance Sheet

	Audited 30 June 2015	Adjustments pre IPO	Pre IPO adjusted pro forma 30 June 2015	Pro forma adjustments Minimum Subscription	Pro forma 30 June 2015 Minimum Subscription	Pro forma adjustments Maximum Subscription	Pro forma 30 June 2015 Maximum Subscription
Assets							
Current assets							
Cash and cash equivalents	432,387	973,095	1,405,482	4,155,490	5,560,972	5,089,490	6,494,972
Trade and other receivables	1,081,753		1,081,753	23,933	1,105,686	28,433	1,110,186
Total current assets	1,514,140		2,487,235	4,179,423	6,666,658	5,117,923	7,605,158
Non-current assets							
Plant and equipment	20,828		20,828		20,828		20,828
Intangible assets	4,275,527		4,275,527		4,275,527		4,275,527
Tax assets ¹⁷	701,055		701,055	253,353	954,408	273,153	974,208
Total non-current assets	4,997,410		4,997,410	253,353	5,250,763	273,153	5,270,563
Total assets	6,511,550		7,484,645	4,432,776	11,917,421	5,391,076	12,875,721
Liabilities							
Current liabilities							
Trade and other payables	939,434	(65,000)	874,434	–	874,434	–	874,434
Provisions	76,005		76,005		76,005		76,005
Borrowings	482,153	(276,617)	205,536	–	205,536	–	205,536
Total current liabilities	1,497,592		1,155,975	–	1,155,975	–	1,155,975
Non-current liabilities							
Provisions	24,027		24,027		24,027		24,027
Borrowings	–		–		–		–
Total non-current liabilities	24,027		24,027	–	24,027	–	24,027
Total liabilities	1,521,619		1,180,002	–	1,180,002	–	1,180,002
Net assets	4,989,931		6,304,643	4,432,776	10,737,419	5,391,076	11,695,719
Equity							
Issued capital	8,059,683	1,363,812	9,423,495	4,256,789	13,680,284	5,215,089	14,638,584
Reserve	–	–	–	652,274	652,274	652,274	652,274
Retained earnings	(3,069,752)	(49,100)	(3,118,852)	(476,287)	(3,595,139)	(476,287)	(3,595,139)
Total equity	4,989,931		6,304,643	4,432,776	10,737,419	5,391,076	11,695,719

¹⁷ On 1 July 2013, the company and its controlled entities became a tax-consolidated entity. Upon formation of a tax consolidated group, analysis is required to consider previous losses of the Group and assess whether they meet the relevant criteria for transfer to the new tax consolidated group, along with determining the rate at which these losses may be utilised. The directors have taken a prudent view and determined not to recognise tax losses incurred by the Group pre-1 July 2013 as a deferred tax asset in the Pro-forma Historical Balance Sheet. At 30%, the value of these tax losses is approximately \$439,000. Upon further analysis by the Group, there is potential for these losses to be utilised by the Group in accordance with the requirements of the tax-consolidated regime.

6. Financial Information

6.4.1 Liquidity and Capital Resources

Following Completion of the Offer, the Group will have, on a pro forma basis, cash of \$5.5 million (Minimum Subscription) to \$6.5 million (Maximum Subscription) arising from the Offer. The Group expects that it will have sufficient cash to meet its operational requirements and other business needs.

6.4.2 Share Capital

The below table shows the number of Shares on issue and respective shareholdings in the Company following the IPO. The table also shows the fully diluted shareholdings following all Options at the date of the Original Prospectus being exercised:

Table 4: Capital Structure

Capital Structure	Number of securities		Shareholding	
	Minimum Subscription	Maximum Subscription	Minimum Subscription (%)	Maximum Subscription (%)
Post IPO				
Existing Shareholders	66,364,540	66,364,540	73%	69%
New Equity Raised through IPO	25,000,000	30,000,000	27%	31%
	91,364,540	96,364,540	100%	100%
Fully Diluted (Options Completely Exercised)				
Existing Shareholders	66,364,540	66,364,540	56%	54%
New Equity Raised through IPO	25,000,000	30,000,000	21%	24%
Options – 1 (Advisors and Directors) ¹⁸	10,000,000	10,000,000	8%	8%
Options – 3 (Executive – Todd Buckingham)	16,667,000	16,667,000	14%	13%
	118,031,540	123,031,540	100%	100%

6.4.3 Net Tangible Assets

The below table shows the net tangible assets of the Group following Completion of the Offer and following all Options as at the date of the Original Prospectus being exercised.

Table 5: Net Tangible Assets as at 30 June 2015

Capital Structure	Minimum	Maximum
	As at 30 June 2015	As at 30 June 2015
Pro Forma Net Assets	10,737,419	11,695,719
Less: Intangible Assets	4,275,527	4,275,527
Net Tangible Assets	6,461,892	7,420,192
Number of Ordinary Shares on Issue		
Undiluted	91,364,540	96,364,540
Diluted	118,031,540	123,031,540
Net Tangible Assets Per Share		
Undiluted	\$0.071	\$0.077
Diluted	\$0.072	\$0.077

¹⁸ Excludes Options issued to Todd Buckingham.

6.5 Historical Cash Flow Statement

Table 6: Historical Cash Flow Statement

	FY 2013 Audited	FY 2014 Audited	FY 2015 Audited
EBITDA	(1,197,795)	(1,996,688)	(1,449,035)
Depreciation and amortisation expense	(8,207)	(3,629)	(5,845)
Interest Expense	(52,337)	(169,952)	(145,659)
Income Tax Benefit/(Expense)	(16,299)	382,978	318,078
Profit/(Loss)	(1,274,638)	(1,787,291)	(1,282,461)
Net changes in Working Capital	603,282	44,941	(82,113)
Non Cash Items Included in EBITDA	17,781	61,480	8,714
Operating Cash Flows Before CAPEX	(653,575)	(1,680,870)	(1,355,860)
Total Capital Expenditure	(61,083)	(2,001)	(16,602)
Operating Cash Flows After CAPEX	(714,658)	(1,682,871)	(1,372,462)
Net Interest Received/(Paid)	–	33,108	42,770
Income Tax refund/(paid)	–	–	–
Operating Cash Flows Before Dividends	(714,658)	(1,649,763)	(1,329,692)
Cash Conversion Ratio			
Dividends Paid	–	–	–
Operating Cash Flow After Dividend	(714,658)	(1,649,763)	(1,329,692)

6. Financial Information

6.6 Management Discussion and Analysis of the Historical Financial Information

Below is a discussion of the main factors which affected the Group's operations and relative financial performance in FY2013, FY2014 and FY2015.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected the Group's historical operating and financial performance.

The Group has grown as a result of a combination of organic growth and acquisition.

Revenue

Fantasy wagering

FY2013 saw fantasy wagering become a regular feature of the Company's product offering, and over the period of FY2013 and FY2014, the Company experimented with configuration of tournaments and their promotion. The Company adjusted the frequency of tournaments, the offering of free-entry into tournaments, the ability of punters to win tickets into larger tournaments through winning performances in smaller tournaments, and guaranteeing prize pools. The Company also experimented with placement of its tournaments with Partners, such as Fairfax regional media. These activities assisted the Company to refine its product offering and promotion. During FY2015, the Company reduced its use of free-entry promotions (reducing both revenue and promotion expense in Cost of Sales) and undertook a major systems upgrade to improve punters' tournament experience, with a corresponding drop in revenues and Cost of Sales in FY2015. The new upgrade was launched in early October 2015.

Fantasy wagering revenue is a factor of the following drivers:

- (i) number of punters added to the database of customers;
- (ii) percentage of punters that are active in tournaments in the month; and
- (iii) revenue per punter (a function of the number of tournaments entered and the entry-fee charged for each tournament). In some cases, particularly in FY2014, punters were granted free entry to tournaments. This is accounted for as revenue and an off-setting promotional expense. Thus, the use of free entry has an apparent effect of increasing both revenues and promotion expense in Cost of Sales. There is some seasonality in the tournament schedule, in line with sports and racing seasons.

Wagering

TopBetta's wagering offering has been through several major changes in the period FY2013-FY2015. In FY2013, the Company did not have its own wagering engine, and the Company off-loaded all bets to third parties. The third-parties charged an expense to TopBetta equal to the revenues from the wagering, but also paid a commission back to TopBetta based on the wagering. While being able to outsource the management of wagering to third parties simplified management, it greatly restricted the ability of the Company to develop its tournament platform and also did not offer the reliability that is required by punters. Therefore the Company developed its own wagering platform, launching in Q1 2014. The Company also upgraded its servers and data-feeds, and greatly reduced off-loading of bets in FY2014. In late FY2014 the Company undertook an upgrade of its data-feeds from sporting bodies, and its sports wagering offering was in hiatus until the second quarter of 2015. Also, across the period FY2013-FY2014, TopBetta reduced its reliance on external contractors to develop its platforms, favouring the group's internal IT team. The Company also developed its own risk-management program, and this contributed to a significant decrease in Cost of Sales from FY2014 to FY2015. In FY2015, with its sports and racing data-feeds upgraded, and running its own bookmaking platform that includes its internally-developed risk-management system, the Company's wagering revenue recovered across the second to fourth quarters of FY2015 while simultaneously reducing Cost of Sales.

Wagering revenue is a factor of the following drivers:

- (i) number of punters added to the database of customers;
- (ii) percentage of punters that are active in wagering in the month; and
- (iii) revenue per punter (a function of the number and value of bets, and whether or not the punter wins or loses their bets). There is some seasonality in the punting schedule, in line with sports and racing seasons. TopBetta is currently developing new wagering offerings which Management expects will increase revenues and margins.

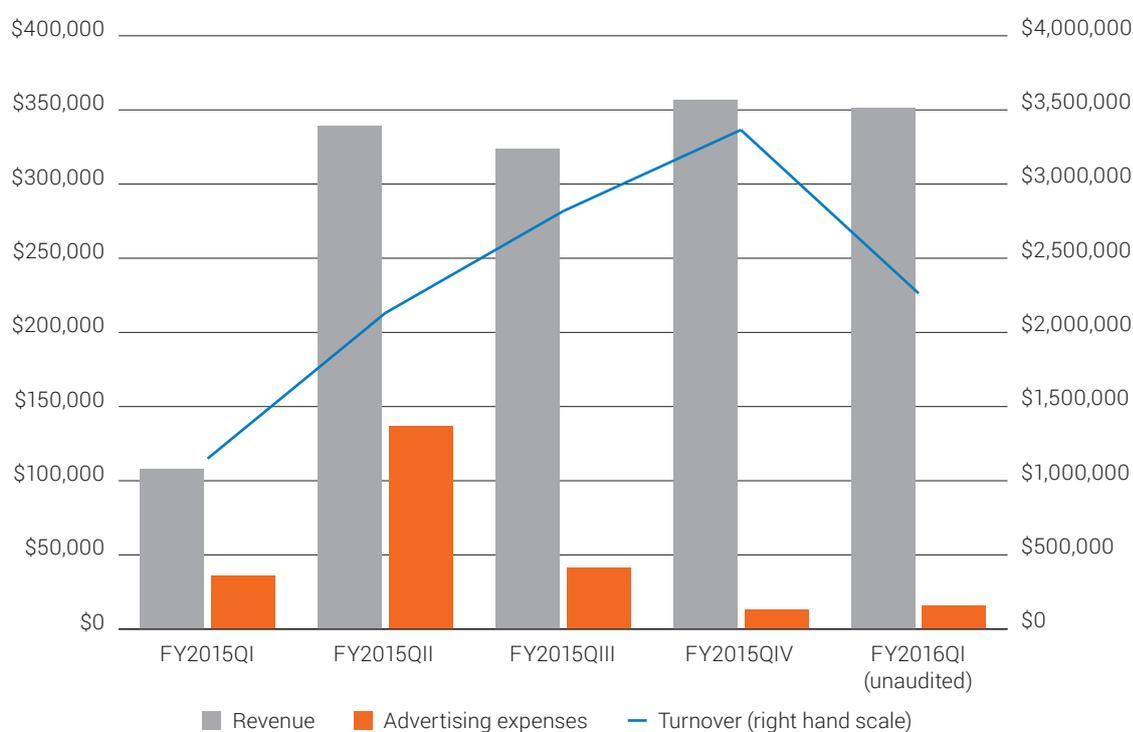
6. Financial Information

Content services

The Company's content services have also evolved over the period FY2013-FY2015 as the needs of punters for information has evolved. In FY2013, the content provided included both tips on racing and notifications on when a punter's favourite horses were running. These services were charged to either credit cards or the punter's mobile phone (via a premium SMS). By mid FY2014, the Company moved entirely to charging punters' credit cards as the Company ceased using the aging premium SMS model and developed a solution for direct carrier billing that allows one click customer registration and allows multiple messages to be delivered on a standard subscription pack. In FY2015 the Company added multiple new services by inviting external providers to offer their racing tips to punters via its platform on a revenue share basis.

Management believes that the effective combination of the three channels has contributed to the growth in revenue over the past year, even with minimal advertising expenditure, as seen in the chart below. Management further believes that they are positioning the Company for further growth by expanding the range of wagering products, growing cross-platform marketing, and strengthening marketing with both increased spend and Partnership/Affiliate deals.

Figure 7: The Group's turnover, revenue and advertising spend



Content services revenue is a factor of the following drivers:

- (i) number of subscribers added to the database of customers;
- (ii) percentage of punters that subscribe for content services in the month; and
- (iii) revenue per punter (a function of the number, price, and frequency of billing for services). There is some seasonality in the content services schedule, in line with sports and racing seasons, and the Company offers some seasonally-oriented products such as its "Spring Racing Carnival Pack".

6. Financial Information

Table 7: Cost of Sales and Overhead Expenses

	FY2013	FY2014	FY2015
Promotion	\$576,874	\$631,302	\$367,629
Racefield and association fees	\$64,147	\$119,753	\$152,442
External commissions	\$-	\$2,273	\$144,256
Risk Management expense	\$-	\$277,850	(\$16,836)
Other expense	\$-	\$-	\$69,392
Total	\$641,021	\$1,031,178	\$716,883

Promotions expense during FY2013 and FY2014 supported the development of TopBetta's tournament and wagering product offerings, and as TopBetta re-developed its tournament platform and sports wagering in FY2015, these costs were reduced.

Racefield fees increased from FY2013 to FY2014 as the Company started to run its bookmaking internally (rather than laying-off bets to third parties). Growth in FY2014-FY2015 is due mainly to increases in wagering turnover.

External commissions increased in FY2015 as the Company started using Affiliates to grow its sales. As the business continues to grow, some Affiliates may be hired directly into its businesses to improve service and reduce costs.

In FY2013, there was no risk management expense as all of the wagering was off-loaded to third parties. In FY2014, these costs grew as the Company brought its wagering in-house but continued to use third parties for risk management. In FY2015, the Company utilised its newly developed internal risk management system which reduced costs. In fact, the Company had a better than expected result as the bets that were off-loaded returned more cash than the Company off-loaded.

Other costs include internally-hired sales/support contractors and costs related to communications with customers via SMS and email.

Cash flows and working capital

In each of the years FY2013-FY2015, the Company's operations have used cash, as shown in the financial statements. There is minimal use of cash on Capex, as the business' development cost is expensed and the Company leases computing infrastructure from professional hosting companies rather than having to invest in and maintain its own servers. The source of this funding has been via loans, convertible notes and increasingly, the issuance of new equity.

The Directors believe that the Company's current cash reserves and its cash flow from existing operations plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives until at least June 2017.

6.7 Forecast Financial Information

The Company believes that the Offer will introduce a significant increase in financial resources and thereby increase its capability to fund marketing and product development. However, there are significant uncertainties associated with forecasting the future revenues and expenses of the Company. On this basis the Directors of the Company believe that there is no reasonable basis for the inclusion of financial forecasts in this Prospectus.

6. Financial Information

6.8 Subsequent Events

In addition to the matter dealt with in this Prospectus the following material subsequent events have arisen since the financial information presented in Section 6 of this Prospectus:

For the period 1 July 2015 – 31 Oct 2015, the operations have the following financial results based on unaudited management accounts:

For period 1 Jul 2015 – 31 Oct 2015	
Net Income (does not include impact of income tax) ¹	(759,690)
Non-cash items included in net income	49,983
Change in working capital	(106,541)
Total cash flow from operations	(816,248)
Bank 30/6/2015	432,387
Cash flow from operations	(816,248)
Cash flow from investing activities	(4,544)
Cash flow from financing by loans	(230,662)
Cash flow from Financing by issuing new equity	1,166,980
Bank 31/10/2015	547,913

1. Net Income (does not include impact of income tax) is made up of (\$416,036) from ordinary business and (\$343,654) of extraordinary items and effects associated with listing.

Reconciliation of equity issues with cash flow from issuing new equity

For period 1 Jul 2015 – 31 Oct 2015	Number of shares	Cash Received	Effect on share capital
Shares issued for cash received prior to 1/6/2015	562,329	\$–	\$65,000
Shares issued for conversion of loans to equity	386,981	\$–	\$44,733
Shares issued for services received	424,771	\$–	\$49,100
Final round Shares issued directly by the Company for cash, cash received at 31/10/2015	4,850,702	\$560,697	\$560,697
Final round Shares issued directly by the Company for cash but cash yet to be received at 31/10/2015	328,701	\$–	\$37,996 ²
Final round Shares issued via the Lead Manager, for cash	5,623,118	\$606,283	\$606,283
Total new shares at 31/10/2015	12,176,602	\$1,166,980	\$1,363,809

2. In period to 18/11/2015, these monies were received.

Note that the pro-forma balance sheet Table 3 above describes all equity issued post 30 June 2015, and includes these equity issues to 31/10/2015 and all security issues anticipated in the IPO.

6.9 Related Party Disclosures

Other than as disclosed in this Prospectus, no member of the Company is party to any related party arrangements.

6. Financial Information

6.10 Options

In determining the fair value of the directors' and advisor's Options, the Black Scholes pricing model was applied. The significant assumptions used to measure the fair value of instruments granted or to be granted are contained in the table below:

Recipient	Number of Options	Exercise Price (\$)	Vesting Period	Expected Volatility	Risk Free Rate	Value Per Option
Nicholas Chan	2,000,000	\$0.20	Immediate	45%	2.17%	\$0.065
Matthew Cain	1,500,000	\$0.20	Immediate	45%	2.17%	\$0.065
Simon Dulhuntly	1,500,000	\$0.20	Immediate	45%	2.17%	\$0.065
Foster Stockbroking	5,000,000	\$0.20	Immediate	45%	2.17%	\$0.065

In determining the fair market value of the Options issued to CEO Todd Buckingham, the Binomial was applied. The significant assumptions used to measure the fair market value of the instruments granted or to be granted are contained in the table below:

	Number	Date of issue	Date of expiry	Exercise price	Expected volatility	Life	Market Condition	Value per Option
Tranche A	10,000,000	15 Dec 2015	15 Dec 2020	\$0.25	45%	5	\$0.50 VWAP	\$0.047
Tranche B	6,667,000	15 Dec 2015	15 Dec 2020	\$0.25	45%	5	\$1.00 VWAP	\$0.020

Tranche A vesting conditions are

- the Company achieving gross revenue of at least \$3 million over a period of three consecutive months within 5 years of the date of issue of the Options; or
- the Company's 20 day volume weighted average price of its shares as quoted on the ASX being at least \$0.50 within 5 years of the date of issue of the Options;

Tranche B vesting conditions are

- the Company achieving an EBITDA of \$1 million over a period of three consecutive months within 5 years of the date of issue of the Options; or
- the Company's 20 day volume weighted average price of its shares as quoted on the ASX being at least \$1.00 within 5 years of the date of issue of the Options.

The expected volatility is based on the normalised fluctuation of the historical share price of Australian listed comparable companies over a five (5) year period.

The risk free rate is based on the three (3) year government bond rates extracted from the Reserve Bank of Australia as at the end of March 2015.

6.11 Going Concern

The financial Information has been prepared on a going concern basis, on the assumption that the Minimum Subscription is raised under the Offer. If the the minimum subscription is not raised or the Offer does not proceed, the Board of Directors will amend the Company's business plan and planned operating expenditures.

6.12 Dividend Policy

No dividend is anticipated to be paid in the short to medium term until the Company is a more mature business generating stable revenues and profits. In the foreseeable future any surplus cash flow will be invested into maximising the growth of the business.

The Company may pay dividends to Shareholders after considering its franking position, operating results, available cash flows, financial condition, taxation position, future capital requirements, general business and financial conditions, and other factors the Directors consider relevant.

7.

Investigating Accountant's Report

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7. Investigating Accountant's Report

For personal use only



18 November 2015

The Board of Directors
TopBeta Holdings Limited

Dear Directors,

INDEPENDENT LIMITED ASSURANCE INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

PKF (NS) Audit & Assurance Limited Partnership ("**PKF**", "**We**", "**Us**") has been engaged by TopBeta Holdings Limited ("**TopBeta**" or the "**Company**") to prepare this report for inclusion in the Prospectus (the "**Prospectus**") to be dated on or about 18 November 2015 relating to the issue of ordinary shares in the Company and listing on the Australian Securities Exchange ("**ASX**") (the "**Transaction**").

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

2. Scope

You have requested PKF to perform limited assurance procedures in relation to the Historical Financial Information described below and disclosed in the Prospectus.

The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial report prepared in accordance with the *Corporations Act 2001*.

2.1. Historical Financial Information

The Pro-forma Historical Financial information has been derived from the Statutory Historical Financial Information of the Company and its controlled entities ("**Group**"), after adjusting for the effects of pro-forma transactions and/or adjustments described in Section 6 of the Prospectus.

The Statutory Historical Financial Information comprises:

- The audited statutory historical consolidated income statements of the Group for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- The audited statutory historical consolidated statements of cash flows of the Group for the years ended 30 June 2013, 30 June 2014 and 30 June 2015; and
- The audited statutory historical consolidated balance sheet of the Group as at 30 June 2015.

The Statutory Historical Financial Information disclosed with respect to the year ended 30 June 2013 represents the consolidated financial information of OM Group Pty Limited, which was the parent entity of the Group for the year ended 30 June 2013.

The Pro-forma Historical Financial Information comprises the Group's pro-forma historical consolidated statement of financial position as at 30 June 2015 ("**Pro-Forma Historical Balance Sheet**").

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

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For office locations visit www.pkf.com.au

7. Investigating Accountant's Report



The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the event(s) or transaction(s) to which the pro-forma adjustments relate, as described in Section 6 of the Prospectus.

Due to its nature, the Pro-Forma Historical Balance Sheet does not represent the Company's actual or prospective financial position.

The Pro-Forma Historical Balance Sheet has been compiled by the Company to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2015. As part of this process, information about the Group's financial position, has been extracted by the Company from the Group's audited financial statements for the year ended 30 June 2015.

The financial statements of the Group for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 were audited by PKF in accordance with Australian Auditing Standards. The audit opinions issued to members of the Company relating to those financial statements were unqualified, with an emphasis of matter noted with respect to going concern.

For the purposes of preparing this Report we have performed limited assurance procedures in relation to Statutory and Pro-Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Statutory and Pro-Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation. As stated in Section 6 of the Prospectus, the stated basis of preparation is:

- the extraction of historical financial information, comprising the:
 - the statutory historical consolidated income statements for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
 - the statutory historical consolidated statements of cash flows for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
 - the statutory historical consolidated balance sheet as at 30 June 2015;

(together the "**Statutory Historical Financial Information**") from the audited financial statements of the Group for the years ended 30 June 2013, 30 June 2014 and 30 June 2015; and

- the application of pro-forma adjustments, determined in accordance with Australian Accounting Standards and the Group's accounting policies, to the Historical Financial Information of the Company to illustrate the effects of the adjustments described in Section 6 of the Prospectus.

The procedures we performed were based on our professional judgement and included:

- **Historical Financial Information:**
 - consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Statutory Historical Financial Information of the Group from its audited financial statements for the years ended 30 June 2013, 30 June 2014 and 30 June 2015; and
- **Pro-forma Adjustments:**
 - consideration of the pro-forma adjustments made to the Statutory Historical Financial Information;
 - enquiry of directors, management, personnel and advisors of the Company;
 - the performance of analytical procedures applied to the Pro-forma Historical Financial Information; and
 - a review of the Group's accounting policies for consistency of application in the preparation of the pro-forma adjustments.



The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro-forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

3. Directors' responsibilities

The directors of the Company are responsible for the preparation of all Historical Financial Information, including the selection and determination of the pro-forma transactions and/or adjustments made to the Statutory Historical Financial Information and included in the Pro-Forma Historical Information.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

4. Conclusions

4.1. Review statement on the Statutory and Pro-Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Statutory and Pro-Forma Historical Financial Information, as set out in Section 6 of the Prospectus, comprising:

- the statutory historical consolidated income statements of the Group for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- the statutory historical consolidated statements of cash flows of the Group for the years ended 30 June 2013, 30 June 2014 and 30 June 2015; and
- the statutory and pro-forma historical consolidated statement of financial position of the Group as at 30 June 2015.

is not prepared or presented fairly, in all material respects, on the basis of the pro-forma transactions and/or adjustments described in Section 6 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and the Group's accounting policies.

5. General advice warning

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

6. Independence

PKF does not have any pecuniary interests that could reasonable be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. PKF will receive a professional fee for the preparation of this Independent Limited Assurance Report.



7. Restriction on use

Without modifying our conclusions, we draw attention to Section 6.2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

PKF has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, PKF makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

PKF (NS) Audit & Assurance Limited Partnership

A handwritten signature in black ink that reads 'Matthews'.

MARTIN MATTHEWS
Partner

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8.

Details of the Offer



8. Details of the Offer

8.1 The Offer

The Company is offering for subscription a minimum of 25,000,000 and a maximum of 30,000,000 Shares under the Offer to raise in aggregate a minimum of \$5.0 million and a maximum of \$6.0 million. The Shares are being offered at an issue price of \$0.20 per Share.

On Completion of the Offer, 66,364,540¹⁹ Shares will be held by Existing Shareholders, of which 47% of those Shares (representing 34% of the issued Share capital immediately following Completion of the Offer²⁰) will be subject to voluntary and mandatory escrow arrangements, as described in Section 8.8. The total number of Shares on issue at Completion of the Offer will be 91,364,540 if the minimum \$5.0 million is raised, and 96,364,540 if the maximum \$6.0 million is raised. All Shares will rank equally with each other.

The Offer is made on the terms and subject to the conditions set out in this Prospectus.

8.2 Structure of the Offer

The Offer comprises:

- the Retail Offer, consisting of the Broker Firm Offer, which is open to Retail Investors in Australia who have received a firm allocation from their broker (see Section 8.6) and the Chairman's List Offer, which is open to persons in Australia who have received a Chairman's List Invitation; and
- the Institutional Offer, which is open to Institutional Investors in Australia, and a number of other eligible jurisdictions (see Section 8.6).

The Company reserves the right to close the Offer early, to accept late Applications or extend the Offer without notifying any recipient of this Prospectus or any Applicant.

8.3 Purpose of the Offer

The purpose of the Offer is to raise sufficient funds to:

- Provide working capital;
- Fund the business plans of the Company; and
- Pay the costs associated with the capital raising.

8.4 Use of proceeds

The Company expects to receive approximately \$5.0 – \$6.0 million of gross proceeds from the Offer.

The table below sets out the proposed use of the proceeds from the Offer. This table represents the Company's current intentions based upon its plans and the present business conditions. The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including any changes from the expected business environment.

Table 8: Use of proceeds from the Offer

Use of Proceeds	Minimum Subscription		Maximum Subscription	
	Amount A\$M	Proportion	Amount A\$M	Proportion
Sales and Marketing	\$2.0	40%	\$2.5	42%
Software/Platform Development	\$0.9	18%	\$1.0	17%
Employment and Operations	\$1.1	22%	\$1.4	23%
Debts repayment	\$0.2	4%	\$0.2	3%
IPO Transaction Costs	\$0.8	16%	\$0.9	15%
Total Funds Raised	\$5.0	100%	\$6.0	100%

¹⁹ Excluding any Shares that may be acquired by Existing Shareholders under the Offer.

²⁰ Based on the Minimum Subscription.

8. Details of the Offer

As at 31 October 2015, the Company had approximately \$547,913 of cash reserves.

The Directors believe that the Company's current cash reserves and its cashflow from existing operations plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives until at least June 2017. These business objectives comprise:

- further technical development of the online wagering and fantasy wagering tournaments platforms;
- expansion of the wagering product offering;
- increased sales and marketing campaigns in conjunction with the 2016 Australian Autumn Racing Carnival; and
- execution of organic growth strategy through cross platform marketing and partnership and affiliation deals.

8.5 Share capital structure

The details of the ownership of Shares by Significant Shareholders are set out below.

Table 9: Shareholding of the Company before and after the Offer

Undiluted securities

Existing Shareholder	At the date of the Original Prospectus			At Completion			
	Shares	Options	Percentage	Shares	Options	Percentage Minimum Subscription	Percentage Maximum Subscription
RBW Nominees Pty Ltd	11,495,033	–	17.2%	11,495,033	–	12.6%	11.9%
Directors and Management ²¹	9,872,176	21,667,000	14.0%	9,872,176	21,667,000	10.8%	10.2%
Lead Manager	–	–	0.0%	–	5,000,000	0.0%	0.0%
Little Breton Nominees Pty Ltd	4,303,373	–	6.5%	4,303,373	–	4.7%	4.5%
TopBeta Investor Nominees Number 1 Pty Ltd ²²	7,314,320	–	11.0%	7,314,320	–	8.0%	7.6%
TopBeta FB Investor Nominees Pty Ltd ²³	5,623,118	–	8.5%	5,623,118	–	6.2%	5.8%
Other Shareholders	27,756,522	–	41.8%	27,756,522	–	30.4%	28.8%

Fully diluted securities

Existing Shareholder	At Completion		
	Shares	Percentage Minimum Subscription	Percentage Maximum Subscription
RBW Nominees Pty Ltd	11,495,033	9.7%	9.3%
Directors and Management	31,539,176	26.7%	25.6%
Lead Manager	5,000,000	4.2%	4.1%
Little Breton Nominees Pty Ltd	4,303,373	3.6%	3.5%
TopBeta FB Investor Nominees Pty Ltd	5,623,118	4.8%	4.6%
Other Shareholders ²⁴	35,070,842	29.7%	28.5%

²¹ Includes Shares held by Leo Todd Buckingham's spouse, Jo-Anne Buckingham as trustee for the Buckingham Family Trust.

²² TopBeta Investor Nominees Number 1 Pty Ltd holds the Shares on bare trust for certain beneficiaries. It is proposed that these Shares be distributed to the beneficiaries post-Listing.

²³ TopBeta FB Investor Nominees Pty Ltd holds the Shares on bare trust for certain beneficiaries. It is proposed that these Shares (to the extent that they are not Escrowed Shares) be distributed to the beneficiaries post-Listing.

²⁴ Including the Shares now held by the beneficiaries of TopBeta Investor Nominees Number 1 Pty Ltd.

8. Details of the Offer

8.6 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 8.11.
What is the consideration payable for each security?	The Offer Price is \$0.20 per Share.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out on page 2. The timetable is indicative only and may change.
Who can apply for Shares under the Chairman's List Offer?	The Chairman's List Offer consists of an invitation to persons who have received a Chairman's List Invitation. The Lead Manager will separately advise the applicable persons of the Application procedures under the Chairman's List Offer.
How do I apply under the Chairman's List Offer?	Applications may only be made on the Application Form attached to or accompanying this Prospectus. BY MAIL TO: Computershare Investor Services Pty Limited GPO 2115 Melbourne VIC 3001
Who can apply for Shares under the Broker Firm Offer?	The Broker Firm Offer is open to persons who have received an invitation to participate in the Offer from their Broker and who have a registered address in Australia. If you have been invited to participate by your Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.
How do I apply under the Broker Firm Offer?	Applications may only be made on the Application Form attached to or accompanying this Prospectus. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your invitation to participate. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form.
How to complete and attach your cheque for the Application Amount under the Broker Firm Offer	If you have received a firm allocation of Shares from your Broker, <ol style="list-style-type: none">1) your application cheque must be:<ol style="list-style-type: none">a. made payable to the Broker;b. crossed "Not Negotiable";c. for an amount equal to the Offer Price multiplied by the number of Shares that you are applying for; andd. in Australian currency drawn on an Australian branch of a financial institution; and2) your completed Application Form and cheque must be delivered to the Broker directly. <p>The procedure should be explained to you in further detail by your Broker. If you have a firm allocation of Shares and are in any doubt about what action to take, you should immediately contact the Broker who has made you the firm offer.</p>

8. Details of the Offer

Topic	Summary
What is the closing date for the Broker Firm Offer?	<p>The Broker Firm Offer opens on 3 December 2015 and is expected to close on 7 December 2015. The Company may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Your broker may also impose an earlier closing date.</p> <p>Applicants applying for Shares under the Broker Firm Offer are encouraged to submit an Application Form and Application Monies to their broker as early as possible in advance of the Closing Date and to allow a sufficient period for mail processing time.</p> <p>The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your broker in connection with your Application.</p>
How to pay your Application Amount under the Chairman's List Offer?	<p>Applicants may pay their Application Amount by cheque accompanying a paper copy of the Application Form in or accompanying this Prospectus. Your application cheque must be:</p> <ol style="list-style-type: none"> made payable to "TopBetta Offer"; crossed "Not negotiable"; for an amount equal to the Offer Price multiplied by the number of Shares that you are applying for; and in Australian currency, drawn on an Australian branch of a financial institution.
What is the closing date for the Chairman's List Offer?	<p>The Chairman's List Offer opens on 3 December 2015 and is expected to close on 7 December 2015. The Company may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice.</p> <p>Applicants applying for Shares under the Chairman's List Offer are encouraged to submit an Application Form and Application Monies to the Share Registry as early as possible in advance of the Closing Date and to allow a sufficient period for mail processing time.</p>
Who can apply for Shares under the Institutional Offer?	<p>The Institutional Offer is only open to Institutional Investors in Australia and a number of other eligible jurisdictions. The Lead Manager will separately advise the eligible participants of the Application procedures under the Institutional Offer.</p>
What are the cash proceeds to be raised under the Offer?	<p>A minimum of \$5.0 million and a maximum of \$6.0 million will be raised from investors under the Offer based on the Offer Price.</p>
What is the minimum and maximum Application size under the Offer?	<p>The minimum Application under the Offer is \$2,000 worth of Shares and in multiples of \$500 worth of Shares thereafter.</p> <p>The Company and the Lead Manager reserves the right to reject any Application or to allocate a lesser number of Shares than that applied for. In addition, the Company and the Lead Manager reserves the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregate of Applications) in the Retail Offer which are for more than \$50,000 worth of Shares.</p> <p>There is no maximum value of Shares that may be applied for under the Retail Offer, but the Company and the Lead Manager reserve the right to treat any Applications (or aggregate of Applications) in the Retail Offer which are for more than \$50,000 worth of Shares as part of the Institutional Offer.</p>
What is the allocation policy?	<p>Allocations of new shares under the Offer will be determined by the Company, in consultation with the Lead Manager in accordance with Section 8.7.</p>
Will the securities be listed?	<p>The Company has applied to ASX for admission to the official list of, and quotation of its Shares by, ASX under the code TBH.ASX. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.</p>

8. Details of the Offer

Topic	Summary
When are the securities expected to commence trading?	<p>It is expected that the trading of the Shares on ASX will commence on or about 11 December 2015, initially on a deferred settlement basis.</p> <p>Normal settlement trading is expected to commence on or about 17 December 2015.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.</p> <p>The Company and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the TopBeta Offer Information Line, by a Broker or otherwise.</p>
When will I receive confirmation of whether my Application has been successful?	<p>Holding statements will be dispatched as soon as practicable by the Share Registry.</p> <p>Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion of the Offer.</p>
Is the Offer underwritten?	<p>No, the Offer is not underwritten.</p>
Are there any escrow arrangements?	<p>Yes. Details are provided in Section 8.9.</p>
Are there any tax considerations?	<p>Yes. Details are provided in Section 10.6.</p>
Are there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 9.1 for details of various fees payable by the Company to the Lead Manager.</p>
What are the costs of the Offer and who is paying them?	<p>The Company is paying the costs of the Offer. The costs of the Offer are estimated to be \$800,000. Please see Sections 9.1 and 10.7 for further details.</p>
Is DvP settlement available?	<p>DvP Settlement is available for Applicants under both the Broker Firm Offer and Institutional Offer. Please contact your Broker or the Lead Manager for further details.</p>
What should I do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the TopBeta Offer Information Line on 1300 781 334 (within Australia) or +61 3 9415 4679 (outside Australia) from 8:30 am to 5:00 pm (AEDT), Monday to Friday (during the Offer period).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should consult with your stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>

8.7 Allocation Policy

The Company, in consultation with the Lead Manager, will determine the allocation of Shares between the Institutional Offer, the Broker Firm Offer and the Chairman's List Offer.

The allocation of Shares under the Institutional Offer will be determined by the Company in consultation with the Lead Manager.

For Broker Firm Offer participants, applicable Brokers will decide how they allocate Shares among their retail clients, and such brokers (and not the Company nor the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from their broker receive applicable Shares.

The Company, in consultation with the Lead Manager, will determine the allocation of Shares under the Chairman's List Offer. The Company reserves the right not to issue any Shares under the Offer or to give priority to certain Applicants under the Chairman's List Offer nominated by the Board.

The Company, in consultation with the Lead Manager, reserves the right in its absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject any Application or allocate a lesser amount of Shares than the number, or the equivalent dollar amount that applied for.

8. Details of the Offer

8.8 Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants or bidders in the Chairman's List Offer, Broker Firm Offer and the Institutional Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Company and the Lead Manager also reserves the right to, subject to the Corporations Act, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for.

8.9 Escrow arrangements

Shares held by Existing Shareholders immediately prior to Completion will be subject to escrow arrangements in the period immediately following Completion of the Offer, as summarised below.

Shareholders	No. of Shares	Escrow period	Mandatory/ Voluntary
RBW Nominees Pty Ltd	7,653,641	24 months	Mandatory
Directors and Management ²⁵	2,343,852	24 months	Mandatory
	2,413,653	Until 22 Feb 16	Mandatory
	6,631,571	24 months	Voluntary
Employees ²⁶	5,865,899	24 months	Voluntary
	3,327,496	Until 22 Feb 16	Mandatory
Professionals/Consultants/Related Parties ²⁷	763,470	24 months	Mandatory
Other	9,866,349	12 months from date of issue expiring between February and October	Mandatory

Each Escrowed Shareholder has agreed to enter into an escrow deed in respect of their shareholding on Completion (other than Shares acquired under the Offer), which prevents them from disposing of their respective Escrowed Shares for the applicable escrow period as described above.

The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Shares, encumbering or granting a security interest over the Shares (except to the extent permitted by the deed as outlined in this Section 8.9), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any those things.

Release from escrow

All of the Escrowed Shareholders may be released early from these escrow obligations to enable in summary:

- the Escrowed Shareholder to accept an offer under a takeover bid in relation to its Escrowed Shares if holders of at least half of the Shares the subject of the bid that are not held by the Escrowed Shareholders have accepted the takeover bid;
- the Escrowed Shares to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act; or
- Escrowed Shareholders to participate in an equal access buy back or equal return of capital or other similar pro rata reorganisation.

²⁵ Includes Shares held by CEO Todd Buckingham's spouse, Jo-Anne Buckingham as trustee for the Buckingham Family Trust, but excludes Shares held by employees.

²⁶ Excludes Shares held by Directors and Management.

²⁷ Excludes Shares held by Directors and Management.

8. Details of the Offer

Restrictions on transfers

During the Escrow Period, Escrowed Shareholders whose Shares remain subject to escrow may dispose of any of their Escrowed Shares to the extent the disposal is required by applicable law (including an order of a court of competent jurisdiction) or to the extent the disposal is to an affiliate or affiliated fund entity or to a trust or entity which the Escrowed Shareholder controls where the transferee also enters into an escrow arrangement with the Company on substantially the same terms.

8.10 ASX Listing and registers

Application to ASX for listing of the Company and quotation of Shares

The Company has applied to ASX for admission to the Official List of ASX and for its Securities to be granted official quotation by ASX. The Company is not currently seeking a listing of its Shares on any stock exchange other than ASX.

The fact that ASX may admit the Company to the Official List of ASX and grant official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under the Offer. ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If permission for quotation of the Shares is not granted within three months after the date of the Original Prospectus, all Application Amounts received by the Company will be refunded without interest as soon as practicable.

The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.

CHESS and issuer sponsored holdings

The Company will apply to participate in ASX's Clearing House Electronic Sub-register System (CHESS) and will comply with the Listing Rules and the Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Security holder Reference Number (SRN) for issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued. Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

8.11 Overseas distribution

No action has been taken to register or qualify the offer of Shares under this Prospectus, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia.

Offer only made where lawful to do so

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. This Prospectus does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. Persons into whose possession this document comes should inform themselves about and observe any restrictions on acquisition or distribution of the Prospectus. Any failure to comply with these restrictions may constitute a violation of securities laws.

United States residents

The Shares being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and

8. Details of the Offer

applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Shares in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving the Shares may not be conducted unless in compliance with the US Securities Act.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

Selling restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

New Zealand

This Prospectus has been prepared and is issued by the Company for distribution in New Zealand only to selected investors who are wholesale investors.

This Prospectus is not a product disclosure statement under New Zealand law and does not constitute a regulated offer of financial products.

Hong Kong

This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. The Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under the SFO) or in other circumstances which do not result in this document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or the Companies Ordinance (Cap. 622) of Hong Kong.

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as defined in the SFO and any rules made under the SFO). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This Prospectus or any other offering material relating to the Shares has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than to an institutional investor, as defined in section 4(A)(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), in accordance with and pursuant to section 274 of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. Investors should note there are certain on-sale restrictions (set out in, among others, sections 257 and 276 of the SFA) applicable to all investors who acquire the Shares pursuant to the exemptions in section 274 of the SFA. As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore or to consult their own professional advisers as to such on-sale restrictions, and to comply accordingly.

The contents of this Prospectus have not been reviewed by any regulatory authority in Singapore. This Prospectus may not contain all the information that a Singapore registered prospectus is required to contain. In the event of any doubt about any of the contents of this Prospectus or as to your legal rights and obligations in connection with the Offer, please obtain appropriate professional advice.

8. Details of the Offer

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

8.12 Rights attaching to the Shares

Immediately after issue and allotment, the Shares will be fully paid Shares and the Shares will rank pari passu with the Shares currently on issue.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's Constitution and the Corporations Act. The rights attached to the Shares are also subject to the licence conditions of the bookmaker and betting exchange licences held by the subsidiary Licence Holders, as well as the Bookmakers and Betting Exchange Act 1998 (Norfolk Island) ("**Bookmaking Act**").

A copy of the Company's Constitution can be inspected during office hours at the registered office of the Company and Shareholders have the right to obtain a copy of the Company's Constitution, free of charge.

The detailed provisions relating to the rights attaching to Shares under the Constitution, the licence conditions of the bookmaking and betting exchange licences, the Corporations Act and the Bookmaker Act are summarised below.

Each Share will confer on its holder:

- the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Company's Constitution and the Corporations Act;
- the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- the right to receive dividends, according to the amount paid up on the Share;
- the right to receive, in kind, the whole or any part of the Company's property on a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

Further, in order to comply with the licences held by the Company's subsidiary Licence Holders, the Company's Constitution contains provisions which prescribe the following:

- circumstances in which a person will be considered ineligible to be a shareholder of the Company;
- a right of the Company to request information from a shareholder or potential shareholder, including a statutory declaration to verify such information, to assist the Company in assessing a person's eligibility to be a shareholder of the Company;
- a right of the Company to request information from a shareholder or potential shareholder, and provide that information to a gambling regulatory body who grants and enforces the conditions of, a gambling licence, for the purposes of determining whether the shareholder or potential shareholder is a suitable person to be a shareholder of the Company;
- that a shareholder's voting and dividend rights in respect of that shareholder's shares in the Company may be suspended when that person is considered by the Company or a gambling regulatory body to be ineligible to be a shareholder; and
- the right of the Company to dispose of the shares and the process for the compulsory disposal, share sale or buy-back of a shareholder's shares in the Company, in the circumstances where that person is ineligible to be a shareholder of the Company.

For personal use only



9. Material Contracts

9. Material Contracts

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

9.1 Offer Mandate Letter

The Company has entered into a mandate letter dated 30 September 2015 ("Mandate") appointing the Lead Manager as lead manager for the Offer, on the terms and conditions of the Mandate. Under the Mandate, the Lead Manager has agreed to arrange and manage the Offer, including the bookbuild, in consultation with the Company. The terms of the Mandate are customary for the size and risk associated with this type of transaction. A summary of the key terms are set out below.

Fees and expenses

Under the terms of the Mandate, the Lead Manager is to receive a placement fee of 5% of the total gross proceeds of the Offer, excluding goods and services tax. In addition to this, the Lead Manager is also to receive a management fee of 1% of the total gross proceeds of the Offer as well as 5,000,000 options with an exercise price of \$0.20 per option exercisable within three years of the date of quotation of the Shares. The Company has also agreed to reimburse the Lead Manager for expenses incurred by it in relation to the Offer.

Termination events

The Lead Manager may terminate the Mandate by giving seven days' written notice to the Company. Further, the Lead Manager may terminate the Mandate, at any time by notice to the Company if any of the following events occur:

- the Company breaches (or in the Lead Manager's reasonable opinion is about to breach) any provision of the Mandate (including without limitation any of the covenants or any of the representations or warranties in the Mandate) or commits an act of gross negligence, fraud or wilful misconduct or refuses to provide the Lead Manager with information reasonably requested in relation to duties for the provision of services by the Lead Manager under the Mandate;
- in the Lead Manager's opinion, it is not appropriate for the Lead Manager to continue the engagement under the Mandate for legal or regulatory reasons;
- there is an investigation or inquiry or proceedings initiated by ASIC into the conduct of the Company;
- the Company or a related body corporate suspends payment of its debts generally or is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act;
- any Director or officer of the Company is charged with an indictable offence;
- prior to settlement of the Offer, a change to the Company's constitution or the Company's capital structure occurs without the Lead Manager's written consent;
- there is a material contravention by the Company of a provision of its constitution, the Corporations Act, the Listing Rules, or any other applicable law or regulation;
- approval is refused or not granted, other than subject to customary conditions, to allot the Shares before the date of their allotment, or if granted, the approval is subsequently withdrawn, qualified or withheld;
- any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- the Company fails to use reasonable endeavours to take any action by the time specified in the Mandate or in the timetable agreed under the Mandate;
- the Company notifies the Lead Manager that it has withdrawn the Offer;
- any information supplied by the Company or on its behalf to the Lead Manager in respect of the Offer is or becomes false or misleading in any material respect;
- a statement in the Offer documents (including this Prospectus) is misleading or deceptive in a material respect, or information is omitted from the Offer documents (including this Prospectus), that renders them misleading or deceptive in a material respect;

9. Material Contracts

- the occurrence of any material adverse change in the condition, business, operations, assets, liabilities, financial position and performance, profits, losses and prospects of the Company;
- during the period from the date of the Mandate until settlement of the Offer, the S&P/ASX 200 Index or the All Ordinaries Index is, for any two consecutive trading days, more than 10% below the level of that index on the day before the signing of the Mandate;
- any material adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom or the United States of America or in the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, in the Lead Manager's reasonable opinion reached in good faith, it is impracticable to market the Offer (either in whole or in part) or to enforce contracts to issue and allot the Shares;
- a change in the Board of Directors of the Company occurs without the prior written consent of the Lead Manager;
- any circumstance arises after dispatch of the Offer documents (including this Prospectus) that results in the Company either repaying the money received from Applicants, or offering Applicants an opportunity to withdraw their acceptances for Shares and be repaid their Application Money;
- any material contract of the Company is terminated or materially amended;
- the Company commits a substantial breach of a material contract;
- any representation or warranty in the Mandate on the part of the Company is not true or correct;
- there is made public any item, transaction or event of a material nature not previously made public (including on the basis that such item, transaction or event had not previously occurred), which would reasonably be expected to adversely affect in a material way the decision of Applicants to subscribe for Shares the subject of the Offer; and
- the Offer is prevented from proceeding for any reason whatsoever.

Indemnity

Subject to certain exclusions relating to loss which has been finally judicially determined by a Court of competent jurisdiction to have been caused directly by the Lead Manager's negligence, recklessness, wilful misconduct or fraud by an indemnified person, the Company has agreed to keep the Lead Manager and their associated parties indemnified against losses suffered arising from or in connection with the Offer, the appointment of the Lead Manager pursuant to the Mandate, any proceedings in relation to the Offer or the Lead Manager's appointment pursuant to the Mandate, and any taxes in respect of any of these matters.

Warranties, representations and other terms

The Mandate contains certain standard warranties, representations and undertaking provided by the Company to the Lead Manager. The representations and warranties given by the Company include but are not limited to matters such as power and authorisations, compliance with applicable laws and the Listing Rules, financial information, information provided by the Company, litigation, material contracts, encumbrances, licences, insurances, title to property, tax and labour.

In addition, the Company has agreed that, for the period of 60 days from Completion, it will not, directly or indirectly, sell or offer to sell, issue or offer to issue, grant or offer to grant any option over, or announce any intention to issue or grant options over, Shares or other securities exchangeable into Shares without the prior consent of the Lead Manager, subject to certain exceptions.

These exceptions include:

- the issue of options to employees which when aggregated with all outstanding options issued to employees does not exceed 5% of the Company's outstanding issued capital;
- the issue of shares on the exercise of any options or convertible notes existing at the date of the Mandate; or
- the issue of shares or options as previously announced as at the date of the Mandate.

9.2 Arrangements with racing controlling bodies

In order to publish or use race field information in respect of Australian racing events for which it provides wagering services, TopBetta has applied for, and has been granted, approvals/authorities/agreements to publish and use race field information from the relevant racing controlling bodies ("Racing Approvals"), in return for paying a race field information/contribution fee (or similar).

TopBetta has Racing Approvals from each of the following racing controlling bodies:

* NB: "k" = thousand and "M" = million

Racing Controlling Body	Name of Racing Approval	Approval Period	Summary Race Field Fee Payable
Racing NSW	Approval to Use NSW Race Fields Information 2015-2016	1 July 2015 – 30 June 2016	<p>1% of turnover less eligible bet backs (where turnover ≤ \$5M for the Approval Period).</p> <p>1.5% (standard race meetings) – 2.5% (premium race meetings) of turnover less eligible bet backs (for turnover > \$5M for the Approval Period) for turnover other than turnover on wagers made at totalisator derived odds.</p> <p>2.5% (standard race meetings) – 3.0% (premium race meetings) of turnover less eligible bet backs (for turnover > \$5M for the Approval Period) for turnover of wagers made at totalisator derived odds.</p>
Greyhound Racing NSW	NSW Greyhound Racing Race Fields Publication Approval	1 July 2015 – 30 June 2016	<p>Greater of 1% of turnover less eligible bet backs AND 15% gross margin (GM).</p> <p>Fee capped at a "Maximum Fee", being 4% of turnover for wagers laid by the approval holder on a "totalisator derived odds" and 2.5% of turnover for wagers laid by the approval holder other than on "totalisator derived odds".</p>
Harness Racing NSW	Approval to Use NSW Harness Race Field Information 2015-2016	1 September 2015 – 1 June 2016	1.5% (standard race meetings) or 2.5% (premium race meetings) of turnover less eligible bet backs.
Racing Victoria	Approval to Publish and Use Victorian Thoroughbred Race Fields	1 July 2015 – 30 June 2016	<p>Up to and including the first \$15M of turnover less eligible bet backs for the Approval Period: 1% of (turnover less eligible bet backs).</p> <p>Premium meetings (fixed odds): 3% of (turnover less eligible bet backs) or 30% gross revenue, whichever is greater.</p> <p>Premium meetings (pari-mutuel²⁸): 2.5% of turnover.</p> <p>Group and Listed Meetings (fixed odds): 2% of turnover less eligible bet backs or 20% gross revenue, whichever is greater.</p> <p>Group and Listed Meetings (pari-mutuel²⁸): 2% of turnover.</p> <p>Standard meetings (fixed odds): 1.5% of turnover less eligible bet backs or 15% gross revenue, whichever is greater.</p> <p>Standard meetings (pari-mutuel²⁸): 1.5% of turnover.</p>

²⁸ A pari-mutuel bet is a bet placed in a pool, together with other bets of the same type. The wagering operator's take is removed and the payoff odds are calculated by sharing the pool amongst all winning bets.

9. Material Contracts

Racing Controlling Body	Name of Racing Approval	Approval Period	Summary Race Field Fee Payable
Greyhound Racing Victoria	Approval to Publish and Use Victorian Greyhound Racefields	1 February 2015 – 28 February 2017	Fixed odds: 1.5% of turnover less eligible bet backs (where turnover > \$250k per month).
Racing Queensland	Authority to use Queensland Race Information	1 November 2015 – 31 October 2016	<p>Up to and including the first \$5M of turnover for the Approval Period: 1.5% of aggregate annual turnover less eligible bet backs (“TLBB”) (being aggregate turnover for all thoroughbred, harness and greyhound races held in Queensland.)</p> <p>Fixed odds: standard race meetings (2.0% of TLBB); intermediary race meetings (2.25% of TLBB); premium race meetings (2.5% of TLBB).</p> <p>Other (incl. derivatives): standard race meetings (2.5% of TLBB), intermediary race meetings (2.75% of TLBB); premium race meetings (3.0% of TLBB).</p>
Racing SA (representing Thoroughbred Racing SA Limited, Harness Racing SA Limited, Greyhound Racing SA Limited and Racing SA Pty Ltd)	South Australia Integrity and Contribution Agreement	1 July 2015 – 30 June 2016	<p>For thoroughbred race meetings:</p> <p>Premium: 2.5% of (monthly turnover less eligible bet backs (MT)) OR 20% of monthly gross proceeds (MGP) (whichever is greater).</p> <p>Standard: 1% of MT (up to turnover of \$83,333), plus the greater of:</p> <p>(a) (i) 15% of MGP (when \$83,333 < MGP < \$7.5M) AND (ii) 10% of MGP (when MGP > \$7.5M); OR</p> <p>(b) (i) 2% MT (when \$83,333 < MT < \$7.5M) AND (ii) 1.5% MT (where MT > \$7.5M).</p> <p>For harness race meetings:</p> <p>Premium: 2.0% of MT OR 18% of MGP (whichever is greater).</p> <p>Standard: 2.0% of MT OR 15% MGP (whichever is greater).</p> <p>For greyhound race meetings:</p> <p>Premium: Greater of</p> <p>(a) 2.5% of MT; AND</p> <p>(b) (i) 18% of MGP on amounts up to B PLUS (ii) 10% of MGP on amounts in excess of B, where B = \$800,000 (for September) and \$500,000 (for October).</p> <p>Standard: Greater of:</p> <p>(a) 2.0% of MT; AND</p> <p>(b) (i) 15% MGP on amounts up to A, PLUS (ii) 10% of the MGP in excess of A, where A = \$200,000 (for September), \$500,000 (for October) and \$1M for all months other than September and October.</p>

9. Material Contracts

Racing Controlling Body	Name of Racing Approval	Approval Period	Summary Race Field Fee Payable
Tasracing	Approval to Publish Tasmanian Race Field Information	1 July 2015 – 30 June 2016	<p>For thoroughbred race meetings:</p> <p>For turnover > \$83,333 per month during the Approval Period, the greater of:</p> <p>a) 1.0% of turnover less eligible bet backs; AND</p> <p>b) 20-25% net revenue (premium rate applied to races held during February each year);</p> <p>LESS 5% of any net revenue exceeding \$100,000.</p> <p>For harness and greyhound race meetings:</p> <p>For turnover > \$83,333 per month during the Approval Period, the greater of:</p> <p>a) 1.0% of turnover less eligible bet backs; AND</p> <p>b) 20% net revenue;</p> <p>LESS 5% of any net revenue exceeding \$100,000.</p>
Canberra Racing Club	Approval to use ACT Race Field Information	1 July 2014 – 30 June 2017	<p>For thoroughbred race meetings:</p> <p>Totalisator: 1.5% of turnover (2.5% of turnover for Black Opal Stakes).</p> <p>Fixed Odds: 2.0% of turnover (3.0% of turnover for Black Opal Stakes).</p> <p>Other (not totalisator and not derived from fixed odds): 2.5% of turnover (3.5% of turnover for Black Opal Stakes).</p> <p>For harness and greyhound race meetings:</p> <p>1.5% of turnover.</p>

Summary of key clauses under racing controlling body Racing Approvals

Each of the Racing Approvals identified above is accompanied by terms and conditions with which TopBetta is required to comply. While these terms and conditions vary depending on the particular Racing Approval and the racing controlling body which issued the Racing Approval, some common rights, obligations and conditions provided in these Racing Approvals are set out below.

Right to use/publish race field information and payment of a race field fee

Once a racing controlling body has granted the Company a Racing Approval, the Company is authorised to use or publish the race field information pertaining to the racing controlling body that has granted the Racing Approval. In consideration of these Racing Approvals, the Company is required to pay race field fees to the relevant racing controlling body which has issued the Racing Approval.

These race field fees are variable and calculated by various methods which differ based on: the racing controlling body; the type of racing event (e.g. thoroughbred, harness or greyhound); the type of race meeting (e.g. premium or standard) and the type of bets offered by TopBetta. The race field fee rates for each racing controlling body are summarised above.

9. Material Contracts

Integrity

A number of the Racing Approvals include integrity related conditions with which the Company is required to comply. These integrity related conditions differ, however, they include, in general terms:

- the requirement to cooperate with the relevant racing controlling body and, at the request of the racing controlling body, provide information and documentation that is relevant to assist the racing controlling body in performing its functions or responsibilities regarding the integrity and reputation of the racing industry;
- the requirement to permit the racing controlling body to monitor relevant wagering transactions and wagering activity;
- an obligation to report to the racing controlling bodies any matters which may materially adversely impact the integrity or reputation of the racing industry or which warrant disciplinary action under the rules of racing or legislation (e.g. suspicious transactions or individuals); and
- an obligation to maintain appropriate and adequate policies and procedures, systems and controls to comply with laws and regulations relating to customer identification and verification, customer and transaction monitoring and reporting, procedures for detecting suspicious transactions and breaches of the law or the rules of racing and responsible gambling procedures (among others).

Termination rights of each party

Each of the Racing Approvals sets out provisions which give the racing controlling body the right to terminate the relevant Racing Approval for various reasons. These termination rights and events differ between the various Racing Approvals, however, they generally include (but are not limited to):

- if TopBetta breaches any of the terms or conditions attaching to the Racing Approval;
- if TopBetta becomes insolvent, is wound-up or suffers a bankruptcy event;
- if TopBetta knowingly, recklessly or negligently engages in illegal wagering; or
- if TopBetta acts in a manner that is contrary to the law, the applicable rules of racing or otherwise contrary to the maintenance of the integrity of the racing industry;
- if TopBetta undergoes a change in control;
- if TopBetta is unable to rectify the relevant breach or failure to the reasonable satisfaction of the relevant racing controlling body.

Duration of Racing Approvals

Generally, each of the Racing Approvals is for a period of one year, say, 1 July 2015 to 30 June 2016 (the "Approval Period"). However, the Racing Approval granted by:

- Racing Queensland – the Approval Period is 1 November 2015 – 31 October 2016;
- Harness Racing NSW – the Approval Period is 1 September 2015 – 1 June 2016;
- Canberra Racing Club – the Approval Period is a period of 3 years (1 July 2014 – 30 June 2017); and
- Greyhound Racing Victoria – the Approval Period is a period of 2 years (1 February 2015 – 28 February 2017).

Generally, in respect of each of the Racing Approvals, TopBetta is required to apply for a renewal or an extension of the Racing Approval, by lodging a renewal application with the relevant racing controlling body.

9.3 Arrangements with sports controlling bodies

In order to publish and use Australian sporting event information and certain logos which are owned and associated with the major Australian sports controlling bodies, TopBetta has entered into various sports product fee and integrity agreements/arrangements ("Sports Agreements"), in return for paying a sports product fee to the relevant sports controlling body.

TopBetta has entered into Sports Agreements with sports controlling bodies including the following:

Sports Controlling Body	Name of Sports Agreement	Approval Period	Summary Sports Product Fee Payable
Australian Rugby Union (ARU)	ARU Product Fee and Integrity Agreement	16 May 2013 – 31 Dec 2015	7.5% – 10% of gross profit generated by TopBetta from bets or wagers with TopBetta on ARU events
Football Federation Australia (FFA)	FFA Product Fee and Integrity Agreement	1 March 2014 – 30 June 2017	7.5% – 10% of gross profits generated by TopBetta from bets or wagers with TopBetta on FFA events
Australian Football League (AFL) (Australian rules football)	Sports Wagering Product Fee and Information Sharing Agreement	1 January 2011 – 31 December 2015 (agreement rolls over each year)	5% of gross revenue received from sales of fixed odds and other betting products.

Summary of key clauses under sports controlling body Sports Agreements

Each of the Sports Agreements identified above contains terms and conditions with which both the Company and the sports controlling body are required to comply. While these terms and conditions vary depending on the particular Sports Agreement, some common rights, obligations and conditions provided in these Sports Agreements are set out below.

Non-exclusive licences and payment of sports product fee

Generally, in entering into a Sports Agreement with a sports controlling body, the Company is granted a non-exclusive licence to use certain logos and branding owned or associated with the relevant sports controlling body. Under the majority of the Sports Agreements, the Company is granted a non-exclusive licence to use the designation "Approved Sports Betting Operator" of the relevant sport in marketing materials and on the TopBetta website. Further, entering into a Sports Agreement with a sports controlling body permits the Company to use and publish sport event information for the relevant sport.

In consideration of these Sports Agreements, the Company is required to pay sports product fees to the relevant sports controlling body which is party to the Sports Agreement.

Integrity

A number of the Sports Agreements include integrity related conditions with which the Company is required to comply. These integrity related conditions differ, however, they include:

- the requirement to cooperate with the relevant sports controlling body in respect of any prevention, investigation or prosecution of integrity issues relating to a sporting event, including for example, match-fixing or other corrupt behaviours;
- at the request of the sports controlling body, the requirement to provide information and documentation in maintaining the integrity of the sporting industry. This includes for example, the requirement to provide and report information relating to:
 - customers who are prohibited under law or applicable rules from betting on certain sporting events or, by betting on certain sporting events, may be involved in the corruption of a sporting event;
 - markets or bet types offered by the Company which may affect the integrity of a sporting event;
 - unusual or suspicious betting activity or transactions.
- the requirement to cross-check the Company's customer database against a list of names and relevant details of individuals who are prohibited from betting on certain sporting events, and if a prohibited individual is found, reporting this to the relevant sports controlling body.
- the obligation to comply with decisions made by the sports controlling bodies to cease offering and/or accepting certain bet types.

9. Material Contracts

Termination rights of each party

Each of the Sports Agreements gives TopBetta and the sports controlling bodies the right to terminate the relevant Sports Agreements for various reasons. These termination rights and events differ between the various Sports Agreements, however, generally include (but are not limited to):

- either party may terminate if there is a material breach of the obligations under the Sports Agreement;
- the sports controlling body may terminate the Sports Agreement if:
 - TopBetta ceases to be licensed to conduct sports betting by an Australian State or Territory government;
 - TopBetta becomes insolvent; and
 - TopBetta fails to respond to a request for information by the sports controlling body.
- TopBetta may terminate the Sports Agreement if the relevant sports controlling body ceases to be an authorised sports controlling body or becomes insolvent.

Indemnity

A number of the Sports Agreements set out an indemnity provided by the sports controlling body to TopBetta that it will indemnify TopBetta and its directors, employees and agents from any loss, damage, cost or expenses incurred by TopBetta in connection with any legal proceedings that arise due to any breach of a third party's intellectual property rights arising out of the logos, materials and data licensed from the sports controlling body to TopBetta. For example, the Sports Agreement for the ARU includes an indemnity clause to this effect.

Term of agreement with option to renew

Generally, although most of the Sports Agreements include an expiration date, they also include a clause which provides that TopBetta and the relevant sports controlling body is free to negotiate and renew the applicable Sports Agreement on mutually agreed terms, prior to the expiry. This is applicable for the ARU and FFA.

For personal use only



10.

Additional Information



10. Additional Information

10.1 Incorporation

The Company was incorporated on 27 June 2013 as a private company limited by shares and was converted to a public company limited by shares on 13 November 2015.

10.2 Balance date

The accounts for the Company will be made up to 30 June annually.

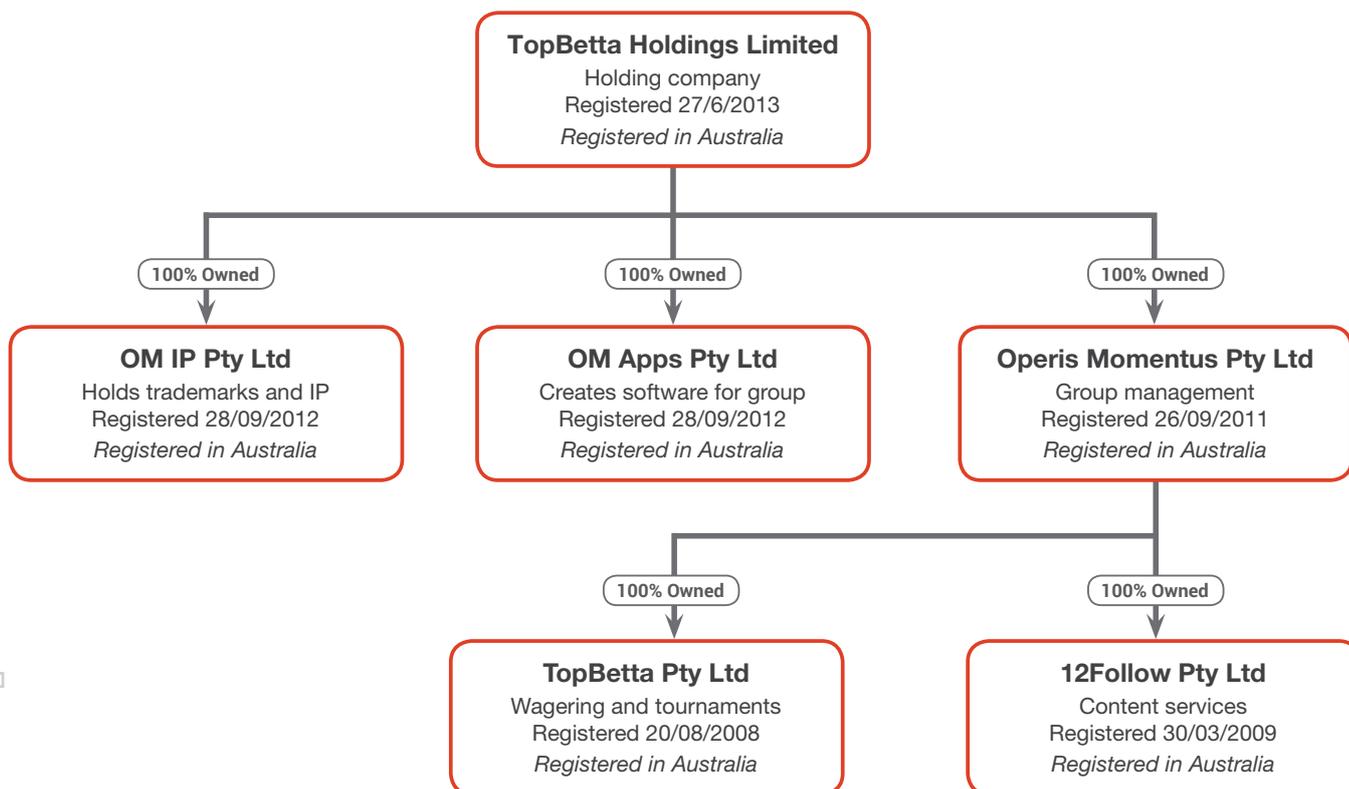
10.3 Company tax status

The Company will be taxed as an Australian tax resident public company in Australia for the purposes of Australian income tax law.

10.4 Corporate structure

The following diagram sets out a representation of the corporate structure of the Group on Completion of the Offer.

Figure 8: Corporate structure



10. Additional Information

10.5 Ownership restrictions

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 10.5 contains a general description of these laws.

Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

Foreign Acquisitions and Takeovers Act

Generally, as at the date of this Prospectus, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) applies to acquisitions of shares and voting power in a company of 15%²⁹ or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more associated foreign persons and their associates (aggregate substantial interest). Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

Gambling regulation requirements

Under the Company's Constitution, the licence conditions of the bookmakers and betting exchange licence(s) held by the Licence Holders and the laws that apply to the Licence Holders, there are notification and approval requirements which the Company must comply with.

In particular, in accordance with the laws that apply to the Licence Holders as well as the conditions of the Norfolk Island licences issued by the Authority, the Licence Holders must first notify and seek written approval from the Authority prior to amending its corporate or ownership structure in a manner that affects directly, the licensed operation.

A similar notification and approval requirement applies in respect of the licence conditions that apply to the Northern Territory sports bookmaker's licence (which may be relevant in the event that such a licence is obtained by TopBetta OpCo). This requires the licence holder to advise the NTRC of any transfer of shares in the Company or any associated corporation or any share restructure which results in a person having an interest of 10% or more (direct or indirect) in the licence holder. Further, it is a condition of the Northern Territory licence that the licence holder does not make any changes to the structure of its share capital or ownership, without the approval of the NTRC.

These requirements to notify and seek approval from the gambling regulators are also reflected in the Company's constitution. Accordingly, the relevant gambling regulators would need to be notified and approval sought from these gambling regulators prior to any material changes to the Company's corporate or ownership structure.

10.6 Australian taxation implications of investing under the Offer

The following tax comments provide a general summary of Australian tax issues applicable to the Company and to Australian resident investors who acquire Shares under this Prospectus on "capital account" for income tax purposes. These comments do not consider the taxation consequences for foreign tax resident Shareholders, insurance companies, banks, Shareholders that hold their Shares on revenue account or carry on a business of trading in shares, or Shareholders who are exempt from Australian tax.

These comments based on income tax law, applicable case law and published Australian Taxation Office rulings, determinations and administrative practice in force at the date of the Prospectus. This summary does not take into account the tax law of countries other than Australia.

This summary is general in nature and does not take into account the specific circumstances of each individual investor. Due to the complex and fluid nature of the Australian taxation regime Shareholders should seek professional advice regarding their own circumstances before making an investment decision.

²⁹ It is proposed that the *Foreign Acquisitions and Takeovers Act 1975* (Cth) will be substantially amended, with such amendments to take effect from 1 December 2015. One such amendment is to increase the meaning of substantial interest from 15% to 20%.

10. Additional Information

10.6.1 Income tax treatment of dividends received by Australian tax resident Shareholders

10.6.1.1 Australian tax resident individuals and complying superannuation entities

For Australian tax resident Shareholders, dividends on a Share paid by the Company will be included in their Australian assessable income. Australian tax resident Shareholders who are individuals or complying superannuation funds should include the dividend in their assessable income in the year of payment together with any franking credit attached to that dividend. The rate of tax payable by each Australian individual investor will depend on their circumstances and the relevant marginal rate of income tax.

Individual Shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, the Shareholders should be entitled to a tax refund.

Where a dividend paid by the Company is unfranked, the Shareholder will generally be taxed at their prevailing marginal rate on the dividend received, with no tax offset.

10.6.1.2 Corporate Shareholders

Corporate Shareholders are also required to include the dividend in their assessable income in the year of payment together with any franking credit attached to that dividend. A tax offset is allowed up to the amount of the franking credit on the dividend. Companies are not eligible for a refund of excess franking credits but may gross up the excess franking credit and carry it forward as a tax loss, for utilisation against future income.

10.6.1.3 Trusts and partnerships

Australian tax resident Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend and franking credit in their calculation of the net income of the trust or partnership. A beneficiary trustee or partner may be entitled to a franking credit tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

10.6.2 Capital gains tax ("CGT") implications for Australian tax resident Shareholders on a disposal of Shares

The disposal of a Share by an Australian tax resident Shareholder will be a CGT event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs incurred in relation to the acquisition or disposal of the Shares). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds received from the sale of the Shares.

A CGT discount may be applied against the net capital gain where the Shareholder is a resident individual, complying superannuation entity or trustee, and the Shares have been held for more than 12 months. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

10.6.3 Tax File numbers (TFN) or Australian Business Number (ABN) notification

It is not compulsory for Shareholders to quote their TFN to the Company. However, unless an exemption applies, where a TFN is not held then Australian tax will be required to be deducted by the Company from unfranked distributions and/or dividends at the highest marginal tax rate plus the Medicare levy and Budget Deficit levy (if applicable at the time of payment). TFN withholding is not required in respect of fully franked dividends.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN. Non-residents are exempt from this requirement. By providing their TFN or ABN on its application for shares, the investor authorises the Company to apply it in respect of all the investor's investment with the Fund, including disclosing it to the Australian Taxation Office. Collection of TFN or ABN information is authorised, and its use and disclosure is strictly regulated by the tax laws and under privacy legislation.

10. Additional Information

10.6.4 GST implications

No GST obligations arise for investors on the acquisition, redemption or transfer of Shares in the Company. Distributions made by the Company will also not be subject to GST. Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect relevant to their particular circumstances.

10.6.5 Stamp Duty

Shareholders should not be liable for stamp duty in respect of the acquisition of their Shares in the company. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of their Shares but Investors should confirm the duty consequences of transferring Shares with their taxation advisers.

10.7 Interests of experts and advisers

Other than as set out below, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- has or had at any time during the two years preceding the date of the Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or the Offer; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Offer.

Foster Stockbroking Pty Limited has acted as the Lead Manager to the Offer. The Company has paid or agreed to pay a minimum amount of \$300,000 (exclusive of GST) in respect of these services (based on the Minimum Subscription being achieved) and a maximum amount of \$360,000 (exclusive of GST) (based on the Maximum Subscription being achieved). Foster Stockbroking will receive 5,000,000 Options as described in Table 9.

PKF (NS) Audit and Assurance Limited has acted as the Investigating Accountant and provided the Investigating Accountant's Report in Section 7. The Company has paid or agreed to pay an amount of approximately \$50,000 (plus disbursements and GST) in respect of these services. Further amounts may be paid to PKF (NS) Audit and Assurance Limited in accordance with time-based charges.

PKF Tax Pty Limited has acted as tax adviser to the Company and provided the tax summary in Section 10.6. The Company has paid or agreed to pay an amount of approximately \$20,000 (plus disbursements and GST) in respect of these services. Further amounts may be paid to PKF Tax Pty Limited in accordance with time-based charges.

DLA Piper Australia has acted as the Australian legal adviser to the Company and performed work in relation to due diligence enquiries on Australian legal matters. The Company has paid or agreed to pay an amount of approximately \$250,000 (plus disbursements and GST) up to the date of this Prospectus in respect of these services. Further amounts may be paid to DLA Piper Australia in accordance with time-based charges.

Frost and Sullivan (Australia) Pty Limited has prepared an Independent Industry Report for inclusion in the Prospectus. The Company has paid or agreed to pay, approximately \$12,500 (plus GST) to Frost and Sullivan (Australia) Pty Limited for the provision of that report.

10.8 Offer expenses

The Company has paid, or will pay, all of the costs associated with the Offer. If the Offer proceeds, the total estimated cash expenses in connection with the Offer (including advisory, legal, accounting, tax, listing and administrative fees as well as printing, advertising and other expenses) are estimated to be approximately \$845,000 assuming Minimum Subscription is reached and \$950,000 assuming the Maximum Subscription is reached.

10. Additional Information

10.9 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent:

- Foster Stockbroking Pty Limited has consented to being named as the Lead Manager to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Foster Stockbroking Pty Limited;
- PKF (NS) Audit and Assurance Limited Partnership has consented to being named in the Corporate Directory of this Prospectus as the Company's Investigating Accountant and to the inclusion of its Investigating Accountant's Report in Section 7 in the form and context in which it appears;
- PKF Tax Pty Limited has consented to being named in this Prospectus as the tax adviser to the Company and to the inclusion of the tax summary in section 6 in the form and context in which it appears;
- DLA Piper Australia has consented to being named in the Corporate Directory of this Prospectus as the Australian legal adviser to the Company (other than in relation to taxation and stamp duty), but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by DLA Piper Australia;
- Computershare Investor Services Pty Limited has consented to being named in the Corporate Directory and elsewhere in this Prospectus as the Share Registry for the Company. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus; and
- Frost & Sullivan (Australia) Pty Limited has consented to being named in this Prospectus and to the inclusion of its Independent Industry Report in the form and context in which it is named and to the inclusion in this Prospectus of statements by, or statements said in this Prospectus to be based on a statement by, it.

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors of the Company, persons named in the Prospectus with their consent as proposed Directors of the Company, any underwriters, persons named in the Prospectus with their consent as having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading or deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

In light of the above, each of the parties referred to above, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described above.

10.10 ASX waivers and confirmations

The Company has applied to ASX for customary confirmations in relation to mandatory escrow. In addition to these customary confirmations, the Company has obtained in-principle advice from ASX that it considers the provisions relating to the suspension of dividend and voting rights, and the divestment provisions, in the Company's Constitution are appropriate and equitable for the purposes of Listing Rules 6.10.5 and 6.12.3 respectively.

10.11 Investor considerations

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Shares listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

10. Additional Information

10.12 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications under the Offer are governed by the law applicable in New South Wales, Australia and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

10.13 Statement of Directors

Other than as set out in this Prospectus, the Directors report that after due enquiries by them there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company.

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

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11.

Defined
Terms



11. Defined Terms

In this Prospectus:

12Follow	12Follow Pty Ltd ACN 136 345 536.
12Follow Platform	The platform that enables users to follow runners using mobile phone SMS and premium SMS service.
ACCC	Australian Competition and Consumer Commission.
AEDT	Australian Eastern Daylight Time.
Affiliate	Persons with whom the Group has entered into arrangements to share revenue.
AFL	Australian Football League.
AFSL	Australian Financial Services Licence.
AIFRS	Australian International Financial Reporting Standards.
Allotment Date	The date on which the Shares are allotted under the Offer.
Amending Act	The <i>Norfolk Island Amending Act 2015</i> (Cth).
AML/CTF Act	The <i>Anti-Money Laundering and Counter Terrorism Financing Act 2006</i> (Cth).
Applicant	A person who submits a valid Application Form and required Application Amount pursuant to this Prospectus.
Application	An application for Shares under this Prospectus.
Application Amount	Money submitted by Applicants under the Offer.
Application Form	The application form attached to or accompanying this Prospectus for investors to apply for Shares under the Offer.
Application Monies	The amount accompanying an Application Form submitted by an Applicant.
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning ascribed to that term in the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691 or the market it operates, as the context requires.
ASX Corporate Governance Principles and Recommendations	The corporate governance principles and recommendations of the ASX Corporate Governance Council as at the date of this Prospectus.
AUD	Australian Dollar.
AUSTRAC	Australian Transaction Reports and Analysis Centre.
Authority	Norfolk Island Gaming Authority.
Awards	Awards of incentives under the LTIP as described in Section 5.6.
B2B	Business to business.
B2C	Business to consumer.
Board	The board of directors of the Company.
Bookmaking Act	The <i>Bookmakers and Betting Exchange Act 1998</i> (Norfolk Island).
Broker	Any ASX participating organisation selected by the Lead Manager in consultation with the Company to act as a broker to the Offer.

11. Defined Terms

Broker Firm Offer	Has the meaning ascribed to that term in Section 8.6.
CAGR	Compound Annual Growth Rate.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
Chairman's List Invitation	An invitation under this Prospectus to selected investors in Australia nominated by the Chairman of the Company to participate in the Chairman's List Offer on a firm basis up to the allocation of Shares nominated by the Chairman of the Company.
Chairman's List Offer	Has the meaning ascribed to that term in Section 8.6.
Change of Control Event	<p>(a) the occurrence of:</p> <ul style="list-style-type: none"> (i) the offeror under a takeover in respect of the Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and (ii) that the takeover bid has become unconditional; or <p>(b) the announcement by the Company that:</p> <ul style="list-style-type: none"> (i) Shareholders of the Company have, at a Court convened meeting of Shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either: <ul style="list-style-type: none"> (A) cancelled; or (B) transferred to a third party; and (ii) the Court, by order, approved the proposed scheme of arrangement, but shall not include a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company.
CHESS	Clearing House Electronic Subregister System operated in accordance with the Listing Rules and the Settlement Operating Rules.
CIO	Chief Information Officer.
Closing Date	The date that the Offer closes.
Company	TopBeta Holdings Limited ACN 164 521 395.
Company Secretary	The company secretary of the Company from time to time.
Completion	Completion of the issue of Shares pursuant to the Offer.
Constitution	The constitution of the Company.
COO	Chief Operating Officer.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
CRN	Customer Reference Number.
Daily Fantasy Sports or DFS	Fantasy sports tournament-style events held over a short period (often only one day).
Directors	The directors (including any alternate directors) of the Company as at the date of this Prospectus.
DvP	Delivery versus payment settlement procedure.
EBITDA	Earnings before interest, taxation depreciation and amortisation, as well as one off expenses.
EBIT	Earnings before interest and taxation.

11. Defined Terms

Escrow Period	The periods for which Shares are subject to escrow arrangements as set out in Section 8.8.
Escrow Shares	The number of Shares which are subject of the escrow arrangements as set out in Section 8.8.
Escrowed Shareholders	The holders of Escrowed Shares as set out in Section 8.8.
Existing Shareholders	The owners of all of the Shares prior to Completion of the Offer.
Exposure Period	The seven day period after the date of lodgement of the Prospectus with ASIC (as extended by ASIC (if applicable)).
FY2013	Financial year ending 30 June 2013.
FY2014	Financial year ending 30 June 2014.
FY2015	Financial year ending 30 June 2015.
FY2016	Financial year ending 30 June 2016.
IAR	Investigating Accountant's Report.
IFRS	International Financial Reporting Standards.
Independent Industry Report	The report prepared by Frost and Sullivan (Australia) Pty Ltd (ACN 096 869 10) and contained in Section 2.3.
Investigating Accountant	PKF (NS) Audit and Assurance Limited Partnership.
Institutional Investor	An Applicant to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality which the Company is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under Section 708 of the Corporations Act (disregarding Section 708AA), and excluding a retail client within the meaning of Section 761G of the Corporations Act.
Institutional Offer	An Offer open to Institutional Investors in Australia and a number of other eligible jurisdictions.
IGA	The <i>Interactive Gambling Act 2001</i> (Cth).
IPO	Initial Public Offering.
Lead Manager	Foster Stockbroking Pty Limited AFSL 223687.
Licence Holders	TopBetta OpCo and Operis Momentus.
Listing	The admission of the Company to the Official List of the ASX.
Listing Rules	The official Listing Rules of ASX as amended or waived from time to time.
LTIP	The Company's long term incentive plan as described in Section 5.6.
Management	The senior management of the Company, including Todd Buckingham, Bill Butler and Oliver Shanahan.
Maximum Subscription	The maximum amount being sought by the Company under the Offer, being \$6,000,000.
Minimum Subscription	The minimum amount being sought by the Company under the Offer, being \$5,000,000.
NRL	National Rugby League.
NTRC	Northern Territory Racing Commission.
Offer	The offer of Shares under this Prospectus to raise up to \$6,000,000.

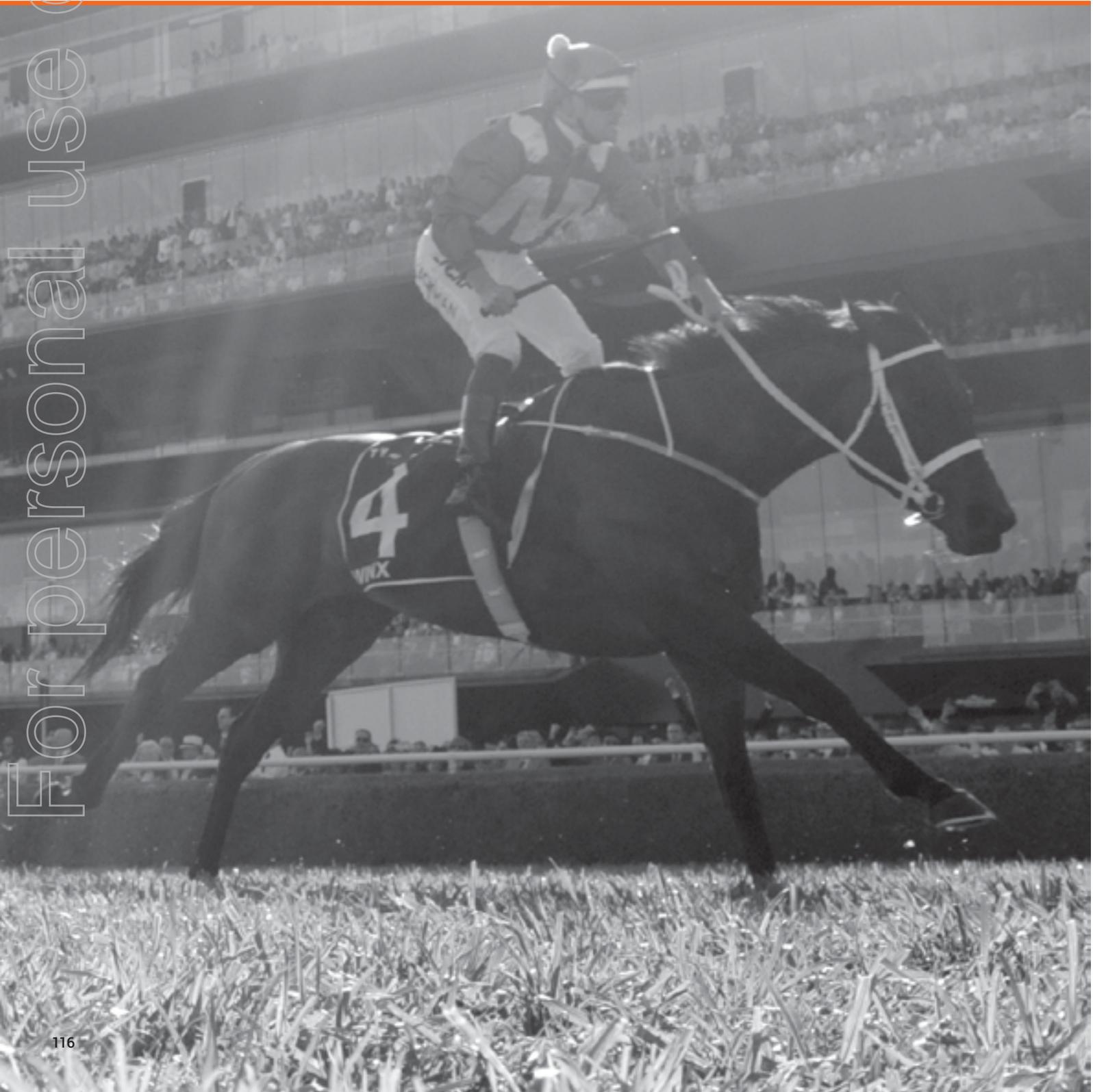
11. Defined Terms

Offer Period	The period during which investors may subscribe for Shares under the Offer.
Official List	The official list of entities that ASX has admitted to and not removed from listing.
OLGR	NSW Office of Liquor, Gaming and Racing.
OM Apps	OM Apps Pty Ltd ACN 160 563 593.
Operis Momentum	Operis Momentum Pty Ltd ACN 153 419 115.
Option	An option to subscribe for a Share.
Original Prospectus	The Prospectus issued by the Company dated 18 November 2015, which was lodged with ASIC on that date and is replaced by this Prospectus.
Participants	The Participants described in Section 5.6.
Partner or Partnership	Persons with whom the Group has entered into arrangements to share revenue and associated benefits.
Platforms	The TopBetta Platform, TopTippa Platform and 12Follow Platform.
Prospectus	This Prospectus, dated 25 November 2015, for the issue of Shares to raise up to \$6,000,000 (including the electronic form of this Prospectus).
Retail Investor	An investor who is not an Institutional Investor.
Retail Offer	The Broker Firm Offer and the Chairman's List Offer.
SERENA	Scalable Enterprise Racing and Event Normalisation Aggregator.
Settlement Operating Rules	The operating rules of ASX Settlement Pty Limited ACN 008 504 532.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A registered holder of a Share.
Share Registry	Computershare Investor Services Pty Limited.
Subscription Price	The amount payable by Applicants to the Company for the issue of Shares under the Offer being \$0.20 per Share.
Successful Applicant	An Applicant or Institutional Investor who is issued Shares under the Offer.
TopBetta or Group	The Company and its controlled entities.
TopBetta Offer Information Line	1300 781 334 (within Australia) or +61 3 9415 4679 (outside Australia) between 8:30 am to 5:30 pm (AEDT) Monday to Friday during the Offer Period.
TopBetta OpCo	TopBetta Pty Ltd ACN 132 843 817.
TopBetta Platform	The Company's proprietary technology platform that combines an online racing and sports wagering offering with a fantasy wagering platform and enables sports fans to compete against each other via online tournaments.
TopTippa Platform	The partner integration tipping competition platform used by Partners and Affiliates to conduct tipping competitions.
UIGEA	Unlawful Internet Gambling Enforcement Act of 2006.
US Securities Act	United States Securities Act of 1933, as amended.
Wagering Turnover	The amount of bets placed (before payment of winnings).

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Appendix 1

Significant Accounting Policies



Appendix 1 Significant Accounting Policies

A summary of key accounting policies which have been adopted in the preparation of the Financial Information set out in Section 6 of this Prospectus are set out below. These policies are consistent with the audited financial statements prepared for FY 2015.

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Group currently has two revenue streams:

- (i) Wagering revenue; and
- (ii) Rendering of Services.

All revenue is stated net of the amount of goods and services tax (GST).

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, a less any provision for impairment.

The recoverability of trade receivables is reviewed on an ongoing basis. Amounts which are determined not to be recoverable are written off by reducing the carrying amount to its recoverable amount, the difference is charged to the profit or loss in that period.

A provision for impairment of trade receivables is recognised when there is objective evidence that the Company is unable to collect part or all of the amounts due. Factors such as previous trading relationship, financial position, and probability of recoverability are considered when determining the extent the debtor is impaired.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts. Plant and equipment that have been contributed for no cost or for a nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

The depreciable amount of all fixed assets is recognised on a straight line basis over the asset's estimated useful life to the Company commencing from the time the assets is held ready for use. The useful life for each class of depreciable assets is:

Class of Fixed Asset	Useful Life
Plant and Equipment	5 years
Computer Equipment	2.5 years
Furniture and Fittings	5 years

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Appendix 1 Significant Accounting Policies

Intangible Assets

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition.

Goodwill is not amortised but is reviewed for impairment annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units, or groups of cash generating units, expected to benefit from the synergies of the business combination. Cash generating units or groups of cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the cash generating unit (or Group of cash generating units) is less than the carrying amount of the cash generating unit (or Groups of cash generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or Group of cash generating units) and then to the other assets of the cash generating units pro rata on the basis of the carrying amount of each asset in the cash generating unit (or Group of cash generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Leases

Operating leases are arrangements under which the lessor effectively retains substantially all the risks and benefits incidental to ownership of leased assets. Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight line basis over the term of the lease.

Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Share-based Payment Transactions

The Company provides benefits to its Directors and employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditional are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

Contributed Equity

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.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO.

Appendix 1 Significant Accounting Policies

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financial activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. 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 assets and liabilities during the year as well as unused tax losses.

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

Deferred tax assets related 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.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates, though estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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TopBetta Holdings Limited

ACN 164 521 395

Need assistance?

Phone
(within Australia) 1300 781 334
(outside Australia) +61 3 9415 4679
Monday to Friday (8.30am to 5.00pm)
(Sydney time)

Broker Firm
Broker Firm Offer applicants must contact their
Broker for information on how to submit this
Application Form and Application Amount.

Broker Firm Offer Application Form

Offer closes 5.00pm (AEDT) Friday, 4 December 2015*

This Broker Firm Application Form relates to the Broker Firm Offer by TopBetta Holdings Limited (**TopBetta**) of TopBetta fully paid ordinary shares (Shares) made under the Prospectus dated 18 November 2015 (and any supplementary or replacement prospectus) (**Prospectus**) and lodged with the Australian Securities and Investments Commission.

This Application Form is important. If you are in doubt as to how to deal with it, including if you need any assistance in deciding whether to apply for Shares under the Broker Firm Offer, please contact your financial adviser or other professional adviser without delay. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

Your Application may not be accepted in full and TopBetta reserves the right to scale back your Application.

The Prospectus will expire 13 months after the date of the Prospectus (18 November 2015). While the Prospectus is current, TopBetta will send paper copies of the Prospectus, any supplementary or replacement document and the Application Form, free of charge, upon request.

*This date is indicative only. TopBetta reserves the right to change it without prior notice. You are encouraged to lodge your Application Form and Application Amount as soon as possible.

By applying under the Broker Firm Offer, you make the acknowledgements, declarations, representations and warranties set out in section 8.11 of the Prospectus.

STEP 1 Shares applied for

Enter the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares (A\$2,000). Applications for greater than 10,000 Shares must be in multiples of 2,500 Shares (A\$500). Enter the amount of the Application Amount. To calculate this amount, multiply the number of Shares applied for by the issue price which is A\$0.20.

STEP 2 Applicant name(s) and postal address

Enter the full name you wish to appear on the share register. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in CHESS. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to TopBetta's privacy statement. This is not compulsory but will assist us if we need to contact you.

STEP 3 CHESS holdings only

TopBetta will apply to ASX to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESS, TopBetta will operate an electronic CHESS subregister of share holdings and an electronic issuer sponsored subregister of share holdings. Together, the two subregisters will make up TopBetta's principal register of Shares. TopBetta will not be issuing certificates to Applicants in respect of Shares allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN.

Otherwise, leave the section blank and on allotment you will be sponsored by TopBetta and you will be allocated a Securityholder Reference Number (**SRN**). Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Shares issued will be held on the issuer sponsored subregister.

STEP 4 Making an Application

If you are applying under the Broker Firm Offer you must lodge your Application Form and Application Amount with your Broker in accordance with your Broker's directions in order to receive your firm allocation. Applicants under the Broker Firm Offer must not return this Application Form or Application Amount to the Share Registry.

Turn over to complete the form →

TopBeta Holdings Limited

ACN 164 521 395

Need assistance?

Phone
(within Australia) 1300 781 334
(outside Australia) +61 3 9415 4679
Monday to Friday (8.30am to 5.00pm)
(Sydney time)

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Broker Firm Offer applicants must contact their
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Broker Firm Offer Application Form

Offer closes 5.00pm (AEDT) Friday, 4 December 2015*

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This Application Form is important. If you are in doubt as to how to deal with it, including if you need any assistance in deciding whether to apply for Shares under the Broker Firm Offer, please contact your financial adviser or other professional adviser without delay. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

Your Application may not be accepted in full and TopBeta reserves the right to scale back your Application.

The Prospectus will expire 13 months after the date of the Prospectus (18 November 2015). While the Prospectus is current, TopBeta will send paper copies of the Prospectus, any supplementary or replacement document and the Application Form, free of charge, upon request.

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STEP 3 CHESS holdings only

TopBeta will apply to ASX to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESS, TopBeta will operate an electronic CHESS subregister of share holdings and an electronic issuer sponsored subregister of share holdings. Together, the two subregisters will make up TopBeta's principal register of Shares. TopBeta will not be issuing certificates to Applicants in respect of Shares allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN.

Otherwise, leave the section blank and on allotment you will be sponsored by TopBeta and you will be allocated a Securityholder Reference Number (**SRN**). Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Shares issued will be held on the issuer sponsored subregister.

STEP 4 Making an Application

If you are applying under the Broker Firm Offer you must lodge your Application Form and Application Amount with your Broker in accordance with your Broker's directions in order to receive your firm allocation. Applicants under the Broker Firm Offer must not return this Application Form or Application Amount to the Share Registry.

Turn over to complete the form →

Corporate Directory

Company

TopBeta Holdings Limited

83 Regent Street
New Lambton NSW 2305
Phone 1300 886 503
Fax +61 2 4957 4702
Email investorrelations@topbeta.com
Web www.topbeta.com

Directors

Nicholas Chan

Chairman and Independent Director (Non-Executive)

Todd Buckingham

Managing Director (Executive)

Matthew Cain

Independent Director (Non-Executive)

Simon Dulhunty

Independent Director (Non-Executive)

Proposed ASX Code

TBH

Investigating Accountant

PKF (NS) Audit and Assurance Limited Partnership

Level 8, 1 O'Connell Street
Sydney NSW 2000

Lead Manager

Foster Stockbroking Pty Limited

Level 25/52 Martin Place
Sydney NSW 2000

Australian Legal Adviser

DLA Piper Australia

Level 22, No.1 Martin Place
Sydney NSW 2000

Registry

Computershare Investor Services Pty Limited

Level 4
60 Carrington Street
Sydney NSW 2000

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