

CENTREBET

13 July 2011

ASX ANNOUNCEMENT

Court approves the issue of the Centrebet Scheme Booklet and orders the convening of the Scheme Meetings

First Court Hearing Approval

Centrebet International Limited (**Centrebet**) today advises that the Federal Court of Australia has approved the distribution of Centrebet's Scheme booklet (**Scheme Booklet**) to shareholders and performance rightholders (**Securityholders**).

The Federal Court has also ordered that Centrebet convenes the Scheme meetings (**Scheme Meetings**) for Securityholders to vote on the two inter-conditional schemes of arrangement (**Schemes**) which, if approved and subsequently implemented, will result in Sbet Australia Pty Limited, a wholly owned subsidiary of Sportingbet plc (**Sportingbet**), acquiring all of the issued shares and performance rights (**Centrebet Securities**) in Centrebet.

In addition, the Scheme Booklet has been registered with the Australian Securities and Investments Commission and is attached to this announcement.

Unanimous Recommendation

The Scheme Booklet confirms the Centrebet Board's previously announced unanimous recommendation that Securityholders approve both of the Schemes in the absence of a superior proposal. Furthermore, as publicly announced on 26 May 2011, the Kafataris family (together holding approximately 59.44% of all shares), along with each of the Directors intend to vote all Centrebet Securities held or controlled by them in favour of the applicable Scheme at the Scheme Meetings, in the absence of a superior proposal.

Under the terms of the Schemes, Securityholders will receive a cash consideration of \$2.00 for each Centrebet Security held (**Cash Component**).

In addition to the Cash Component, Securityholders will receive a Litigation Claim Right and a Litigation Claim Unit in respect of each Centrebet Security held (together with the Cash Component, collectively **Scheme Consideration**) which will entitle Securityholders to 90% of the potential net proceeds of Centrebet's proposed GST litigation claim (**Litigation Claim**), if that claim is successful.

Independent Expert

The Centrebet Board commissioned Lonergan Edwards & Associates Limited (**Independent Expert**) to provide an Independent Expert's report in relation to the Schemes.

The Scheme Booklet contains the Independent Expert's report, which has concluded that *"the Schemes are fair and reasonable and in the best interests of Centrebet Securityholders in the absence of a superior proposal"*.

The Independent Expert has assessed the Schemes both:

- on the basis of the Cash Component only (i.e. not taking into consideration any net economic benefits that may arise from the Litigation Claim); and
- considering the whole of the Scheme Consideration (i.e. taking into consideration any net economic benefits that may arise from the Litigation Claim).

The Independent Expert has assessed the value of Centrebet's Securities, on a 100% controlling interest basis, to be in a range of \$1.92 and \$2.16 (relative to the Cash Component of \$2.00 per Security).

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**CENTREBET International
Limited**
ABN 55 066 441 067



CENTREBET

Scheme Booklet and Key Dates

The Scheme Booklet is expected to be despatched to Centrebet Securityholders on or around 18 July 2011. The Scheme Booklet is also available on Centrebet's website at <http://investor.centrebet.com/>.

Key dates¹ are expected to be as follows:

Proxies for Scheme Meetings to be received from Securityholders	7.00 pm, Monday, 15 August 2011
Time and date for determining eligibility to vote at the Scheme Meetings	7.00 pm, Monday, 15 August 2011
Share Scheme Meeting followed by Performance Right Scheme Meeting	10.00 am, Wednesday, 17 August 2011
Second Court Date for approval of the Schemes	Monday, 22 August 2011
Suspension of Centrebet Shares from ASX trading	Close of trade, Tuesday 23 August 2011
Record Date	Tuesday, 30 August 2011
Implementation Date of the Schemes	Wednesday, 31 August 2011
Provision of Scheme Consideration	Thursday, 1 September 2011

Scheme Conditions

The Schemes are subject to a number of conditions (see Section 10.1 of the Scheme Booklet).

At this time, a number of these conditions have been satisfied, including: the Independent Expert having opined that the Schemes are in the best interest of Securityholders; ACCC confirming that it has no objection to the Schemes; completion of Sportingbet plc fundraising and shareholder approval; the entry into all of the Litigation Claim documentation and all Optionholders having agreed with Centrebet and Sportingbet for their respective Options to be cancelled or transferred if the Schemes become effective.

As at the date of this Scheme Booklet, Centrebet is not aware of any circumstances that would cause any of the outstanding conditions of either Scheme not to be satisfied or waived.

Action Required

The Centrebet Board strongly believes that this proposal is a matter of importance for all Securityholders and therefore encourages all Securityholders to vote at the Scheme Meetings.

The Scheme Meetings will be held at 10.00 am (Sydney time) on Wednesday, 17 August 2011 at the Justice and Police Museum, at the corner of Albert and Phillip Streets, Circular Quay, Sydney.

All Securityholders are advised to read the Scheme Booklet in its entirety before deciding whether or not to vote in favour of either or both of the Schemes, to the extent that they are entitled to do so.

¹ The dates stated are indicative only and subject to change

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Securityholders can vote by either attending the Scheme Meetings in person or by proxy if unable to attend the Scheme Meetings. Details on how to vote at the meetings are set out in Section 4 of the Scheme Booklet.

If you have any questions about your Centrebet Securities or any other matter in the Scheme Booklet, please call your investment advisor or the Centrebet information line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

For enquiries please contact:

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Ron Malek
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Roger Feletto
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Bryan Pearson
Principal
Greenhill Caliburn
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About Centrebet

Centrebet commenced operations in 1992 and in 1996 was the first licensed bookmaker in the Southern Hemisphere to offer online sports betting. Centrebet is now a leading International online wagering and gaming operator offering fixed odds betting on a wide variety of Australian and International sporting, racing, entertainment and political events, as well as online poker and casino products. Online poker and casino products are not offered to Australian residents due to regulatory considerations.

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SCHEME BOOKLET

For personal use only



For recommended Schemes for Sbet Australia Pty Limited (ACN 149 603 494), a wholly-owned subsidiary of Sportingbet plc (UK company number 03534726), to acquire all of your shares and performance rights in Centrebet International Limited (ACN 066 441 067) by way of two separate Schemes of Arrangement.

VOTE IN FAVOUR

The Centrebet Board unanimously recommends that you vote in favour of the Schemes, in the absence of a Superior Proposal.

Financial Advisor

Greenhill Caliburn

Legal Advisor

**C L I F F O R D
C H A N C E**

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to what you should do or how to deal with this document, you should consult your legal, financial or other professional advisor.

Centrebet Information Line: 1 300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday. If you have recently sold all of your Shares and/or all of your Performance Rights, please disregard this document.

IMPORTANT NOTICE

Purpose of Scheme Booklet

This Scheme Booklet is dated 13 July 2011 and is the explanatory statement required to be sent to Securityholders under Part 5.1 of the Corporations Act in relation to the Schemes. The purpose of this Scheme Booklet is to explain the effect and terms of the Schemes and the manner in which the Schemes will be implemented (if approved) and to provide information as is prescribed or otherwise materially relevant to the decision of:

- Shareholders regarding whether to approve the Share Scheme; and
- Performance Rightholders regarding whether to approve the Performance Right Scheme.

This Scheme Booklet is not a product disclosure statement or other form of disclosure document for the purposes of the Corporations Act.

Read entire Scheme Booklet

Securityholders are encouraged to read this Scheme Booklet in its entirety before making a decision on whether or not to vote in favour of any or all of the Scheme Resolutions to be considered at either or both of the Scheme Meetings. If you are in doubt you should consult your legal, financial or other professional advisor.

Glossary and Defined Terms

A number of terms used in this Scheme Booklet have special meanings. These are listed in the Glossary in Section 12 of this Scheme Booklet. Many of the documents reproduced in some of the Annexures to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this document. All numbers are rounded unless otherwise indicated.

Investment Decisions

This Scheme Booklet has been prepared without reference to the investment objectives, financial situation, tax position or particular needs of any Securityholder or any other particular person. Other than the Independent Expert's Report, the information contained in this Scheme Booklet does not constitute financial product advice.

This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to either or both of the Schemes, your Shares or your Performance Rights. Before making any investment decision in relation to either or both of the Schemes, your Shares or your Performance Rights, including any decision to vote in favour of or against any or all of the Scheme Resolutions pertaining to either or both of the Schemes, you should consider, with or without the assistance of an appropriate advisor, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances. If you are in any doubt about what you should do, you should seek independent financial and taxation advice before making any investment decision in relation to either or both of the Schemes, your Shares or your Performance Rights.

Forward Looking Statements

Certain statements in this Scheme Booklet relate to the future. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. These statements may sometimes be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential" or similar words. Similarly, statements that describe Centrebet's or Sportingbet's objectives, plans, goals or expectations are or may be forward looking statements. All forward looking statements in this Scheme Booklet (other than the Sportingbet Information and the Independent Expert's Report) reflect the current expectations of Centrebet concerning future results and events of Centrebet. All forward looking statements in the Sportingbet Information reflect the current expectations of Sportingbet concerning future results and events of Sportingbet.

Any forward looking statements in this Scheme Booklet are made, and reflect views held, only as at the date of this Scheme Booklet. Centrebet believes that the expectations reflected in any forward looking statements included in this Scheme Booklet (other than the Sportingbet Information and the Independent Expert's Report) are reasonable,

but makes no representation and gives no assurance or guarantee that the occurrence of the events or the achievements of results expressed or implied in such statements will actually occur. Sportingbet believes that the expectations reflected in the Sportingbet Information are reasonable, but makes no representation and gives no assurance or guarantee that the occurrence of the events or the achievements of results expressed or implied in the Sportingbet Information will actually occur. You are cautioned not to place undue reliance on any forward looking statements, and all subsequent written or oral forward looking statements attributable to Centrebet or Sportingbet or any person acting on their behalf, are qualified by this cautionary statement.

Subject to any continuing obligations under law, the Corporations Act or the ASX Listing Rules or as contemplated in Section 11.24, neither Centrebet nor Sportingbet gives any undertaking to update or revise any forward looking statements after the date of this Scheme Booklet, to reflect any changes in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Responsibility for Information

The Centrebet Information has been prepared by Centrebet and its Board and is the responsibility of Centrebet. Neither Sportingbet nor its related bodies corporate, directors, officers or advisors assume any responsibility for the accuracy or completeness of the Centrebet Information or the Annexures.

The Sportingbet Information has been provided by Sportingbet and is the responsibility of Sportingbet. Neither Centrebet nor its related bodies corporate, directors, officers or advisors assume any responsibility for the accuracy or completeness of the Sportingbet Information.

The Independent Expert has prepared an Independent Expert's Report set out in Annexure E and takes responsibility for that report only. The Independent Expert does not assume any responsibility for the accuracy or completeness of any other information set out in this Scheme Booklet or any of the other Annexures.

Neither P.T. Limited, the Security Trustee, nor any of its related bodies corporate, officers or employees has prepared or reviewed or assumes any responsibility for the content of this Scheme Booklet other than Section 9.6.

Neither the Collection Agent or Unit Trustee, nor any of its related bodies corporate, officers or employees has prepared or reviewed or assumes any responsibility for the content of this Scheme Booklet other than Section 9.5.

ASIC and ASX

ASIC has reviewed a copy of this Scheme Booklet and this Scheme Booklet has been registered by ASIC on 13 July 2011 in accordance with section 412(6) of the Corporations Act. Neither ASIC nor any of its officers are responsible for the contents of this Scheme Booklet.

Centrebet has asked ASIC to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, to the effect that ASIC has no objection to either or both of the Schemes. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire scheme process. If ASIC provides that statement, then Centrebet will produce it to the Court on the Second Court Date.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers are responsible for the contents of this Scheme Booklet.

The Shares will continue to be quoted on ASX if either or both of the Schemes are not approved by the relevant Securityholders.

TABLE OF CONTENTS

Court

Important Notice associated with Court Order under Section 411(1) of the Corporations Act

Under subsection 411(1) of the Corporations Act, the Court has ordered that Scheme Meetings be convened and has approved this Scheme Booklet to accompany the notices of the meetings. The Court:

- (a) has not formed any view as to the merits of the proposed Schemes or as to how Securityholders should vote (on this matter Securityholders must reach their own decisions); or
- (b) has not prepared, nor is responsible for the contents of, the Scheme Booklet.

Shareholders outside Australia

This Scheme Booklet is subject to Australian disclosure requirements. Financial information in this Scheme Booklet has been prepared in accordance with Australian Accounting Standards and is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in a financial report prepared in accordance with the Corporations Act. Australian disclosure requirements and Australian Accounting Standards may be different from those applicable in other jurisdictions.

Securityholders who are subject to taxation outside Australia should consult their tax advisor as to the applicable tax consequences of the Scheme.

This Scheme Booklet and the Schemes do not, either individually or in combination, constitute an offer to sell to Securityholders or a solicitation of an offer to purchase from Securityholders any securities in Centrebet or Sportingbet in any jurisdiction where such an offer or solicitation would be illegal.

Privacy

Centrebet, Sportingbet and their respective share registries may collect personal information in the process of implementing either or both of the Schemes. This information may include the names, contact details and security holdings of Securityholders and the names of persons appointed by Securityholders to act as proxy, corporate representative or attorney at either or both of the Scheme Meetings.

The primary purpose of collecting this information is to assist Centrebet in the conduct of either or both of the Scheme Meetings and to enable either or both of the Schemes to be implemented in the manner described in this Scheme Booklet.

The collection of this personal information is authorised by the Corporations Act. Personal information may be disclosed to the Share Registry, to print and mail service providers, to authorised securities brokers, Sportingbet and to related bodies corporate of Centrebet and Sportingbet. Securityholders have the right to access personal information that has been collected. They should contact the Share Registry in the first instance if they wish to exercise this right. Securityholders who appoint a named person to act as their proxy, corporate representative or attorney at either or both of the Scheme Meetings should ensure that they inform that person of the matters outlined above.

Centrebet Information Line

If you have any questions about your Shares, your Performance Rights or any other matter in this Scheme Booklet, please call the Centrebet Information Line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

Websites

Centrebet and Sportingbet maintain internet websites. Any reference in this Scheme Booklet to a website is a textual reference for information only and no part or content of any such website does or will form part of this Scheme Booklet.

References to Time

All references to time in this Scheme Booklet are references to the time in Sydney, Australia.

References to Currency

References in this Scheme Booklet to A\$ or \$ means a reference to Australian dollars. References in this Scheme Booklet to £ means a reference to the pound sterling. An exchange rate of \$1.00 being equal to £0.657 has been applied for the purposes of this Scheme Booklet.

Important Notice	IFC
Table of contents	I
Centrebet Chairman's Letter	2
Key Dates	3
1. Matters relevant to your vote on the Schemes	6
2. Your questions answered	14
3. Details of the Schemes	24
4. The Scheme Meetings and how to vote	27
5. Centrebet Information	30
6. Sportingbet Information	34
7. Taxation considerations	40
8. Implementation of the Schemes	49
9. The Litigation Claim	54
10. Material contract summaries	63
11. Additional information	72
12. Glossary	78
Annexure A: Scheme Implementation Agreement	88
Annexure B: Share Scheme of Arrangement	145
Annexure C: Performance Right Scheme of Arrangement	158
Annexure D: Deed Poll	171
Annexure E: Independent Expert's Report	181
Annexure F: Centrebet's ASX announcements	254
Annexure G: Notice of Court ordered meeting of Shareholders	257
Annexure H: Notice of Court ordered meeting of Performance Rightholders	260
Corporate Directory	IBC

CENTREBET CHAIRMAN'S LETTER

13 July 2011

Dear Securityholder,

As you will be aware, on 26 May 2011 Centrebet International Limited (**Centrebet**) announced that it had entered into a Scheme Implementation Agreement with Sportingbet plc and Sbet Australia Pty Limited (**Sportingbet**), under which it is proposed Sportingbet will acquire all of the ordinary shares and performance rights in Centrebet (**Centrebet Securities**) under two separate, inter-conditional Schemes of Arrangement (**Schemes**).

Under the terms of the Schemes, Shareholders and Performance Rightholders (together **Securityholders**) will receive a cash consideration of \$2.00 for each Centrebet Security held (**Cash Component**) valuing Centrebet equity at approximately \$184 million¹.

In addition to the Cash Component, Securityholders will receive a Litigation Claim Right and a Litigation Claim Unit in respect of each Centrebet Security held (together with the Cash Component, **Scheme Consideration**) which will entitle Securityholders to 90% of the potential net proceeds of Centrebet's proposed GST litigation claim (**Litigation Claim**), if that claim is successful. It is expected that any such Litigation Claim proceeds may be realised and paid over an extended period of time². In the event that the Litigation Claim is not successful, you will likely not receive any proceeds. Please see Section 9 for a detailed description of the Litigation Claim, the Litigation Claim Rights and Litigation Claim Units. You are encouraged to read Section 9.4 in particular which sets out the key risks associated with the Litigation Claim, the Litigation Claim Rights and the Litigation Claim Units.

The Board unanimously recommends that Securityholders approve both of the Schemes in the absence of a Superior Proposal. Furthermore, as publicly announced on 26 May 2011, the Kafataris Family (together holding approximately 59.44% of all Shares), along with each of the Directors³ intend to vote all the Centrebet Securities held or controlled by them in favour of the applicable Scheme at the Scheme Meetings, in the absence of a Superior Proposal.

“ The Board unanimously recommends that Securityholders approve both of the Schemes in the absence of a Superior Proposal. ”

The Independent Expert has concluded that “the Schemes are fair and reasonable and in the best interests of Centrebet Securityholders in the absence of a superior proposal”, both:

- on the basis of the Cash Component only (i.e. not taking into consideration any net economic benefits that may arise from the Litigation Claim); and
- considering the whole of the Scheme Consideration (i.e. taking into consideration any net economic benefits that may arise from the Litigation Claim).

The Independent Expert's Report is included in Annexure E of this booklet and I strongly encourage you to read it, in its entirety.

The Schemes require the approval of the requisite majorities of Securityholders and the Court. The Scheme Meetings, at which Securityholders are able to consider approving the Schemes, will be held at 10.00 am on Wednesday, 17 August, 2011. If you are unable to attend on this day, I encourage you to vote by completing the enclosed personalised proxy form for the Scheme Meeting that may be relevant to you and returning it to the Share Registry so that it is received by no later than 7.00 pm on Monday, 15 August 2011. It is proposed that, subject to the Scheme Resolutions being passed in accordance with their terms at the Scheme Meetings, Court approval will be sought approximately 3 days after the Scheme Meetings have been convened and conducted.

Further information in relation to the Schemes is contained in this Scheme Booklet. I encourage you to read this Scheme Booklet in its entirety before making your decision and voting at either or both of the Scheme Meetings that may be relevant to you.

If you have any questions in relation to any part of either or both of the Schemes, you can call the Centrebet Information Line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

I look forward to seeing you on Wednesday, 17 August 2011 at The Justice and Police Museum, corner of Albert and Phillip Streets, Circular Quay, Sydney.

Yours sincerely,



Graham Kelly
Chairman

NOTES

- 1 Includes \$0.6 million in payments to Optionholders on the basis that Optionholders receive the Cash Component of \$2.00 per Option less the applicable exercise price of such Options.
- 2 On behalf of Centrebet, for tax purposes, the Litigation Claim independent valuer, Lonergan Edwards & Associates Limited, has assessed the value of benefits that may arise in connection with the Litigation Claim. The value is assessed taking into account a number of matters including the time it may take to realise any benefit and litigation risk at 7.0 – 10.4 cents per Centrebet Security or Option (mid-point of 8.7 cents per Centrebet Security or Option) (note that this represents 100% of the assessed value, rather than the aforementioned 90% Securityholders and Optionholders will be entitled to, if the Litigation Claim is successful). This value has been assessed as at 30 June 2011 and is a point in time estimation and subject to change.
- 3 Together holding 0.39% of the Shares and 20.4% of the Performance Rights (excluding the holdings of Con Kafataris and George Kafataris).

KEY DATES

Scheme Booklet and Notices of Meetings despatched to Securityholders	Wednesday, 13 July 2011
Proxies for Scheme Meetings to be received from Securityholders	7.00 pm, Monday, 15 August 2011
Time and date for determining eligibility to vote at the Scheme Meetings	7.00 pm, Monday, 15 August 2011
Share Scheme Meeting	10.00 am, Wednesday, 17 August 2011
Performance Right Scheme Meeting	the later of 10.30 am and the conclusion or adjournment of the Share Scheme Meeting, Wednesday, 17 August 2011

If the Scheme Resolutions considered at the Scheme Meetings are all approved:

Second Court Date for approval of the Schemes	Monday, 22 August 2011
Lodgement of Court orders with ASIC and the Schemes take effect (Effective Date)	Tuesday, 23 August 2011
Suspension of Centrebet Shares from ASX trading	Close of trade, Tuesday, 23 August 2011
Date for determination of entitlements to receive Scheme Consideration (Record Date)	Tuesday, 30 August 2011
Implementation of the Schemes, including: – transfer of Centrebet Securities to Sportingbet; and – grant, issue and transfer of Litigation Claim Rights and Litigation Claim Units (Implementation Date)	Wednesday, 31 August 2011
Provision of Scheme Consideration, including: – despatch of cheques or EFT transfers; and – despatch of Litigation Claim Right Holding Statements and Litigation Claim Unit Holdings Statements	Thursday, 1 September 2011

NOTE

Unless otherwise stated, all times referred to in this Scheme Booklet are references to time in Sydney, Australia. **The above stated dates are indicative only and subject to change.** Centrebet reserves the right to vary the times and dates set out above subject to the approval of such variation by Sportingbet, the Court, ASX and ASIC, where required. Any variations to the timetable set out above will be announced through ASX.

REASONS TO VOTE IN FAVOUR OF THE SCHEMES RELEVANT TO YOU

1. Your Board unanimously recommends that you vote in favour of the relevant Schemes, in the absence of a Superior Proposal
2. You are being offered a substantial premium to historical trading prices
3. Centrebet's major group of shareholders, the Kafataris Family, supports the Share Scheme, in the absence of a Superior Proposal
4. If the Litigation Claim is successful, the majority of any net economic benefit arising from the Litigation Claim will be paid to you
5. The Independent Expert has concluded that "the Schemes are fair and reasonable and in the best interests of Centrebet Securityholders in the absence of a superior proposal", both:
 - on the basis of the Cash Component only (i.e. not taking into consideration any net economic benefits that may arise from the Litigation Claim); and
 - considering the whole of the Scheme Consideration (i.e. taking into consideration any net economic benefits that may arise from the Litigation Claim)
6. If approved and implemented, the Schemes will provide you with the value and certainty of cash for your Centrebet Securities
7. The Share price and the value of the Performance Rights may fall if the Schemes are not approved and implemented
8. No brokerage or stamp duty will be payable by you on the transfer of your Centrebet Securities

POSSIBLE REASONS NOT TO VOTE IN FAVOUR OF THE SCHEMES RELEVANT TO YOU

1. You may disagree with the Board and the Independent Expert and believe that either or both of the Schemes are not in your best interests
2. If the Schemes proceed, Securityholders will cease to hold an interest in Centrebet and will not participate in any associated potential upside, including by way of the implementation of Centrebet's business plans⁴
3. The Litigation Claim may not be successful, in which case no net economic benefit associated with the Litigation Claim will be paid to you
4. There may be a requirement to pay some tax in connection with both the market value of the Litigation Claim Units and the Litigation Claim Rights. Any tax payable will be in respect of the income year ending 30 June 2012 and any actual tax payable will be no earlier than 31 October 2012. If the Litigation Claim is unsuccessful, the Claim Committee will seek to ensure, to the extent possible, that the Litigation Claim Units and Litigation Claim Rights are terminated prior to 30 June 2012 so that any gain realised at the Implementation Date may be offset against the tax loss realised on termination. In this event, no actual tax would be payable in respect of the Litigation Claim Units and Litigation Claim Rights. See Section 7 for further details
5. The net economic benefits which may arise from the Litigation Claim under Sportingbet ownership may ultimately differ from that which may arise if the Schemes were unsuccessful
6. You may believe that the proposed sharing of any net economic benefits arising from the Litigation Claim, if successful (90% to be paid to Centrebet Securityholders and Optionholders over time and 10% to Sportingbet), is not appropriate in the circumstances
7. Other taxation consequences of the Schemes (not connected with the Litigation Claim) may not be optimal for a Securityholder's financial position

NOTE

⁴ Specifically Project Rocket, Centrebet's five year business plan as announced to ASX on 9 November 2010.



**MATTERS RELEVANT
TO YOUR VOTE
ON THE SCHEMES**

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1.1 REASONS TO VOTE IN FAVOUR OF THE SCHEMES RELEVANT TO YOU

I Your Board unanimously recommends that you vote in favour of the relevant Schemes, in the absence of a Superior Proposal

In the absence of a Superior Proposal being received, the Board believes that the Schemes are in the best interests of Securityholders and unanimously recommends that you vote all your Centrebet Securities in favour of the relevant Schemes.

In reaching its recommendation, the Board has had regard to the reasons to vote in favour of, or against, each of the Schemes (as set out in this Scheme Booklet) as well as Centrebet's current strategic plans and other ownership options.

Over time, Centrebet has explored a broad range of consolidation opportunities, as both an acquirer and a target, in order to consider how best to optimise value of your Centrebet Securities. During that period, Centrebet has periodically received conditional, confidential expressions of interest in a control changing transaction. This process has resulted in the Sportingbet Proposal which the Board believes (in consultation with the Kafataris Family) represents the most attractive outcome for Securityholders.

In that context, the Board unanimously recommends that you vote in favour of the relevant Schemes in the absence of a Superior Proposal.

Furthermore, each Director intends to vote all the Shares and/or Performance Rights that they own or control, and will direct any proxy votes placed at their discretion, in favour of each of the Scheme Resolutions in the absence of a Superior Proposal emerging. The interests of the Directors are set out in Section 11.5. In addition, Mr Michael McRitchie receives a change of control payment of \$600,000 as set out in Section 11.9.

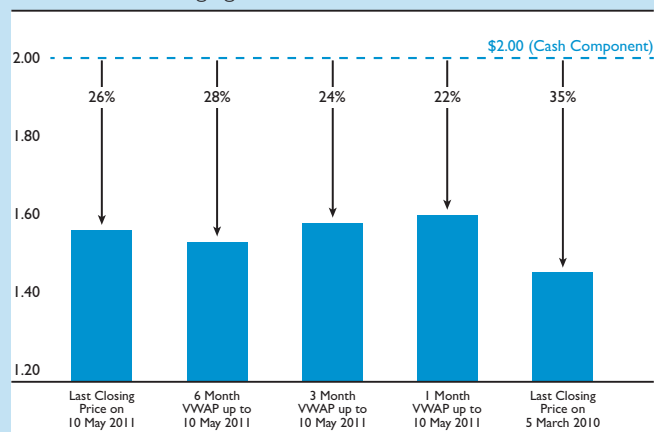
2 You are being offered a substantial premium to historical trading prices

The \$2.00 Cash Component of the Scheme Consideration, which will be paid to Scheme Participants, if the Schemes are approved and implemented, represents a significant premium to the historical trading prices of the Shares.

Offer premium (excluding Litigation Claim)

Excluding the value of the Litigation Claim, the implied premium is as follows:

- 26% to the closing price of \$1.59 on 10 May 2011, representing the last trading price prior to the announcement of the Sportingbet Proposal on 11 May 2011;
- 28% to the six month volume weighted average price up to 10 May 2011;
- 24% to the three month volume weighted average price up to 10 May 2011;
- 22% to the one month volume weighted average price up to 10 May 2011; and
- 35% to the closing price of \$1.48 on 5 March 2010, representing the last trading day prior to initial speculation regarding the receipt by Centrebet of a proposal for a control changing transaction.



Offer premium (including Litigation Claim)

The Independent Expert notes that these implied offer premiums "have been calculated by reference to the cash component of the Scheme Consideration only, whereas share market trading in Centrebet (up to 10 May 2011) would have reflected the extent to which the market was placing value on the Litigation Claim."

MATTERS RELEVANT TO YOUR VOTE ON THE SCHEMES

In that context, including the assessed mid-point value of the Litigation Claim to Securityholders of 7.8 cents per Centrebet Security or Option (based on 90% of the valuation range, being 6.3 – 9.3 cents per Centrebet Security or Option)⁵ the implied premium is as follows:

- 31% to the closing price of \$1.59 on 10 May 2011;
- 33% to the six month volume weighted average price up to 10 May 2011;
- 29% to the three month volume weighted average price up to 10 May 2011;
- 27% to the one month volume weighted average price up to 10 May 2011; and
- 40% to the closing price of \$1.48 on 5 March 2010.

In summary, the Independent Expert states “the Scheme Consideration represents a significant premium to the recent market prices of Centrebet shares prior to the initial announcement of the proposed transaction on 11 May 2011 and is consistent with observed premiums paid in successful takeovers generally.”

3 Centrebet’s major group of shareholders, the Kafataris Family, supports the Share Scheme, in the absence of a Superior Proposal

The Kafataris Family, together holding 59.44% of the Shares, intends to vote all the Shares held or controlled by them in favour of the Share Scheme Resolution at the Share Scheme Meeting, in the absence of a Superior Proposal emerging.

4 If the Litigation Claim is successful, the majority of any net economic benefit arising from the Litigation Claim will be paid to you

In addition to the Cash Component of the Scheme Consideration, Securityholders will receive a Litigation Claim Right and a Litigation Claim Unit which will entitle them to 90% of the potential net proceeds of Centrebet’s proposed Litigation Claim, if successful⁶.

On behalf of Centrebet, for tax purposes, the Independent Expert, has assessed the current value of future benefits that may arise in connection with the Litigation Claim.

The value has been assessed at 7.0 – 10.4 cents per Centrebet Security or Option, as at 30 June 2011. While the maximum potential proceeds of the Litigation Claim would support a higher value if the Litigation Claim is successful⁷, that value has been adjusted to take into account the assessed likelihood of success and the time value of money (noting that it is expected that such proceeds, if any, would be realised and paid over an extended period of time). Please refer to Section 9.4 for an outline of the risks and disadvantages associated with the Litigation Claim and your holding of Litigation Claim Rights and Litigation Claim Units.

Under the Schemes, Securityholders will be entitled to receive 90% of the potential net proceeds of the Litigation Claim. Therefore, the value to Securityholders has been assessed at 6.3 – 9.3 cents per Centrebet Security or Option as at 30 June 2011 (i.e. 90% of 7.0 – 10.4 cents per Centrebet Security or Option). It should be noted that this is a point in time estimate and subject to change.

Each Securityholder should have regard to their own tax position when considering the Litigation Claim. Please refer to Section 7 for further information.

5 The Independent Expert has concluded that the Schemes are fair and reasonable and in the best interests of Securityholders in the absence of a Superior Proposal

The Independent Expert has assessed the Schemes both:

- on the basis of the Cash Component only (i.e. not taking into consideration any net economic benefits that may arise from the Litigation Claim); and
- considering the whole of the Scheme Consideration (i.e. taking into consideration any net economic benefits that may arise from the Litigation Claim).

NOTES

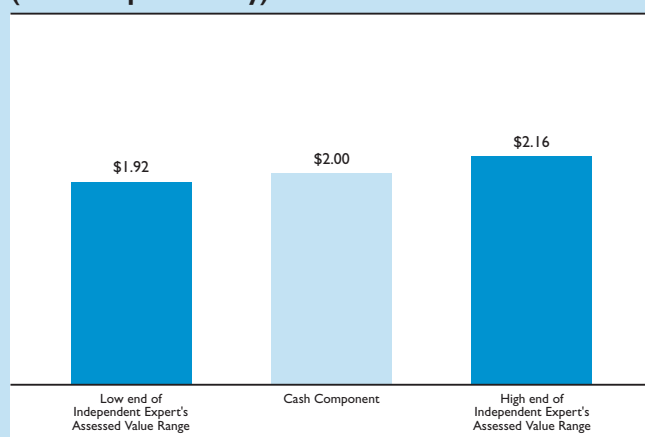
- 5 On behalf of Centrebet, for tax purposes, the Litigation Claim independent valuer, Lonergan Edwards & Associates Limited, has assessed the value of benefits that may arise in connection with the Litigation Claim. The value is assessed taking into account a number of matters including the time it may take to realise any benefit and litigation risk at 7.0 – 10.4 cents per Centrebet Security or Option (mid-point of 8.7 cents per Centrebet Security or Option) (note that this represents 100% of the assessed value, rather than the abovementioned 90% Securityholders and Optionholders will be entitled to, if the Litigation Claim is successful). The value has been assessed as at 30 June 2011 and is a point in time estimation and subject to change.
- 6 To fund the initial cost of the Litigation Claim, Centrebet has deposited \$924,000 (approximately 1 cent for each Share, Performance Right and Option on issue) into an account. If, and to the extent that, the \$924,000 amount is not sufficient to cover the costs of the Litigation Claim, Centrebet Director Con Kafataris has provided a personal and unsecured indemnity for such excess costs. If, and to the extent that, the \$924,000 amount is unutilised, it will be returned pro-rata to Securityholders and Optionholders.
- 7 As previously disclosed in Centrebet’s most recent annual report, on 9 September 2010 the ATO issued an unfavourable private ruling in relation to a GST private ruling application lodged by a wholly owned subsidiary of Centrebet, Centrebet SubCo with the ATO in relation to the calculation of global GST paid from April 2006 to March 2010. Centrebet SubCo is challenging the basis of the ATO decision by seeking declaratory relief before the Federal Court in respect of two sample transactions. While it is not possible to determine the likelihood of success or timing of the resolution in the above proceedings, if Centrebet SubCo is successful in challenging the ATO’s position, there is a potential benefit of up to \$90.7 million (of which \$10.5 million is expected to be immediately recoverable with the balance of \$80.2 million to be progressively applied as a credit against any future global GST otherwise payable).

Cash Component only

The Independent Expert has valued 100% of the Centrebet Securities on a controlling interest basis (not taking into consideration any net economic benefits that may arise from the Litigation Claim) at between \$1.92 to \$2.16 per Centrebet Security, which compares to the Cash Component of \$2.00 per Centrebet Security.

Annexure E of this Scheme Booklet contains a copy of the Independent Expert's Report. The Centrebet Board encourages you to read this report in its entirety.

Independent Expert Valuation Range (Cash Component only)



The Independent Expert notes the following:

"The cash component of the Scheme Consideration of A\$2.00 per share lies within our assessed value range for Centrebet shares excluding the Litigation Claim (on a 100% controlling interest basis)."

Whole of the Scheme Consideration

The Independent Expert has concluded that "the Schemes are fair and reasonable and in the best interests of Centrebet Securityholders in the absence of a superior proposal."

Furthermore, in light of the fact that the Share price since the Sportingbet Proposal was announced has been lower than the Scheme Consideration, the Independent Expert concluded that "the market consensus view is that a superior offer or proposal is unlikely to emerge and that the Schemes are likely to be successful."

Annexure E of this Scheme Booklet contains a copy of the Independent Expert's Report. The Board encourages you to read this report in its entirety.

6 If approved and implemented, the Schemes will provide you with the value and certainty of cash for your Centrebet Securities

The \$2.00 Cash Component of the Scheme Consideration, which will be paid to Scheme Participants if the Schemes are approved and implemented, provides certainty of value and timing.

In contrast, if the Schemes do not proceed, the amount which Securityholders will be able to realise for their Shares in terms of price and from their Shares⁸ that are issued by way of future dividends, will necessarily be uncertain and will be subject to factors including:

- the performance of Centrebet's business from time to time;
- the success of Centrebet's strategic and business plans;
- general economic conditions;
- changes in the markets in which Centrebet operates and movements in the share market, which have been highly volatile in recent times;
- political and regulatory change including changes in gaming levies, product fees etc; and
- increased competition.

Receipt of the Cash Component of the Scheme Consideration of \$2.00 per Centrebet Security removes this uncertainty for Securityholders.

The Cash Component also effectively provides accelerated vesting to Performance Rightholders and Optionholders by providing up-front cash that would ordinarily be received over time, and be subject to performance hurdles.

If the Schemes are not approved, the value of the Performance Rights will be dependent upon the future Centrebet total shareholder return relative to a comparator group. By comparison, the Schemes provide relative certainty of value and timing.

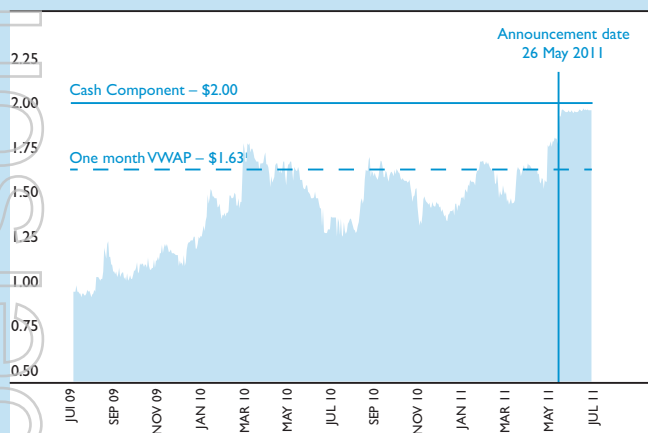
MATTERS RELEVANT TO YOUR VOTE ON THE SCHEMES

7 The Share price and the value of the Performance Rights may fall if the Schemes are not approved and implemented

The price of the Shares has risen by approximately 24.5% from \$1.59 per Share on 10 May 2011 to \$1.98 per Share on 12 July 2011 following the announcement by Centrebet of the receipt of the Sportingbet Proposal (on 11 May 2011) and subsequently the Board's recommendation of the Sportingbet Proposal (on 26 May 2011).

The Board believes that if the Schemes are not approved and no Superior Proposal emerges, it is possible that the Shares could trade at levels below the price at which those Shares have traded since 26 May 2011 (although this is difficult to predict with any degree of certainty). This would also have a corresponding effect on the implied value of the Performance Rights.

Centrebet Share Price



(1) One month volume average weighted price up to 10 May 2011

The Independent Expert notes that “if the Schemes do not proceed, and in the absence of an alternative offer or proposal, Centrebet shares are likely to trade at a significant discount to our valuation and the Scheme Consideration due to the difference between the value of Centrebet on a portfolio basis and the value on a 100% controlling interest basis.”

8 No brokerage or stamp duty will be payable by you on the transfer of your Centrebet Securities

1.2 POSSIBLE REASONS NOT TO VOTE IN FAVOUR OF THE SCHEMES RELEVANT TO YOU

Some factors that may lead you to vote against the Schemes are outlined below.

On balance, the Directors believe that the benefits of the Schemes outweigh any disadvantages. However, Securityholders are not obliged to follow the recommendation of the Board or the conclusions of the Independent Expert.

1 You may disagree with the Board and the Independent Expert and believe that either or both of the Schemes are not in your best interests

You may disagree with the Board and/or the findings of the Independent Expert and believe that either or both the Share Scheme or the Performance Right Scheme is not in your best interests.

In particular, you may believe that your holding of Shares and/or Performance Rights will deliver returns in excess of the potential returns that you may receive from the Scheme Consideration for those securities.

2 If the Schemes proceed, Securityholders will cease to hold an interest in Centrebet and will not participate in any associated potential upside, including by way of the implementation of Centrebet's business plans

If the Schemes are approved and implemented, you will cease to hold an interest in Centrebet and as such you will no longer be able to participate in Centrebet's future financial performance or the future prospects of its ongoing business. As with all investments in securities, there can be no guarantee as to Centrebet's future performance.

If the Schemes are approved and implemented, Centrebet will be removed from the official list of the ASX. Following de-listing, investors will no longer be able to acquire or trade Shares or any other Security in Centrebet on ASX.

3 The Litigation Claim may not be successful, in which case no net economic benefit associated with the Litigation Claim will be paid to you

Litigation by its nature is uncertain, and while Centrebet SubCo has commenced the action, the outcome of the Litigation Claim may not be known for some time and may ultimately not be successful. There are numerous matters that could result in the Litigation Claim being unsuccessful.

Please see Section 9.4 for a summary of the key factors which Centrebet considers could result in the Litigation Claim not being successful.

It is noted however, that the risk that the Litigation Claim is not successful exists whether or not the Schemes are successful.

4 There may be a requirement to pay some tax in connection with both the market value of the Litigation Claim Units and the Litigation Claim Rights. See Section 7 for further details

The Litigation Claim Units may give rise to a tax liability and, subject to potential new tax law (as set out in Section 7), the Litigation Claim Rights may also give rise to a tax liability.

Any tax payable will be in respect of the income year ending 30 June 2012 and any actual tax payable will be no earlier than 31 October 2012. If the Litigation Claim is unsuccessful, the Claim Committee will seek to ensure, to the extent possible, that the Litigation Claim Units and Litigation Claim Rights are terminated prior to 30 June 2012 so that any gain realised at the Implementation Date may be offset against the tax loss realised on termination. In this event, no actual tax would be payable in respect of the Litigation Claim Units and Litigation Claim Rights.

Refer Section 7 for further details with regards to the taxation considerations.

5 The net economic benefits which may arise from the Litigation Claim under Sportingbet ownership may ultimately differ from that which may arise if the Schemes were unsuccessful

As previously disclosed, if Centrebet SubCo is successful in challenging the ATO's position with respect to the Litigation Claim, there is a potential benefit of up to \$90.7 million (of which \$10.5 million is expected to be immediately recoverable with the balance of \$80.2 million to be progressively applied as a credit against any future global GST otherwise payable), equating to 97.9 cents per Centrebet Security or Option, on a pre-tax basis and before any costs relating to the Litigation Claim.

MATTERS RELEVANT TO YOUR VOTE ON THE SCHEMES

If successful, part of the Litigation Claim proceeds will be in the form of a carry forward GST loss which is expected to be utilised over a number of years. As such, the net economic benefits received are subject to a number of factors, including, but not limited to the following:

- the performance of the combined Centrebet and Sportingbet businesses;
- any change in the business or structure of Centrebet;
- the impact of certain possible synergies generated through a combination of Sportingbet with Centrebet; and
- other factors which will necessarily impact on the utilisation of future GST credits.

While Sportingbet is incentivised to maximise the net economic benefits of the Litigation Claim (i.e. Sportingbet retains 10% of any net economic benefits), any net economic benefits may be received over a significantly shorter or longer period of time than the period envisaged if the Schemes were unsuccessful.

6 You may believe that the proposed sharing of any net economic benefits arising from the Litigation Claim, if successful (90% to be paid to Centrebet Securityholders and Optionholders over time and 10% to Sportingbet), is not appropriate in the circumstances

Holders of Litigation Claim Rights or Litigation Claim Units will be entitled to 90% of the net proceeds of the Litigation Claim. Sportingbet retains the balance, being 10% of the net proceeds of the Litigation Claim.

The Independent Expert notes that “the mechanism under which Centrebet Securityholders will receive any potential net proceeds under the Litigation Claim does not materially impact our overall opinion on the Schemes.”

However, you may disagree with the Independent Expert and believe that the proposed sharing mechanism is not appropriate noting that if the Schemes are not successful, the full benefit of any net economic proceeds would be received by Centrebet Securityholders.

7 Other taxation consequences of the Schemes (not connected with the Litigation Claim) may not be optimal for a Securityholder’s financial position

Implementation of the Schemes may trigger taxation implications for you earlier than what would have otherwise been the case. You should read the taxation considerations, subject to the qualifications stated therein, outlined in Section 7 and seek professional taxation advice with respect to their individual tax situations.

Shareholders should take into account that they may sell their Shares on ASX at any time prior to the close of trading on ASX on the Effective Date if they do not wish to hold them and participate in the Share Scheme (although normally brokerage expenses on sale will be incurred). Certain Securityholders’ individual financial or taxation circumstances may make it preferable for them to do so.

WHAT TO DO NEXT?

Carefully read this Scheme Booklet

This is an important document and you should read it carefully and in its entirety before making a decision on how to vote at either of the Scheme Meetings.

Vote on the Schemes

If you are a Centrebet Shareholder at 7.00 pm on Monday, 15 August 2011, you are entitled to vote at the Share Scheme Meeting on whether the Share Scheme should proceed.

If you are a Performance Rightholder at 7.00 pm on Monday, 15 August 2011, you are entitled to vote at the Performance Right Scheme Meeting on whether the Performance Right Scheme should proceed.

Please refer to Section 4 for details on how to vote at the relevant Scheme Meetings, including how to vote by proxy.

Seek further information

If you have any questions in relation to either or both of the Schemes or the number of Centrebet Securities you hold, you can call the Centrebet Information Line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

If you have any doubts as to the actions you should take or you have further questions, please contact your legal, financial or other professional advisor.

Why you should vote

As a Securityholder, you have a say in whether Sportingbet will acquire all of the Centrebet Securities. This is your opportunity to play a role in deciding the future of Centrebet.



YOUR QUESTIONS ANSWERED

This Scheme Booklet contains detailed information on the Schemes. This Section provides summary answers to some questions you may have and will assist you to locate further, more detailed information in this Scheme Booklet. You should read this Scheme Booklet in its entirety.

2.1 GENERAL QUESTIONS

Why have I received this Scheme Booklet?

This Scheme Booklet has been sent to you because as at the date of its despatch, you are registered as a Securityholder. Accordingly you are being asked to vote on either or both of the Schemes – depending on whether you are registered as a holder of Shares, Performance Rights or both – and which, if approved and implemented, will result in Sportingbet acquiring all Centrebet Securities on issue.

The purpose of this Scheme Booklet is to explain the effect and terms of the Schemes and help you to decide how to vote on the Scheme Resolutions which need to be passed at the Scheme Meetings.

The Centrebet Board recommends that you read this Scheme Booklet in its entirety and, if necessary, consult your legal, financial or other professional advisor before voting on any of the Scheme Resolutions.

What are the Schemes?

On 26 May 2011, Centrebet and Sportingbet announced the Schemes to ASX. Under the Schemes, Sportingbet proposes to acquire:

- each Share by way of a scheme of arrangement under the Corporations Act; and
- each Performance Right by way of a scheme of arrangement under the Corporations Act.

Who is the acquirer of Centrebet under the Schemes?

The acquirer of Centrebet under the Schemes is Sportingbet, an indirectly wholly owned subsidiary of Sportingbet PLC, which is a company whose shares are listed and traded on the London Stock Exchange.

For more information on Sportingbet please see Section 6.

What is a scheme of arrangement?

A “scheme of arrangement” is a means of implementing an acquisition of shares or other securities under the Corporations Act. It requires a vote in favour of the scheme by certain majorities of Securityholders at a meeting of those Securityholders, and Court approval.

The terms of:

- the Share Scheme are set out in full in Annexure B; and
- the Performance Right Scheme are set out in full in Annexure C.

Where and when will the Share Scheme Meeting be held?

The Share Scheme Meeting will be held at 10.00 am on Wednesday, 17 August 2011 at The Justice and Police Museum, corner Albert and Phillip Streets, Circular Quay, Sydney.

Where and when will the Performance Right Scheme Meeting be held?

The Performance Right Scheme Meeting will be held at the later of 10.30 am and the conclusion or adjournment of the Share Scheme Meeting on Wednesday, 17 August 2011 at The Justice and Police Museum, corner Albert and Phillip Streets, Circular Quay, Sydney.

2 YOUR QUESTIONS ANSWERED

Do I, or can I, vote at both Scheme Meetings?

Each Shareholder who is registered in the Share Register at 7.00 pm (Sydney time) on Monday, 15 August 2011 will be entitled to vote at the Share Scheme Meeting.

Each Performance Rightholder who is registered in the Performance Right Register at 7.00 pm (Sydney time) on Monday, 15 August 2011 will be entitled to vote at the Performance Right Scheme Meeting.

If, on the abovementioned time and date, you do not hold:

- Shares you will not be permitted or entitled to vote at the Share Scheme Meeting; and
- Performance Rights you will not be permitted or entitled to vote at the Performance Right Scheme Meeting.

What is the Scheme Consideration?

Under the Schemes, holders of Centrebet Securities will receive \$2.00 in cash, one Litigation Claim Right and one Litigation Claim Unit for each Centrebet Security held on the Record Date.

Please see Sections 2.2 and 9 for details with regard to the Litigation Claim Rights and Litigation Claim Units and Section 7 for the tax consequences of the Litigation Claim Rights and Litigation Claim Units.

What is the premium to the price of Centrebet Shares leading up to the announcement of the Schemes?

The \$2.00 Cash Component of the Scheme Consideration which will be paid to Scheme Participants if the Schemes are approved and implemented, represents a significant premium to the historical trading prices of the Shares. The premium is as follows:

- 26% to the closing price of \$1.59 on 10 May 2011, representing the last trading day prior to the announcement of the Sportingbet Proposal on 11 May 2011;
- 28% to the six month volume weighted average price up to 10 May 2011;
- 24% to the three month volume weighted average price up to 10 May 2011;
- 22% to the one month volume weighted average price up to 10 May 2011; and
- 35% to the closing price of \$1.48 on 5 March 2010, representing the last trading day prior to initial speculation regarding the receipt by Centrebet of a proposal for a control changing transaction.

Who is entitled to participate in the Schemes?

Persons who hold Shares on the Record Date will be entitled to participate in the Share Scheme.

Persons who hold Performance Rights on the Record Date will be entitled to participate in the Performance Right Scheme.

Who can vote at the Scheme Meetings?

If you are registered on the Share Register as a Shareholder at 7.00 pm on Monday, 15 August 2011, then you or your duly appointed proxy will be entitled to attend and vote at the Share Scheme Meeting.

If you are registered on the Performance Right Register as a Performance Rightholder at 7.00 pm on Monday, 15 August 2011, then you or your duly appointed proxy will be entitled to attend and vote at the Performance Right Scheme Meeting.

What happens if the Performance Right Scheme is approved but the Share Scheme is not?

The Performance Right Scheme is conditional on the approval of the Share Scheme, so that if the Share Scheme Resolution is not passed, neither Scheme will become Effective.

What happens if the Share Scheme is approved but the Performance Right Scheme is not?

The Share Scheme is conditional upon the approval of the Performance Right Scheme so that if the Performance Right Scheme Resolution is not passed, neither Scheme will become Effective.

Does the Centrebet Board recommend the Schemes?

Yes. Each Director recommends that you vote, to the extent that you are entitled to do so, in favour of:

- the Share Scheme at the Share Scheme Meeting, in the absence of a Superior Proposal; and
- the Performance Right Scheme at the Performance Right Scheme Meeting, in the absence of a Superior Proposal.

The reasons for the Board's unanimous recommendation are set out in detail in Section 1.1.

Why might I choose to vote against the Schemes?

There are a number of reasons as to why you may choose to vote against the Schemes.

These reasons are set out in Section 1.2.

What is the Independent Expert's opinion on the Schemes?

A complete copy of the Independent Expert's Report is contained in Annexure E of this Scheme Booklet. Securityholders are encouraged to read the Independent Expert's Report in full.

The Independent Expert has considered the Schemes on the basis of the transaction as a whole, as well as the Cash Component only.

In summary, the Independent Expert has concluded that:

- the Share Scheme is fair and reasonable and in the best interests of all Shareholders; and
 - the Performance Right Scheme is fair and reasonable and in the best interests of all Performance Right holders.
-

What is the break fee payable by Centrebet?

A break fee of 1% of the aggregate Cash Component (i.e. approximately \$1.84 million) will be payable by Centrebet to Sportingbet if the Schemes do not proceed and any of the following occur:

- any member of the Centrebet Board changes his recommendation to support the Schemes (except where the Independent Expert concludes that either or both of the Schemes are not in the best interest of Securityholders);
 - Centrebet materially breaches the Scheme Implementation Agreement and that breach is not remedied;
 - the Court fails to approve either or both of the Schemes solely due to a material non-compliance by Centrebet of its obligations under the Scheme Implementation Agreement;
 - either or both of the Schemes do not become effective before 31 October 2011 as a consequence of Centrebet's non-compliance with its obligations under the Scheme Implementation Agreement or Centrebet delaying the Scheme Meeting beyond that date as a result of a Competing Proposal; or
 - a Prescribed Occurrence occurs.
-

2 YOUR QUESTIONS ANSWERED

What is the break fee payable by Sportingbet?

A break fee of 1% of the aggregate Cash Component (i.e. approximately \$1.84 million) will be payable by Sportingbet to Centrebet if the Schemes do not proceed and any of the following occur:

- Sportingbet materially breaches the Scheme Implementation Agreement and that breach is not remedied; and
- specific gambling licences consents to the Schemes not being obtained.

When will I be provided the Scheme Consideration?

Provided the Schemes become Effective, Securityholders on the Register on the Record Date are expected to be provided their Scheme Consideration on the day after the Implementation Date which is anticipated to be Thursday, 1 September 2011.

How will the Scheme Consideration be funded?

On 13 June 2011, Sportingbet PLC obtained the Sportingbet PLC Shareholder Approval whereby members of Sportingbet PLC approved the Sportingbet Capital Raising and Sportingbet and Sportingbet PLC's involvement in the implementation of the Schemes.

Under the Sportingbet Capital Raising, Sportingbet PLC raised gross proceeds of approximately £130 million by way of an underwritten issue of ordinary shares and an issue of convertible bonds. The net proceeds from the Sportingbet Capital Raising will be used by Sportingbet to pay the Cash Component of the Scheme Consideration.

Can I sell my Shares now?

You can sell your Shares on-market at the prevailing market price at any time before the close of trading on ASX on the Effective Date. However, if you do so, you will not be entitled to the Scheme Consideration and you may be required to pay brokerage fees.

Are there any conditions which must be satisfied before the Schemes are implemented?

Yes. In particular:

- the Share Scheme Resolution must be passed by a majority in number (i.e. more than 50%) of Shareholders (present and voting (either in person or by proxy)) at the Share Scheme Meeting and by not less than 75% of the votes cast on the resolution – see also Section 4.2;
- the Performance Right Scheme Resolution must be passed by a majority in number (i.e. more than 50%) of Performance Rightholders (present and voting (either in person or by proxy)) at the Performance Right Scheme Meeting being a majority whose Performance Rights in aggregate are at least 75% in number of the total Performance Rights held by the Performance Rightholders present and voting – see also Section 4.4; and
- the Court must approve both the Share Scheme and the Performance Right Scheme for the purposes of section 411(4)(b) of the Corporations Act.

Other conditions that must be satisfied before the Schemes are implemented are summarised in Section 10.1 and are also set out in full in the Scheme Implementation Agreement (a summary of which is included in Section 10.1 and a copy of which is included in Annexure A). The Board is not aware of any reason why these conditions should not be satisfied.

What happens if these conditions are not satisfied or the Schemes are not approved at the Scheme Meetings or by the Court?

If the conditions referred to immediately above are not satisfied or, where applicable, waived:

- Centrebet will remain an ASX listed company;
- neither of the Schemes will proceed;
- no Centrebet Securities will be acquired by Sportingbet as contemplated by the Schemes; and
- you will not receive the Scheme Consideration.

If the Schemes are not implemented will Centrebet have the cash reserves to cover the costs of the Schemes?

Centrebet has incurred certain transaction costs in connection with the entry into the Scheme Implementation Agreement and the preparation of this Scheme Booklet and will incur further costs in connection with the Scheme Meetings. Centrebet will be responsible for these costs regardless of whether the Schemes are implemented or not.

In addition, a break fee may be payable in certain circumstances, refer to Section 10.1.

Centrebet will have sufficient cash reserves to meet these payments such that these costs are not expected to materially and adversely affect Centrebet's business. However, these costs will reduce Centrebet's statutory profit.

What happens if I do not vote, or I vote against the Schemes?

The Schemes may not be approved at the Scheme Meetings by the requisite majorities. If this occurs the Schemes will not proceed, you will not receive the Scheme Consideration and no Centrebet Securities will be acquired by Sportingbet as contemplated by the Schemes.

However, if the Schemes are approved and the Schemes are implemented, all of your Shares will be transferred to Sportingbet under the Share Scheme and all of your Performance Rights will be transferred to Sportingbet under the Performance Right Scheme, and you will receive the Scheme Consideration for each Share and/or Performance Right held by you on the Record Date, even if you did not vote or voted against any or all of the Scheme Resolutions.

What do the holders of Options receive under the Schemes?

Each holder of Options has entered into an Option Cancellation Deed in favour of Sportingbet and Centrebet pursuant to which all their Options will be cancelled with effect on or shortly after the Implementation Date. Each holder of Options will receive as consideration for the cancellation of each Option held by that person on the Record Date:

- an amount equal to the difference between the Cash Component of the Share Scheme Consideration per Share and the exercise price of such Option;
- one Litigation Claim Right; and
- one Litigation Claim Unit.

Refer to Section 2.2 for details with regard to the Litigation Claim Rights and Litigation Claim Units.

Will I have to pay brokerage fees or stamp duty?

No, you will not have to pay any brokerage or stamp duty in connection with the transfer of your Centrebet Shares and/or Performance Rights to Sportingbet under either of the Schemes.

What are the tax consequences of the Schemes for me?

The taxation consequences of the Schemes for Securityholders will depend on your personal taxation and financial circumstances.

General information about the likely Australian tax consequences of the Schemes is set out in Section 7.

2 YOUR QUESTIONS ANSWERED

What choices do I have?

If you are a Shareholder you have the following choices:

- **VOTE – you can vote in person, by proxy, (in the case of corporations) by corporate representative or by attorney at the Share Scheme Meeting.** The Board believes that the Share Scheme is important to all Shareholders and the Board unanimously recommends that, to the extent that you are entitled to do so, you vote in favour of the Share Scheme, in the absence of a Superior Proposal. Full details of how to vote and how to lodge a Share Scheme Proxy Form, body corporate representative appointment or power of attorney are set out in Section 4; or
- **NOT VOTE – you can elect not to vote at the Share Scheme Meeting.** Voting is not compulsory. The Share Scheme may still be approved, even if you do not attend or vote at the Share Scheme Meeting; or
- **SELL – you can sell your Shares on ASX.** If you sell your Shares on ASX you may incur brokerage costs. You can sell your Shares on-market at any time before the close of trading on ASX on the Effective Date.

If you are a Performance Rightholder you have the following choices:

- **VOTE – you can vote in person, by proxy, (in the case of corporations) by corporate representative or by attorney at the Performance Right Scheme Meeting.** The Board believes that the Performance Right Scheme is important to all Performance Rightholders and the Board unanimously recommends that you vote in favour of the Performance Right Scheme, in the absence of a Superior Proposal. Full details of how to vote and how to lodge a Performance Right Scheme Proxy Form, body corporate representative appointment or power of attorney are set out in Section 4; or
- **NOT VOTE – you can elect not to vote at the Performance Right Scheme Meeting.** Voting is not compulsory. The Performance Right Scheme may still be approved, even if you do not attend or vote at the Performance Right Scheme Meeting.

You should read this Scheme Booklet in its entirety before deciding how to proceed. If necessary, consult your legal, financial or other professional advisor before voting on the resolutions at either of the Scheme Meetings.

What if I want further information?

If you have any questions about the Schemes, or you would like additional copies of this Scheme Booklet or the Proxy Forms please contact the Centrebet Information Line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

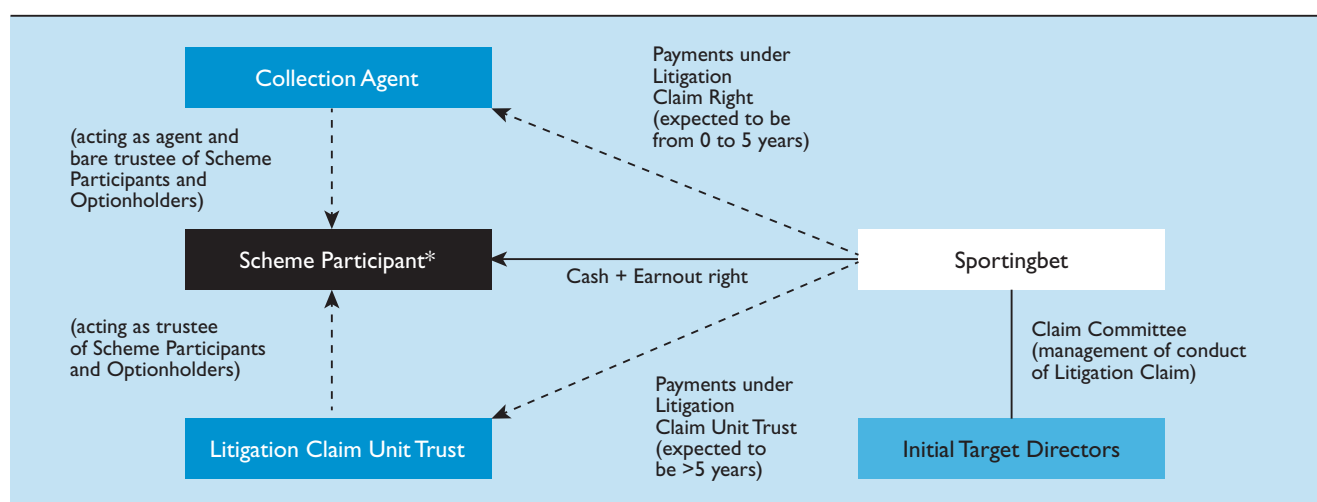
For information about your individual financial or taxation circumstances please consult your financial, tax or other professional advisor.

2.2 LITIGATION CLAIM

What is the Litigation Claim and what does it mean for me?

The:

- Litigation Claim; and
 - Securityholders' interest in the Litigation Claim by virtue of holding Litigation Claim Rights and Litigation Claim Units,
- is summarised below:



* being holders of Litigation Claim Rights and Litigation Claim Units

The summary below of the Litigation Claim, the Litigation Claim Rights and Litigation Claim Units is not exhaustive. Readers are urged to read the Scheme Booklet, in its entirety.

What is the Litigation Claim?

On 27 April 2010 Centrebet SubCo lodged a notification of entitlement to a GST refund with the ATO on the basis that it had incorrectly calculated its global GST amount.

The GST refund related to the tax period from 1 April 2006 to 31 March 2010 and was for a claimed amount of approximately \$90.7 million.

On 26 May 2011 Centrebet SubCo made an application for declaratory relief in the Federal Court in respect of two sample transactions, which has been listed for a first directions hearing on 18 August 2011.

As at the date of this Scheme Booklet, no hearing date has been determined.

What are the possible outcomes of the Litigation Claim?

If Centrebet SubCo is ultimately successful in the Litigation Claim, Centrebet SubCo may be entitled to a cash refund of up to a maximum of \$10.5 million. The balance of up to a maximum of \$80.2 million may be able to be recovered progressively by Centrebet SubCo (combined with Sportingbet if the Schemes are successful) in the form of carry forward losses against any future global GST payable.

If Centrebet SubCo is unsuccessful in the Litigation Claim, Centrebet SubCo will not be entitled to any cash refund or the benefit of any carry forward loss.

2 YOUR QUESTIONS ANSWERED

Who will pay the costs of pursuing the Litigation Claim?

All costs incurred by Centrebet in connection with the Litigation Claim prior to Effective Date are borne by Centrebet in the ordinary course.

To fund the cost of the Litigation Claim post the Effective Date:

- Centrebet has deposited \$924,000 (approximately 1 cent for each Share, Performance Right and Option on issue) into the Costs Account; and
- Centrebet Director Con Kafataris has provided a personal and unsecured indemnity if the \$924,000 amount is not sufficient to cover the costs of the Litigation Claim.

If the costs of the Litigation Claim are significantly in excess of what is currently expected, the Target Claim Committee Members may elect to cease the pursuit of the Litigation Claim.

Who will manage the conduct of the Litigation Claim?

A Claim Committee consisting of two members nominated by Sportingbet and two members nominated by Centrebet will manage the conduct of the Litigation Claim.

The initial Target Claim Committee Members will be Con Kafataris and George Kafataris.

The Claim Committee will be responsible for all decisions with respect to the conduct of the Litigation Claim, except for the following decisions, which are decisions which will be determined solely by Target Claim Committee Members, namely whether:

- to lodge or file any appeal in relation to the Litigation Claim; and
- to settle or withdraw the Litigation Claim, and the terms and conditions of such settlement or withdrawal.

The Claim Committee will also be responsible for operating and managing the Costs Account.

What happens to the proceeds of the Litigation Claim, if successful?

If the Litigation Claim is successful, all payments of funds will come from Sportingbet in accordance with the Payment Waterfall (see Section 9.3) (**Payment Waterfall**).

Effectively, holders of Litigation Claim Rights or Litigation Claim Units (as the case may be) will be entitled to 90% of the net proceeds of the Litigation Claim after deducting specified costs and expenses incurred in connection with the Litigation Claim and with the structure put in place to preserve Securityholders' and Optionholders' interests in the Litigation Claim.

Centrebet – then owned by Sportingbet – will retain the balance, being 10% of the net proceeds of the Litigation Claim after specified costs and expenses incurred in connection with the Litigation Claim and the structure put in place.

For the five year period commencing on the Implementation Date, it is contemplated that payments made by Sportingbet, will be paid to the Collection Agent who will hold those funds as agent and bare trustee for, and pay those funds to, the holders of Litigation Claim Rights on a Pro-Rata Basis after deduction of specified costs and expenses incurred in connection with the Litigation Claim and the structure put in place.

It is contemplated that all payments by Sportingbet after the expiry of the five year period will be paid to the Unit Trustee, who will then distribute those funds to the holders of Litigation Claim Units on a Pro-Rata Basis.

What is the Litigation Claim Right?

The Litigation Claim Right is a contractual right against Sportingbet to receive the value of any amount which the Collection Agent is entitled to receive (net of its costs) under the Litigation Claim Management Deed on a Pro-Rata Basis.

For the period ending on the fifth anniversary of the Implementation Date (subject to a decision to extend this period), it is contemplated that payments made for the benefit of Litigation Claim Participants will be (subject to the Payment Waterfall) paid to the Collection Agent who will hold those payments as agent and bare trustee for Litigation Claim Participants, pursuant to the Litigation Claim Right. The Collection Agent will then distribute those funds (subject to the provisions of the Payment Waterfall) to Litigation Claim Participants on a Pro-Rata Basis.

Further details on the Litigation Claim Rights are set out in Section 9.

What is the Litigation Claim Unit?

A unit in the Litigation Claim Unit Trust entitles the holder to receive distributions in accordance with the terms of the Litigation Claim Unit Trust.

All payments made for the benefit of Scheme Participants and Optionholders after the fifth anniversary of the Implementation Date (subject to a decision to extend this period) will be (subject to the provisions of the Payment Waterfall and the Target Claim Committee Members determining not to otherwise extend the five year period) paid to the Unit Trustee of the Litigation Claim Unit, who will then distribute those funds to Litigation Claim Participants on a Pro-Rata Basis.

Further details on the Litigation Claim Units are set out in Section 9.

What are the tax consequences of receiving Litigation Claim Rights and Litigation Claim Units?

Receipt of the Litigation Claim Units and Litigation Claim Rights may give rise to tax liability (based on the assessed value of the Litigation Claim as at the Implementation Date).

The tax law which governs the Litigation Claim Rights is changing and, subject to the outcome of this change, the receipt of the Litigation Claim Rights may also give rise to a tax liability (based on the assessed value of the Litigation Claim as at the Implementation Date). Securityholders will need to choose which tax law they will apply to treat the Litigation Claim Rights that they receive.

Any tax payable will be in respect of the income year ending 30 June 2012 and any actual tax payable will be no earlier than 31 October 2012. If the Litigation Claim is unsuccessful, the Claim Committee will seek to ensure, to the extent possible, that the Litigation Claim Units and Litigation Claim Rights are terminated prior to 30 June 2012 so that any gain realised on the Implementation Date may be offset against the tax loss realised on termination. In this event, no actual tax would be payable in respect of the Litigation Claim Units and Litigation Claim Rights.

Further information on this matter is set out in Section 7.



DETAILS OF THE SCHEMES

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3.1 ACQUISITION OF CENTREBET SECURITIES BY SCHEMES OF ARRANGEMENT

On 26 May 2011 Centrebet and Sportingbet announced they had entered into the Scheme Implementation Agreement in relation to two Schemes pursuant to which Sportingbet would acquire all of the Centrebet Securities. A summary of the key terms of the Scheme Implementation Agreement can be found in Section 10.1. A complete copy of the Scheme Implementation Agreement (excluding annexures) is set out in Annexure A. A complete copy of the Scheme Implementation Agreement (including annexures) was placed on the ASX announcements platform of Centrebet on 26 May 2011.

Under the Scheme Implementation Agreement, the acquisition by Sportingbet of all Centrebet Securities will be implemented by way of two separate schemes of arrangement – the Share Scheme and the Performance Right Scheme. Under the Share Scheme, Shareholders will receive the Share Scheme Consideration in exchange for every Share held by them on the Record Date and under the Performance Right Scheme, Performance Rightholders will receive the Performance Right Scheme Consideration in exchange for every Performance Right held by them on the Record Date.

The terms of the Share Scheme are included in Annexure B and the terms of the Performance Right Scheme are included in Annexure C.

3.2 WHAT WILL HAPPEN UNDER THE SCHEMES? Share Scheme

If approved by Shareholders and the Court (as discussed in Section 4.2), and subject to the satisfaction of the Scheme Conditions, all Shareholders who hold Shares on issue on the Record Date (**Share Scheme Participants**) will participate in the Share Scheme, whether or not they voted for the Share Scheme (and even if they voted against the Share Scheme Resolution).

If approved and implemented, the Share Scheme will result in:

- (a) each Share Scheme Participant receiving a cash payment of \$2.00, one Litigation Claim Right and one Litigation Claim Unit for each Share held;
- (b) the transfer from the Share Scheme Participants of all their Shares to Sportingbet; and
- (c) Centrebet becoming a wholly-owned subsidiary of Sportingbet and ultimately being de-listed from ASX.

The terms of the Share Scheme are set out in full in Annexure B. In support of its obligations under the Share Scheme, Sportingbet and Sportingbet PLC have executed the Deed Poll in favour of Share Scheme Participants. A copy of the Deed Poll is included in Annexure D.

Performance Right Scheme

If approved by Performance Rightholders and the Court (as discussed in Section 4.2), and subject to the satisfaction of all the Scheme Conditions, all Performance Rightholders who hold Performance Rights on the Record Date (**Performance Right Scheme Participants**) will participate in the Performance Right Scheme, whether or not they voted for the Performance Right Scheme (and even if they voted against the Performance Right Scheme Resolution).

If approved and implemented, the Performance Right Scheme will result in:

- (a) each Performance Right Scheme Participant receiving a cash payment of \$2.00, one Litigation Claim Right and one Litigation Claim Unit for each Performance Right held; and
- (b) the transfer from the Share Scheme Participants of all Performance Rights to Sportingbet.

The terms of the Performance Right Scheme are set out in full in Annexure C. In support of their obligations under the Performance Right Scheme, Sportingbet and Sportingbet PLC have executed the Deed Poll in favour of Performance Right Scheme Participants. A copy of the Deed Poll is included in Annexure D.

3.3 PAYMENT OF SCHEME CONSIDERATION

Centrebet will arrange for the Cash Component of the Scheme Consideration to be paid:

- (a) by despatching a pre-printed cheque in the name of each Scheme Participant by pre-paid post to each Scheme Participant's address as it appears in the Share Register on the Record Date; or
- (b) otherwise by electronic funds transfer for Scheme Participants who have nominated a bank account by written notice to Centrebet on or before the Record Date,

and will procure that Sportingbet grants (as evidenced by a Litigation Claim Right Holding Statement) to each Scheme Participant one Litigation Claim Right and transfer one Litigation Claim Unit (and despatch Litigation Claim Right Holding Statements and Litigation Claim Unit Holding Statements in respect of those Litigation Claim Rights and Litigation Claim Units) in respect of each Centrebet Security that the Scheme Participant holds on the Record Date.

It is expected that Scheme Participants will be paid their Cash Component of Scheme Consideration on the Business Day after the Implementation Date, Thursday, 1 September 2011. Scheme Participants will be granted their Litigation Claim Rights and transferred their Litigation Claim Units on the Implementation Date which is the day their Centrebet Securities will be transferred to Sportingbet.

3

DETAILS OF THE SCHEMES

Where any Centrebet Securities are held in joint names, the whole of the Scheme Consideration payable in respect of those Centrebet Securities (as the case may be) will be paid by cheque which will be sent to the joint holder of the Centrebet Securities whose name appears first in (in the case of Shares) the Share Register or (in the case of Performance Rights) the Performance Right Register.

To ensure sufficient funds are available for the purposes of paying the Cash Component of the Scheme Consideration on the Implementation Date, Sportingbet is obliged under the Scheme Implementation Agreement to deposit the Cash Component into a special purpose trust account located in Australia, operated by Centrebet as trustee for the Scheme Participants, in cleared funds at least one Business Day prior to the Implementation Date.

3.4 LITIGATION CLAIM

Full details in respect of the Litigation Claim, the Litigation Claim Rights and the Litigation Claim Units are set out in Section 9.

3.5 RELATIONSHIP BETWEEN THE SCHEMES

The Share Scheme and the Performance Right Scheme are conditional on each other becoming Effective. Accordingly, unless Shareholders approve the Share Scheme, the Performance Right holders approve the Performance Right Scheme and the Court approves both Schemes, none of the Schemes will become Effective or proceed.

The Performance Right Scheme Resolution will only be proposed at the Performance Right Scheme Meeting if the Share Scheme Resolution has first been approved by Shareholders at the Share Scheme Meeting.

3.6 FUNDING OF THE CASH COMPONENT OF THE SCHEME CONSIDERATION

On 13 June 2011, Sportingbet PLC held a general meeting of its members and obtained the Sportingbet PLC Shareholder Approval to the Sportingbet Capital Raising and the involvement of both Sportingbet and Sportingbet PLC in the implementation of the Schemes.

Under the Sportingbet Capital Raising, Sportingbet PLC raised gross proceeds of approximately £130 million by way of an underwritten issue of ordinary shares and an issue of convertible bonds. The net proceeds from the Sportingbet Capital Raising will be used by Sportingbet to pay the Cash Component. The Sportingbet Capital Raising was not conditional on the approval or implementation of either or both of the Schemes.

3.7 OPTIONS

As at 12 July 2011, Centrebet had 1,163,215 Options on issue.

It is a condition of the Schemes that each holder of Options agrees with Centrebet in writing that, subject to and simultaneously upon the Schemes becoming Effective and otherwise on terms and conditions acceptable to Sportingbet, all of their Options are cancelled or transferred to Sportingbet (as the case may be) for consideration per Option equal to:

- an amount which does not exceed the aggregate of the difference between the Cash Component of the Share Scheme Consideration per Share and the exercise price of such Option; and
- one Litigation Claim Right; and
- one Litigation Claim Unit.

Each holder of Options has entered into an Option Cancellation Deed with Centrebet that satisfies the condition referred to in the above paragraph. Details of the terms of the Option Cancellation Deeds are set out in Section 11.14.

3.8 OBTAINING FURTHER INFORMATION

If you have any questions about either or both of the Schemes, or you would like additional copies of this Scheme Booklet or the Proxy Form, please contact the Centrebet Information Line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

For information about your individual financial or taxation circumstances please consult your financial, tax or other professional advisor.



THE SCHEME MEETINGS AND HOW TO VOTE

4

THE SCHEME MEETINGS AND HOW TO VOTE

4.1 SHARE SCHEME MEETING

The Share Scheme Meeting will be held at 10.00 am on Wednesday, 17 August 2011 at The Justice and Police Museum, corner Albert and Phillip Streets, Circular Quay, Sydney.

The business of the Share Scheme Meeting will be to consider and, if thought fit, to approve the Share Scheme.

This Scheme Booklet includes the Share Scheme Meeting Notice in Annexure G and encloses a Proxy Form for the Share Scheme Meeting.

4.2 APPROVAL OF THE SHARE SCHEME

For the Share Scheme to take effect, section 411(4) of the Corporations Act requires a meeting of Shareholders to be held at which a majority that:

- (a) is more than 50% in number of Shareholders present and voting (either in person or by proxy) at the Share Scheme Meeting; and
- (b) represents in aggregate not less than 75% of the votes cast on the Share Scheme Resolution at the Share Scheme Meeting,

votes in favour of the Share Scheme Resolution.

The result of the Share Scheme Meeting must then be announced to ASX and provided to the Court, the latter of which will consider whether or not to approve the Share Scheme.

4.3 PERFORMANCE RIGHT SCHEME MEETING

The Performance Right Scheme Meeting will be held at the later of 10.30 am and the conclusion or adjournment of the Share Scheme Meeting on Wednesday, 17 August 2011 at The Justice and Police Museum, corner Albert and Phillip Streets, Circular Quay, Sydney.

The business of the Performance Right Scheme Meeting is to consider and, if thought fit, to approve the Performance Right Scheme.

This Scheme Booklet includes the Performance Right Scheme Meeting Notice in Annexure H and encloses a Proxy Form for the Performance Right Scheme Meeting.

4.4 APPROVAL OF THE PERFORMANCE RIGHT SCHEME

For the Performance Right Scheme to take effect, section 411(4) of the Corporations Act requires a meeting of Performance Rightholders to be held at which a majority that:

- (a) is more than 50% in number of Performance Rightholders present and voting (either in person or proxy) at the Performance Right Scheme Meeting; and
- (b) represents debts and claims against Centrebet in an aggregate amount that is at least 75% of the total amount of the debts and claims of Performance Rightholders present and voting at the Performance Right Scheme Meeting,

votes in favour of the Performance Right Scheme Resolution.

For the purposes of determining the amount of debts or claims and therefore the voting entitlement of each Performance Rightholder, Centrebet Directors consider that each Performance Right has the same debt or claim value against Centrebet, and accordingly, each Performance Right will entitle its holder to one vote in respect of the Performance Right Scheme at the Performance Right Scheme Meeting.

The result of the Performance Right Scheme Meeting must then be announced to ASX and provided to the Court, the latter of which will consider whether or not to approve the Performance Right Scheme.

4.5 WHO IS ENTITLED TO VOTE AT THE SCHEME MEETINGS?

Centrebet has determined, in accordance with the requirements of the Corporations Act, that:

- (a) each Shareholder who is registered in the Share Register at 7.00 pm (Sydney time) on Monday, 15 August 2011 will be entitled to vote at the Share Scheme Meeting; and
- (b) each Performance Rightholder who is registered in the Performance Right Register at 7.00 pm (Sydney time) on Monday, 15 August 2011 will be entitled to vote at the Performance Right Scheme Meeting.

In the case of joint holders of a Share or a Performance Right, the joint holder who is named first on the Share Register (in the case of a Share) or the Performance Right Register (in the case of a Performance Right), will be entitled to vote to the exclusion of the votes of other joint holders. All joint holders of a Share are entitled to attend the Share Scheme Meeting and all joint holders of a Performance Right are entitled to attend the Performance Right Scheme Meeting.

Voting at the Scheme Meetings will be by way of a poll rather than by show of hands. On a poll taken at the Scheme Meetings:

- (a) Shareholders will be entitled to one vote at the Share Scheme Meeting for each Share held by them; and
- (b) Performance Rightholders will be entitled to one vote at the Performance Right Scheme Meeting for each Performance Right held by them.

Securityholders can vote at the Scheme Meeting(s) relevant to them:

- (a) in person;
- (b) by proxy;
- (c) by corporate representative (if you are a corporate shareholder); or
- (d) by attorney.

You will be counted as being present at the relevant Scheme Meeting if you vote in any of the ways outlined above.

4.6 VOTING IN PERSON

If you wish to vote in person at either or both of the Scheme Meetings at which you are so entitled to vote, please attend the relevant Scheme Meeting(s) which commences at the time(s) stated above.

4.7 VOTING BY PROXY

If you wish to appoint a proxy for the Scheme Meeting(s) relevant to you, you should complete the relevant Proxy Form and send it to the Share Registry, in accordance with the instructions on that Proxy Form.

Proxy Forms MUST be received at the Share Registry no later than 7.00 pm (Sydney time) on Monday, 15 August 2011. Proxy Forms received after this time will be invalid.

Securityholders who return their Proxy Forms with a direction on how to vote and do not nominate the identity of their proxy will be taken to have appointed the chairman of the relevant Scheme Meeting as their proxy. The chairman of each of the Scheme Meetings intends to vote all undirected proxies in favour of the relevant Scheme Resolutions.

Lodging a Proxy Form will not preclude personal attendance and voting at the Scheme Meeting(s) relevant to the Securityholder.

A proxy need not be a Shareholder or Performance Rightholder. In selecting a proxy a Securityholder may, provided they can cast two or more votes at the Scheme Meeting relevant to them, appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not specify the proportion of number of votes each of the two proxies has, each proxy may exercise half of the number of votes of that appointing Securityholder. Fractions of votes will be disregarded. To request a second Proxy Form please contact the Centrebet Information Line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

You can return the completed Proxy Form by posting it in the reply paid envelope provided, delivering it to the Share Registry's office at the address set out below, faxing it to the Share Registry at the facsimile number set out below or submitting it online (in the case of the Proxy Form only) at the website set out below:

Delivery address:

Link Market Services Limited
Level 12
680 George Street
SYDNEY NSW

Postal address:

c/ Link Market Services Limited
Locked Bag A14
Sydney South, NSW, 1235
AUSTRALIA

Facsimile:

+61 2 9287 0309

Online lodgement:

www.investorcentre.linkmarketservices.com.au

Where the Proxy Form is executed under a power of attorney, the original power of attorney or a certified copy of the power of attorney **MUST** be lodged with the Proxy Form (if you have not already lodged the power of attorney with the Share Registry).

4.8 VOTING BY ATTORNEY

You may vote at the Scheme Meeting(s) relevant to you by duly authorised attorney. An attorney need not be a Shareholder or Performance Rightholder.

Securityholders intending to appoint an attorney to attend and vote at the Scheme Meeting(s) relevant to them **MUST** provide the original power of attorney or a certified copy of the power of attorney to the Share Registry no later than 7.00 pm (Sydney time) on Monday, 15 August 2011.

You can deliver the original or certified copy of the power of attorney by posting it in the reply paid envelope or delivering it to the Share Registry's office at the address below:

Delivery address:

Link Market Services Limited
Level 12
680 George Street
SYDNEY NSW

4.9 CORPORATE SECURITYHOLDERS

A Securityholder that is a body corporate may appoint a proxy or alternatively appoint a corporate representative. In order to appoint a corporate representative, corporate Securityholders will be required to complete a 'Certificate of Appointment of Representative' form to enable a natural person to attend on its behalf. Please contact the Centrebet Information Line on 1300 664 434 (in Australia) or +61 2 8022 7902 (if overseas) for a copy of this form.

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CENTREBET INFORMATION

5.1 OVERVIEW OF CENTREBET

Background

Centrebet (the parent company of the Centrebet Group) is an online wagering and gaming company incorporated in Australia. Centrebet has been listed on ASX since July 2006.

Centrebet is an established brand in its core markets of Australia, Norway and Denmark as well as operating in Greece and a number of other non-core European markets. In Australia, Centrebet is a major online bookmaker. The integrity of its brand is supported by the range of sports and racing related wagering events offered, prices, the speed of payout of winnings to customers, the level of customer service and ease of website use.

Centrebet's core business divisions can be broadly classified as:

- *Wagering*: offering fixed odds online betting on a wide variety of Australian and international sporting, racing, entertainment and political events;
- *Gaming*: offering online poker and casino products; and
- *B2B*: offering business-to-business fixed odds wagering management services to third parties.

Centrebet has been conducting wagering and bookmaking businesses since obtaining the first sports bookmaking licence in Australia in 1992. In 1996, it became one of the first licensed bookmakers in the world to offer online sports wagering.

The Centrebet Group conducts its business through its wholly-owned subsidiaries and generates revenue mainly from the Australian market, but also from European countries including Norway, Denmark and Greece.

Wagering

Centrebet's wagering operations offer customers the ability to bet on a range of sports and racing events either over the internet or on the telephone 24 hours a day, seven days a week. These events include Australian and international horse racing, soccer, AFL, rugby league, rugby union, cricket, American football, baseball, basketball and tennis, among a broader range of international sporting events. The greatest contributors to Centrebet's wagering revenue are Australian racing, soccer, basketball, rugby league, AFL, tennis and the main U.S. sports.

Besides fixed odds wagering on the outcome of an individual sporting event, Centrebet provides a range of betting options including multi-bets, as well as innovative proprietary products such as Pick Your Own Line. Multi-bets involve picking the winners in more than one event and in turn, offer a higher return for successful bets. Centrebet also offers a range of other betting options, which may not directly relate to the outcome of an individual sporting event, but rather relate, for example, to wagering on the first team to score, first half/full-time score double, number of goals/tries in a match or player of the match.

Gaming

The Centrebet Group's gaming operations launched its online poker product, 'Centrebet Poker' in December 2004, and 'Centrebet Casino' in December 2005. Centrebet Poker allows customers the ability to play poker in real-time against other customers. 'Centrebet Casino' offers a range of online casino games, including roulette, slot machines, blackjack and baccarat.

Due to Australian regulatory restrictions, Centrebet is not able to offer its gaming products to Australian residents and residents of certain other non-core markets. Advertising is also restricted in certain jurisdictions.

Fixed Odds Management Services

In May 2009, Centrebet's operations expanded by providing the ACT TAB, Racing and Wagering Western Australia and Tote Tasmania (collectively the "TABs") with fixed odds management services for their fixed odds racing and sports betting products. The initial contract is for three and a half years with an option for the TABs to extend by a further eighteen months.

Business overview

Centrebet's largest market is the Australian market, with Australian revenue as a proportion of its total annual revenue having grown from 55%, in the 2009 financial year, to 69% in the 2010 financial year.

Centrebet has continued to experience growth in market share in the Australian market, with the key drivers of this growth in FY10, compared to FY09, being:

- a significant increase in Centrebet brand awareness through increased marketing investment;
- innovation and expansion of new online sports and racing products;
- an improved overall wagering win-rate, driven by continued improvements in market leading risk management, improvements in the quality of the customer base, combined with favourable outcomes;
- a full year's contribution from the TAB's fixed odds management services contracts; and
- strong improvements in CRM, VIP and overall customer experience.

Centrebet completed an internal strategic review of its European markets at the end of the 2009 financial year which resulted in:

- Norway, Denmark and Greece being defined as 'core' markets and the remainder as 'non-core';
- non-core marketing spend being reduced and an increased focus on risk management in those non-core markets; and
- increased cost savings throughout the businesses of the Centrebet group of companies.

In the 2010 financial year, Norway, Denmark and Greece accounted for 26% of Centrebet's total annual revenue.

5 CENTREBET INFORMATION

Project Rocket

On 9 November 2010, Centrebet announced its five year strategic plan, 'Project Rocket'. The goal of Project Rocket is to achieve a significant increase in Centrebet's Australian corporate bookmaker market share from approximately 10% to 20% by 2015 financial year and a corresponding 50% increase in NPAT (relative to a "status quo" growth scenario).

It is envisaged that this will be achieved by a targeted and significantly increased marketing investment program in Australia, significant investment in product development and maximising cash flows in Europe to focus investment on Australian growth.

This is expected to drive a significant increase in customer acquisition, improve the customer product offering and drive Australian revenues above strong historical growth rates.

The results of Project Rocket in Australia for the six months to 31 December 2010 when compared to the six months to 31 December 2009 included:

- (a) 23% growth in online revenue;
- (b) new depositing clients up 92%;
- (c) active clients up 46%;
- (d) new key sponsorships including St Kilda in the AFL, Penrith Panthers Stadium naming rights (Centrebet Stadium Penrith) in the NRL, extensive NSW greyhound track signage and the sponsorship of the National Basketball League competition; and
- (e) increased new product development with:
 - (i) pre-post betting on horse racing;
 - (ii) further expansion of fixed odds product offering for harness/greyhound racing; and
 - (iii) significant live betting product expansion.

5.2 CENTREBET'S BOARD AND SENIOR MANAGEMENT

The current Directors on Centrebet's Board are:

Director's name	Position
Graham Kelly	Chairman
Michael McRitchie	Managing Director
Con Kafataris	Executive Director
Maxwell Donnelly	Non-Executive Director
George Kafataris	Non-Executive Director

Centrebet's highest paid executives as at 30 June 2010 were:

Senior Manager's name	Position
Michael McRitchie	Managing Director
Con Kafataris	Executive Director
Luke Brill	Head of Marketing
Robert Bannon	Head of Finance & Commerce
Stefan Matthews	Chief Information Officer

If the Schemes do not proceed, it is anticipated that the current Directors and senior management of Centrebet will remain. If the Schemes are approved and implemented, the intentions of Sportingbet in relation to the management and other employees generally are set out in Section 6.8.

5.3 CENTREBET SECURITIES ON ISSUE

As at 12 July 2011 (the last trading date before this Scheme Booklet was lodged for registration with ASIC), there were on issue:

- 87,764,414 Shares;
- 3,742,903 Performance Rights (the terms of which are set out in Section 11.13); and
- 1,163,215 Options.

5.4 CONTINUOUSLY DISCLOSING ENTITY

Centrebet is a "disclosing entity" for the purposes of section 111AC of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. These disclosure obligations require Centrebet to disclose to the ASX any information that a reasonable person would expect to have a material effect on the price or value of the securities of Centrebet.

Centrebet believes that it is in compliance with its continuous disclosure obligations which require Centrebet to notify ASX of information about specified events or matters as they arise for the purpose of enabling ASX to make that information available to the stock market conducted by ASX.

Copies of documents lodged with ASIC in relation to the Schemes and Centrebet may be obtained from, or inspected at, an office of ASIC.

Centrebet's continuous disclosure notices to ASX after the lodgement with ASX of its financial statements for the year ended 30 June 2010 and before the lodgement for registration of this Scheme Booklet by ASIC are set out in Annexure F. These documents can be accessed on Centrebet's website (<http://investor.centrebet.com>) or obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas). These documents, together with other notices lodged with ASX prior to the latest financial statements can also be accessed on ASX's company announcements platform at www.asx.com (under the ticker "CIL").

5.5 RECENT SHARE PRICE HISTORY

The latest recorded share price of Shares on ASX on 10 May 2011 was \$1.59 per Share (representing the last trading price prior to the announcement of the Sportingbet Proposal on 11 May 2011). The latest recorded share price of Shares on ASX on 12 July 2011 (being the last practical date before this Scheme Booklet was lodged for registration with ASIC) was \$1.98 per Share.

The volume weighted average price of Shares on ASX for the six month, three month and one month periods up to 10 May 2011 was \$1.56, \$1.61 and \$1.63 respectively.

The highest and lowest recorded share price of Shares on ASX during the three months up to 12 July 2011 (being the last practical date before this Scheme Booklet was lodged for registration with ASIC) was \$1.99 and \$1.51 respectively.



SPORTINGBET INFORMATION

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6.1 OVERVIEW OF SPORTINGBET

If the Schemes are approved by the requisite majority of Shareholders and Performance Rightholders and approved by the Court, on the Implementation Date Sportingbet will acquire all of the Centrebet Securities so that, following implementation of the Schemes, Sportingbet will hold all of the Shares and all of the Performance Rights.

The Performance Rights will, subsequent to the implementation of the Schemes, be cancelled.

Sportingbet is an indirect wholly-owned subsidiary of Sportingbet PLC. It was incorporated in Australia and registered in New South Wales on 1 March 2011 for the purpose of acquiring the Shares and the Performance Rights under the Schemes. It is not currently involved in any other business. Other than under the Scheme Implementation Agreement or as set out in this Section 6, Sportingbet has no other assets or liabilities and it is not proposed to undertake any activity other than holding the shares in Centrebet that it will acquire under the Share Scheme.

The directors of Sportingbet as at the date of this Scheme Booklet are:

- Michael Sullivan;
- Anthony Waller; and
- Jim Wilkinson.

6.2 OVERVIEW OF SPORTINGBET PLC AND THE SPORTINGBET GROUP

Sportingbet PLC is a LSE listed online sports betting and gaming group focused on the European and Australian markets, supplemented by a small but rapidly growing emerging markets business. Sportingbet PLC and its group companies worldwide (**Sportingbet Group**) facilitate online sports betting, casino, poker and gaming through a range of branded websites. As at the date of this Scheme Booklet, the Sportingbet Group operates websites in 21 different languages, targeting 23 countries and accepts bets in 34 different currencies. The Sportingbet Group currently holds betting and gaming licences and approvals in Alderney, Antigua and Barbuda, Australia, Malta, South Africa and the United Kingdom.

The head office of the Sportingbet Group is in London, England. The Sportingbet Group currently employs approximately 650 people worldwide.

In the financial year ended 31 July 2010, the Sportingbet Group's amounts wagered amounted to £1,971.3 million (\$3,000.5 million)⁹ generating a net gaming revenue of £207.5 million (\$315.8 million) and an adjusted operating profit (before exceptional items, share option charge and amortisation) of £35.4 million (\$53.9 million).

As of 31 July 2010, the Sportingbet Group had total assets of £165.2 million (\$251.4 million) and net assets of £92.7 million (\$141.1 million). The Sportingbet Group's latest published accounts can be viewed at Sportingbet PLC's website www.sportingbetplc.com.

Shares in Sportingbet PLC were admitted to trading on AIM on 30 January 2001. On 14 May 2010, Sportingbet PLC transferred the listing of its entire issued ordinary share capital from AIM to a premium listing on the Official List of the UK Listing Authority and trading of its shares to the main market of the LSE. Sportingbet PLC's current market capitalisation is approximately £388.1 million (\$590.7 million) as at the close of trade in London on 11 July 2011 (London time). Sportingbet PLC's shares are listed on LSE under the code SBT with ISIN number GB0009516252.

6.3 DIRECTORS OF SPORTINGBET PLC

The directors of Sportingbet PLC as at the date of this Scheme Booklet are:

Director's name	Position
Peter Dicks	Non-Executive Chairman
Andrew McIver	Group Chief Executive
Jim Wilkinson	Group Finance Director
Sean O'Connor	Non-Executive Director
Brian Harris	Non-Executive Director
Nigel Payne	Non-Executive Director
Rory Macnamara	Non-Executive Director

6.4 BUSINESS OVERVIEW OF THE SPORTINGBET GROUP – PRINCIPAL ACTIVITIES

Overview

The Sportingbet Group's European and emerging markets businesses offer a full suite of sports betting, casino, poker and gaming products, except in South Africa, where its licence is restricted to online sports betting only. The Sportingbet Group's current Australian operations provide sports betting services only.

Sports betting is the core offering of the Sportingbet Group's business and generated approximately 70% of the Sportingbet Group's net gaming revenue in the year ended 31 July, 2010. Casino and games revenues accounted for approximately 22% and poker revenues accounted for approximately 8% of the Sportingbet Group's net gaming revenue for the same period.

6

SPORTINGBET INFORMATION

Sports betting – Europe and emerging markets

The European and emerging markets based sports betting operation generated 58.5% of the Sportingbet Group's net gaming revenue in the year ended 31 July 2010. The Sportingbet Group provides its gaming services through a number of websites, localised to appeal to the target market. In the majority of territories, these websites are branded sportingbet.com. However, the Sportingbet Group operates under the miapuesta.com brand for Spanish speaking customers, and the superbahis.com brand for Turkish speaking customers. This strategy of localisation has allowed the Sportingbet Group to build significant businesses in a number of countries in Europe.

Sports betting – Australia

The Australian sports betting operation generated 16% of the Sportingbet Group's gross gaming revenue in the year ended 31 July 2010. In Australia, the Sportingbet Group's operations are based in Darwin and are regulated by a licence issued by the Northern Territory Government. The Sportingbet Group runs both a telephone betting business and an online betting business in Australia.

The telephone business of the Sportingbet Group is focused on higher spending customers who predominantly bet on Australian-based horse racing. During the year ended 31 July 2010 and the nine months ended 30 April 2011, 48% and 33% respectively of gross gaming revenue of the Australian business was generated by the telephone based business.

The Sportingbet Group's online business is focused more on the recreational customer and offers betting on horse racing and a wide variety of sports for the Australian customer. Since inception, the online business has grown strongly and accounted for 52% of the gross gaming revenue of the Australian business as at 31 July 2010. As at 30 April 2011, it stood at 67%.

Casino

The Sportingbet Group offers casino and gaming products to its customer base in all target markets with the exception of Australia, where customers are blocked from using such products, and in South Africa, where the local licence is restricted to online sports betting only. Casino and gaming revenues contributed approximately 22% of the Sportingbet Group's net gaming revenue in the year ended 31 July 2010.

The Sportingbet Group offers a full suite of over 100 download and instant play casino games under the ParadiseCasino brand. ParadiseCasino provides all the popular casino table games such as blackjack and roulette, as well as slots with progressive jackpots and other betting games.

Poker

The Sportingbet Group offers online poker to its customers through its ParadisePoker brand with the exception of Australia, where customers are blocked from using such products, and in South Africa, where the local licence is restricted to online sports betting only. Poker revenues contributed approximately 8% of the Sportingbet Group's net gaming revenue in the year ended 31 July 2010.

ParadisePoker offers a variety of popular multi-player poker games such as Texas Hold'em, Omaha, 7 card stud and 5 card draw. In online poker, players play in real-time against other players with the operator charging a commission for hosting and facilitating the games.

6.5 PRINCIPAL MARKETS

Overview

The Sportingbet Group aims to derive its revenues from a geographically diverse customer base in order to minimise the impact to the overall business from any changes in the operating environment that may occur in a particular country from time to time.

Europe and Turkey

During the financial year ended 31 July, 2010, 81% of the Sportingbet Group's gross gaming revenue was derived from European focused websites.

Australia

As mentioned above, the Sportingbet Group's Australian operation generated 16% of the Sportingbet Group's net gaming revenue in the financial year ended 31 July 2010. The Sportingbet Group only operates a sports betting business in Australia and has no gaming operations in the country.

Emerging Markets

During the financial year ended 31 July, 2010, approximately 3% of the Sportingbet Group's gross gaming revenue was derived from websites focused on the emerging markets. Emerging markets currently refers to the Sportingbet Group's activities focussing on Brazilian, Canadian, Chilean and South African customers.

Further information about the Sportingbet Group can be found at Sportingbet PLC's website (www.sportingbetplc.com).

6.6 RATIONALE FOR THE SPORTINGBET GROUP'S PROPOSED ACQUISITION OF CENTREBET

The Sportingbet Group's strategy is to provide a first-class sports betting product to a geographically diverse customer base. The Sportingbet Group's growth strategy is to continue to take advantage of both increasing broadband penetration and the general growth in the global sports betting market. The Sportingbet Group is focused on providing coverage of new leagues, games and betting markets for all major sports covering all global time zones. The proposed acquisition by the Sportingbet Group of Centrebet is consistent with this growth strategy.

In addition, Sportingbet PLC's directors have been examining ways of participating in industry consolidation with a view to deriving an increased proportion of the Sportingbet Group's gaming revenue from regulated markets. The Sportingbet PLC directors believe that this proposed acquisition is in line with this strategy and believe that Centrebet has a number of important attractions for the Sportingbet Group.

Furthermore, the Sportingbet Group has identified potential synergies achievable in merging its Australian businesses with that of Centrebet. These savings are based on the centralisation of operating functions and infrastructure and reduced information technology development projects, as it is anticipated that the Enlarged Group will move to operate from a single information technology platform.

6.7 SPORTINGBET FUNDING OF THE CASH COMPONENT Amount of Cash Component

The Scheme Consideration for the acquisition of the Centrebet Securities will be satisfied primarily by the payment of the Cash Component. There are 87,764,414 Shares, 3,742,903 Performance Rights and 1,163,215 Options on issue as at the date of this Scheme Booklet. The total amount of the Cash Component that would be payable by Sportingbet under the Schemes is approximately \$184 million¹⁰.

Overview of Sportingbet's funding arrangements

As announced on 26 May 2011, Sportingbet PLC undertook the Sportingbet Capital Raising in order to raise the required funds to satisfy the Cash Component payable under the Schemes. The convertible bond issue that formed part of the Sportingbet Capital Raising completed on 8 June 2011 and the firm placing and open offer that also formed part of the Sportingbet Capital Raising, completed on 16 June 2011. Sportingbet PLC raised gross proceeds of approximately £65 million by way of the issue of 154,761,904 new ordinary shares at 42 pence per offer share to both existing shareholders and institutional and other investors and a further £65 million by way of the convertible bond issue, in aggregate net proceeds of approximately £118.5 million (after deducting the costs of the Sportingbet Capital Raising). The new shares in Sportingbet PLC issued as part of the Sportingbet Capital Raising are listed on the premium listing segment of the Official List of the UKLA and were admitted to trading on the LSE's main market for listed securities on 16 June 2011.

The Sportingbet Capital Raising was approved by Sportingbet PLC's shareholders at a general meeting held on 13 June 2011 and was not conditional on the Schemes becoming Effective or their implementation. At the general meeting, Sportingbet PLC's shareholders also approved the acquisition of the Centrebet Securities, as required by the UKLA Listing Rules.

The net proceeds of the Sportingbet Capital Raising are currently held in cash by or on behalf of Sportingbet PLC in sterling denominated UK bank accounts. Sportingbet PLC has £/A\$ exchange rate hedging arrangements in place and, subject to any requirements of the Court or ASIC, intends to transfer the total Cash Component of the Scheme Consideration into a \$ denominated Australian bank account of Sportingbet at least one Business Day prior to the Implementation Date.

On the basis of the arrangements described in this Section 6.7, Sportingbet holds the view that it will be able to pay the Cash Component when it is due under the terms of the Schemes.

6.8 SPORTINGBET'S INTENTIONS IF THE SCHEMES ARE IMPLEMENTED

Introduction

This Section sets out the intentions of Sportingbet (and the Sportingbet Group) in relation to:

- (a) the continuation of the business of Centrebet;
- (b) any major changes to be made to the business of Centrebet and any re-deployment of the fixed assets of Centrebet; and
- (c) the future employment of the present employees of Centrebet,

if the Schemes are implemented.

These intentions are based on information concerning Centrebet, its business and the general business environment which is known to Sportingbet at the time of preparation of this document, which may be or become limited or inaccurate.

Final and detailed decisions about these matters will only be made by Sportingbet in light of all material information and circumstances available to it at the relevant time. Accordingly, the statements set out in this Section 6.8 are of Sportingbet's current intention only, which may change as new information becomes available to Sportingbet or otherwise as circumstances change.

Centrebet to be delisted

If the Schemes are implemented, Sportingbet will request ASX to remove Centrebet from its official list immediately after the Implementation Date.

Centrebet's Australian Operations

If the Schemes are implemented, Sportingbet intends to merge the Australian operations of Centrebet and the Sportingbet Group into a single unified business structure (consolidating back office infrastructure and support functions), under a unified board structure and senior management team. The Sportingbet Group's intention is that the Centrebet brand will be maintained and will continue to be operated for the foreseeable future, together with the Sportingbet Group brand, under a dual brand strategy.

NOTE

- 10 Includes \$0.6 million in payments to Optionholders on the basis that Optionholders receive the Cash Component of \$2.00 per Option less the applicable exercise price of such Options.

6

SPORTINGBET INFORMATION

Sportingbet PLC has conducted a high level general review of the operations, assets and employees of Centrebet. This has led to the identification of potential synergies in merging its Australian business with that of Centrebet, based on the centralisation of operating functions and infrastructure and reduced information technology development projects as it is currently anticipated that the Enlarged Group will move to operate from a single information technology platform.

The proposed acquisition is expected to yield net synergies of \$17.0 million (£11.2 million) per annum and the Sportingbet Directors believe the full impact of these synergies will be achieved in FY 2012/2013.

The tax effect on these synergies is expected to be neutral, and \$2.7 million (£1.8 million) of these synergies will be offset by the cost of closing Centrebet's Norwegian business as referred to below. The cost of obtaining these synergies is expected to be approximately \$7.6 million (£5.0 million). After implementation of the Schemes, Sportingbet will conduct a more detailed review of the operations, assets and employees of the Enlarged Group's Australian operations. Final decisions on operations, assets and employment will only be reached after that review has been conducted and in light of all material facts, information and circumstances available at that time.

Centrebet's Norwegian Operations

In line with the Sportingbet Group's current stance in relation to the Norwegian market, Sportingbet intends to cease taking bets from the Norwegian market shortly after the implementation of the Schemes and to effect an exit from the Norwegian market as soon as reasonably practicable thereafter.

Centrebet's operations in other jurisdictions

Sportingbet will assess the relative strengths of the Centrebet business in each of the other geographic markets in which it operates over a reasonable period of time post implementation of the Schemes. It is envisaged that the operations of the Centrebet Group and the Sportingbet Group will be merged, taking the best aspects from each group to create a world class operation. The future of the relative brands will be assessed on a case by case basis in each geographical market, though it is intended that the brands of both the Centrebet Group and the Sportingbet Group will be retained.

Board and Senior Management Team

Sportingbet will take a period of time to assess the relative strengths of the Sportingbet Group and the Centrebet Group businesses. Although it is expected that increased efficiency will be extracted from merging some aspects of the operations of each group, it is likely that the brands of the Centrebet Group will be retained with the appropriate level of management support. Final decisions on the retention of the current senior management team of Centrebet will be made following Sportingbet's assessment of the Enlarged Group following implementation of the Scheme.

Sportingbet intends to reconstitute the Board with its own nominees. These nominees have not yet been identified, although they may include one or more of the existing Directors. A final decision on the selection of nominees will be made in light of the circumstances at the relevant time following the implementation of the Schemes.

Head Office

It is the intention of Sportingbet, that upon implementation of the Schemes, Centrebet's head office will remain in Sydney, Australia, and will be merged with the Sportingbet Group's Sydney office, at a premises considered to be most beneficial to the business, the location of which is yet to be determined.

Future employment

Sportingbet recognises that Centrebet has a significant pool of talent in Australia and that combining this with the Sportingbet Group's own Australian business is an attractive prospect.

However, given the Sportingbet Group also operates a significant business in Australia, there is likely to be some attrition of employees from the Enlarged Group after implementation of the Schemes. Sportingbet will not be in a position to determine how many employees may be affected by the merger of the operations of the Centrebet Group and the Sportingbet Group until it has conducted a more detailed operational review of the Enlarged Group after the implementation of the Schemes.

Project Rocket

On 9 November 2010, Centrebet announced a five-year strategic plan, named as Project Rocket. Centrebet's announcement and the five-year strategic plan presentation published by Centrebet on its website and on the ASX announcements platform contained certain profit estimates in relation to Centrebet. Such profit estimates were also repeated in Centrebet's 23 February 2011 results announcement for the six months ended 31 December 2010. These profit estimates will not be valid following completion of the implementation of the Schemes, as Sportingbet does not intend to implement the five year strategic plan set out in that announcement and presentation referred to above and to which the profit estimates relate. Nor does Sportingbet intend to operate the Centrebet business in the manner in which it is currently operated.

6.9 SPORTINGBET'S RELEVANT INTEREST AND DEALINGS IN SECURITIES

Sportingbet's relevant interest in Securities and voting power in Centrebet

As at the date of this Scheme Booklet, none of Sportingbet, Sportingbet PLC and their directors hold a relevant interest, or any voting power, in any Securities.

No dealings in Securities in the last four months

Except for the Scheme Consideration to be provided, during the period of four (4) months before the date of this Scheme Booklet, none of Sportingbet, Sportingbet PLC and their associates have provided or agreed to provide consideration for any Shares, Performance Rights or Options under a purchase or an agreement.

6.10 BENEFITS DURING THE PREVIOUS FOUR MONTHS

During the four (4) months before the date of this Scheme Booklet, none of Sportingbet, Sportingbet PLC and their associates has given, or offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate of the other person, to:

- vote in favour of either or both of the Schemes; or
- dispose of any Centrebet Security or Option,

and where the benefit was not also offered to all Shareholders, Performance Rightholders or Optionholders as the case may be.

6.11 FURTHER INFORMATION ABOUT SPORTINGBET PLC

Sportingbet PLC:

- (a) was incorporated in England and Wales under the Companies Act on 25 March, 1998 with registered number 3534726 and its registered office is at 4th Floor, 45 Moorfields, London, EC2Y 9AE; and
- (b) is subject to regular reporting and disclosure obligations and has an obligation (subject to limited exceptions) to notify a regulatory information service approved by the UK Financial Services Authority as soon as possible upon becoming aware of any information which is not generally available, relates directly or indirectly to Sportingbet PLC and would, if generally available, be likely to have a significant effect on the price of shares in Sportingbet PLC. Copies of documents filed by Sportingbet PLC pursuant to its regulatory obligations may be obtained from Sportingbet PLC's website (www.sportingbetplc.com).

As set out in the statement from the board of directors of Sportingbet PLC dated 23 June 2011 (London time) and which was notified to a regulatory information service approved by the UK Financial Services Authority, Sportingbet PLC has received a highly preliminary approach from Ladbrokes plc, which may or may not lead to an offer being made to purchase the entire issued, and to be issued, capital of Sportingbet PLC. As at the date of this Scheme Booklet, there can be no certainty that any offer will be forthcoming or as to the terms of such offer.

6.12 SPORTINGBET DIRECTORS' INTERESTS AND BENEFITS

Other than as disclosed in this Scheme Booklet, no Sportingbet Director, and no firm in which a Sportingbet Director is a partner, holds, or held at any time during the last two years before the date of this Scheme Booklet, any interest (other than an interest in common with other holders of Litigation Claim Rights) in:

- (a) the formation or promotion of Sportingbet;
- (b) any property acquired or proposed to be acquired by Sportingbet in connection with its formation or promotion or in connection with the Sportingbet Proposal; or
- (c) the Schemes.

Also, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given by Sportingbet to any Sportingbet Director or proposed director of Sportingbet:

- (a) to induce them to become, or to qualify them as, a Sportingbet Director; or
- (b) for services rendered by them in connection with the formation or promotion of Sportingbet or in connection with the Schemes.

6.13 OTHER MATERIAL INFORMATION

Except as set out in this Scheme Booklet, as at the date of this Scheme Booklet, there is no information material to the making of a decision in relation to either or both of the Schemes, being information that is within the knowledge of Sportingbet, Sportingbet PLC or any director or other officer of either, which has not been previously disclosed to Shareholders and Performance Rightholders.



TAXATION CONSIDERATIONS

Below is a general guide to the Australian tax implications of the Schemes for Securityholders who hold their Shares on capital account. In addition, the guide below applies only to Securityholders who are individuals or companies.

The guide does not take account of the individual circumstances of particular Securityholders and does not constitute tax advice. It does not purport to be a complete analysis of the potential tax consequences of the Schemes and is intended as a general guide to the Australian tax implications only. Securityholders should seek advice from an appropriate professional advisor on the tax implications of the Schemes based on their own individual circumstances.

The comments below are based on the Australian tax law as it applies as at 9.00 am (Sydney time) on 8 July 2011. Other than as expressly discussed, the comments do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time unless otherwise specified. The comments also do not take into account tax legislation of any country other than Australia.

7.1 SHARE SCHEME PARTICIPANTS

Capital gains tax

Share Scheme Participants who hold their Shares on capital account will be subject to the Australian CGT regime when they dispose of their Shares under the Share Scheme.

The CGT implications for Share Scheme Participants will depend on their status as Australian residents (or otherwise as foreign residents) under the Australian tax legislation and as such these implications are considered separately below.

Australian resident Share Scheme Participants

Broadly, a capital gain (or capital loss) will arise when the total capital proceeds received from the sale of Shares exceeds (or is exceeded by) the Share Scheme Participant's cost base (or reduced cost base).

A Share Scheme Participant's cost base in the Shares should be broadly what they paid for the Shares plus any incidental costs of acquisition.

The capital proceeds received by Share Scheme Participants for the sale of each Share will generally be the total of the money received and the market value of property received in respect of the sale. These capital proceeds should be determined with respect to the components of Scheme Consideration per Share as below:

- the Cash Component (\$2.00 per Centrebet Security);
- one Litigation Claim Right (0 – 5 years); and
- one Litigation Claim Unit (>5 years).

Cash Component

The Cash Component is considered to be money received by Share Scheme Participants in respect of the sale of those Shares and will form part of the capital proceeds from the sale.

Litigation Claim Unit

The Litigation Claim Units are considered to be property received by Share Scheme Participants in respect of the sale of their Shares. The market value of the Litigation Claim Units received are to be included in the capital proceeds from the sale of Shares (in addition to the Cash Component).

For each Share sold as part of the Share Scheme, Share Scheme Participants will acquire a distinct CGT asset (being the Litigation Claim Unit) with a cost base equal to the market value of the Litigation Claim Unit at Implementation Date. This has been independently assessed by the Independent Expert as at 30 June 2011 to have a mid-point value of 1.46 cents per Litigation Claim Unit.

Subject to a decision by the Target Claim Committee Members to extend the period beyond the fifth anniversary of the Implementation Date, distributions may be received by Share Scheme Participants via the Litigation Claim Unit Trust in respect of benefits received from the Litigation Claim, if successful.

Distributions that are received from the Litigation Claim Unit Trust are likely to be taxed in the hands of the Share Scheme Participants at their respective marginal tax rates.

In the event the Target Claim Committee Members decide to extend the period beyond the fifth anniversary of the Implementation Date, which it is permitted to do, the distributions received by a Share Scheme Participant from the Litigation Claim Unit Trust may either be reduced, or be nil, depending upon the period of any such extension, the success of the Litigation and the period over which any carry forward loss is able to be utilised.

Litigation Claim Right

On 12 May 2010, the Assistant Treasurer announced proposed legislative changes regarding the taxation treatment of qualifying earnout arrangements (which may include the Litigation Claim Right).

In order to provide the Share Scheme Participants with the greatest possible level of certainty, Centrebet has applied to the ATO for the issue of a Class Ruling on the CGT implications of the Share Scheme for the Share Scheme Participants (the **Class Ruling Application**) based on the current law. Share Scheme Participants will be notified if and when the Class Ruling is issued by the ATO. The expected Australian tax implications of the application under both the current and proposed law is outlined below.

7 TAXATION CONSIDERATIONS

In the interim, Share Scheme Participants and certain Performance Right Scheme Participants (refer to Section 7.2 below) may choose to have the taxation treatment of the Litigation Claim Right determined by either the current law or the proposed laws even though the draft legislation has not been released nor may that law, in whatever form, pass the Houses of Parliament and receive Royal Assent.

Proposed law – the “look through” treatment

Under the proposed law announced by the Federal Government that is stated to apply from 12 May 2010 in relation to the so-called qualifying earnout arrangements, where a Share Scheme Participant chooses to adopt the proposed law, their Litigation Claim Rights may be subject to look-through taxation treatment as outlined below. Legislation is still to be enacted and therefore the following comments are subject to the final form of the legislation enacted.

Under the proposed law a Share Scheme Participant's receipt of a Litigation Claim Right is effectively ignored for tax purposes. As such, the capital proceeds from the sale of Shares are comprised only of the Cash Component and the market value of the Litigation Claim Units received in respect of the sale.

- Where these capital proceeds exceed a Share Scheme Participant's cost base in the Shares sold, the Share Scheme Participant should realise a capital gain (being the amount of the difference) at the Implementation Date.

Where the Share Scheme Participant's reduced cost base in the Shares sold exceed the capital proceeds from the sale of Shares, the Share Scheme Participant should not immediately realise a capital loss at the Implementation Date. Generally, a Share Scheme Participant cannot realise a capital loss until the expiration of the Litigation Claim Rights received. However, where a Share Scheme Participant will make a loss even if they receive the maximum amount possible under the Litigation Claim Right, these Share Scheme Participants may be able to immediately claim such a loss upon this becoming certain.

If payments are subsequently received by Share Scheme Participants under the Litigation Claim Rights as a result of a successful Litigation Claim, further CGT implications will arise. Under the proposed law, payments received under the Litigation Claim Right should be treated as capital proceeds from the sale of the Shares as and when they are received. Capital gains should be realised when the capital proceeds relating to the sale of the Shares progressively exceed the Share Scheme Participant's cost base in those Shares.

The proposed law, as expressed in the Treasury Proposal Paper released on 12 May 2010, indicates that a Share Scheme Participant will be eligible for CGT discount (as described below) on any capital gain realised from a payment under the Litigation Claim Right if the Share Scheme Participant has held their Shares for greater than 12 months prior to Implementation Date.

If the proposed law is eventually enacted in a different form (or not at all) Share Scheme Participants who choose to adopt the “look through” treatment will need to review and amend their income tax returns. Where Share Scheme Participants amend their income tax returns within a reasonable time frame for the affected years and that amendment results in an increase in tax liability, no penalties, nor the shortfall interest charge will be applied up to the date of Royal Assent. In addition, the ATO has stated that it will remit interest in excess of the base rate for the period from the date of Royal Assent of the legislation to the amendment of the income tax return. Confirmation of this position is subject to the Class Ruling being issued in accordance with the application made by Centrebet.

Current law

Where a Share Scheme Participant does not choose to apply the proposed law, the market value of Litigation Claim Rights at Implementation Date received is to be included in the capital proceeds from the sale of Shares.

- Where the total capital proceeds from the sale (i.e. the Cash Component, the market value of the Litigation Claim Units and the market value of the Litigation Claim Rights) exceed a Share Scheme Participant's cost base in the Shares sold, the Share Scheme Participant should realise a capital gain (being the amount of the difference) at the Implementation Date.
- Where the total capital proceeds from the sale is exceeded by a Share Scheme Participant's reduced cost base in the Shares sold, the Share Scheme Participant should realise a capital loss at the Implementation Date.

For each Share sold as part of the Share Scheme, Share Scheme Participants will be taken to have acquired a distinct CGT asset (being the Litigation Claim Right) with a cost base equal to the market value of the Litigation Claim Right at Implementation Date. This has been independently assessed by the Independent Expert as at 30 June 2011 to have a mid-point value of 6.34 cents per Litigation Claim Right. The valuation will be updated for tax purposes on or around the Implementation Date.

- If payments are subsequently received by Share Scheme Participants under the Litigation Claim Right as a result of a successful Litigation Claim, further CGT implications will arise. It is not expected that any adverse income tax implications will arise under the Taxation of Financial Arrangements (**TOFA**) regime contained in the Tax Act in respect of receipt of subsequent payments received. The ATO generally considers each payment relating to a Litigation Claim Right represents a part-disposal of the Litigation Claim Right which is itself an asset held on capital account. A capital gain (or loss) will arise where the amount of the payment exceeds (or is exceeded by) the (reduced) cost base attributable to that part of the Litigation Claim Right that is disposed of.
- If no proceeds are received in a particular income year, no capital gain or loss should arise.
- If no payments are ever received (e.g. due to an unsuccessful Litigation Claim) the Litigation Claim Right is extinguished and a capital loss is realised equal to the initial market value of the Litigation Claim Right.

An individual Share Scheme Participant should be eligible for CGT discount (as described below) on any capital gain realised from a payment on the Litigation Claim Right provided the Share Scheme Participant has held the Litigation Claim Right for greater than 12 months prior to payment.

Timing of tax payment

Any tax payable will be, in respect of:

- Cash Consideration – in the income year ending 30 June 2012 and any actual tax payable will be no earlier than 31 October 2012;
- Litigation Claim Unit – in the income year ending 30 June 2012 and any actual tax payable will be no earlier than 31 October 2012; and
- Litigation Claim Right – if a Scheme Participant chooses to apply the proposed law, tax will be payable no earlier than 31 October immediately following the end of the income tax year in which payments on Litigation Claim Rights are received. If no choice is made (or cannot be made) any actual tax payable will be no earlier than 31 October 2012.

If the Litigation Claim is unsuccessful, the Claim Committee will seek to ensure, to the extent possible, that the Litigation Claim Units and Litigation Claim Rights are terminated prior to 30 June 2012 so that any gain realised on Implementation Date may be offset against the tax loss realised on termination. In this event, no actual tax would be payable in respect of the Litigation Claim Units and Litigation Claim Rights.

Comparison of current law and proposed law

Below is a table summarising the tax treatment for Share Scheme Participants who choose to adopt the current law and for those who choose to adopt the proposed law. The market value mid-point of the Litigation Claim Right of 6.34 cents per Share held and Litigation Claim Unit of 1.46 cents per Share held are used in the table below in determining the amount to be included in the capital proceeds of a Share Scheme Participant. These market values have been provided by the Independent Expert estimated as at 30 June 2011 and have been used for illustrative purposes only. Share Scheme Participants, when calculating their capital proceeds, should use the market values of the Litigation Claim Right and Litigation Claim Unit as at Implementation Date. The cost base of the Litigation Claim Right has been allocated on a pro rata basis over each year that a payment is received.

7

TAXATION CONSIDERATIONS

	Current Law	Proposed Law
Implementation	<ul style="list-style-type: none"> Capital gain or loss = capital proceeds of \$2.0780 (\$2 Cash Component + \$0.0634 Litigation Claim Right + \$0.0146 Litigation Claim Unit) per Share held less cost base of the Share CGT discount potentially available (refer below) 	<ul style="list-style-type: none"> Capital gain or loss = capital proceeds of \$2.0146 (\$2 Cash Component + \$0.0146 Litigation Claim Unit) per Share held less cost base of the Share CGT discount potentially available (refer below)
Earnout Payment Period (Years 0 to 5 or as extended by the Target Claim Committee Members)	<ul style="list-style-type: none"> Capital gain or loss = capital proceeds received in each year under the Litigation Claim Right less apportionment of 6.34 cents per Litigation Claim Right (over Earnout Payment Period) CGT discount potentially available (refer to "Current law" discussion above) 	<ul style="list-style-type: none"> Cost base of Share will be reduced by proceeds under the Litigation Claim Right as received When cost base of Share is reduced to nil, subsequent proceeds received under the Litigation Claim Right will be a capital gain CGT discount potentially available (refer to "Proposed law – the "look through" treatment" discussion above)
Distributions from Litigation Claim Unit Trust (>5 Years)	<ul style="list-style-type: none"> Distributions from Unit Trust are likely to be assessable income 	<ul style="list-style-type: none"> Distributions from Unit Trust are likely to be assessable income
If Litigation Claim unsuccessful	<ul style="list-style-type: none"> Capital loss of 7.80 cents (i.e. capital loss of 6.34 cents per Litigation Claim Right held + capital loss of 1.46 cents per Litigation Claim Unit held upon the winding up of the Litigation Claim Unit Trust) 	<ul style="list-style-type: none"> Capital loss of 1.46 cents per Share held upon the winding up of the Litigation Claim Unit Trust
When all payments under the Litigation Claim have been paid	<ul style="list-style-type: none"> Capital loss of 1.46 cents per Litigation Claim Unit held upon the winding up of the Litigation Claim Unit Trust 	<ul style="list-style-type: none"> Capital loss of 1.46 cents per Litigation Claim Unit held upon the winding up of the Litigation Claim Unit Trust

Examples

The following examples provide an indication of the taxation consequences for individual and company Share Scheme Participants given the following assumptions:

- Share Scheme Participants hold Shares on capital account;
- For illustrative purposes all Share Scheme Participants' cost base in Shares prior to Implementation Date are \$1.30 per Share;
- Specifically:
 - Shares were acquired at least 12 months before Implementation Date (relevant for CGT discount); and
 - The first payment as a result of a successful Litigation Claim is at least 12 months after the acquisition of the Litigation Claim Rights (Implementation Date);
- The market value of consideration received at Implementation Date is 6.34 cents per Litigation Claim Right and 1.46 cents per Litigation Claim Unit;
- As a result of a successful Litigation Claim and for illustrative purposes only, each Share Scheme Participant receives annual payments of 8 cents for 8 years following the Implementation Date;
- The market value of the Litigation Claim Right decreases as payments are received in a manner proportionate to the total payments to be received;
- Individual Share Scheme Participants are taxed at a marginal rate of 46.5% and are eligible for a 50% CGT discount. Company Share Scheme Participants are taxed at 30% and are not eligible for any CGT discount;
- Share Scheme Participants dispose of 100 Shares; and
- Figures are rounded and in dollars.

Current Law
(in dollars)

Year	Cost base	Proceeds received	Capital gain (excluding discount)	Tax payable	
				Individual (50% discount)	Company
0 (Disposal)	130.00	200.00 + 6.34 + 1.46	77.80	18.11	23.34
1	1.27 (6.34 ÷ 5)	8.00	6.73	1.56	2.02
2	1.27 (6.34 ÷ 5)	8.00	6.73	1.56	2.02
3	1.27 (6.34 ÷ 5)	8.00	6.73	1.56	2.02
4	1.27 (6.34 ÷ 5)	8.00	6.73	1.56	2.02
5	1.27 (6.34 ÷ 5)	8.00	6.73	1.56	2.02
6	—	8.00	8.00	3.72	2.40
7	—	8.00	8.00	3.72	2.40
8	—	8.00	8.00	3.72	2.40
8 (Wind-up)	1.46	—	(1.46) <i>Capital Loss</i>	—	—
TOTAL			134.00	37.07	40.64

Proposed Law (Earnout Payment Period = 5 years)
(in dollars)

Year	Cost base	Proceeds received	Capital gain (excluding discount)	Tax payable	
				Individual (50% discount)	Company
0 (Disposal)	130.00	200.00 + 1.46	71.46	16.61	21.44
1	—	8.00	8.00	1.86	2.40
2	—	8.00	8.00	1.86	2.40
3	—	8.00	8.00	1.86	2.40
4	—	8.00	8.00	1.86	2.40
5	—	8.00	8.00	1.86	2.40
6	—	8.00	8.00	3.72	2.40
7	—	8.00	8.00	3.72	2.40
8	—	8.00	8.00	3.72	2.40
8 (Wind-up)	1.46	—	(1.46) <i>Capital Loss</i>	—	—
TOTAL			134.00	37.07	40.64

7

TAXATION CONSIDERATIONS

Proposed Law (Earnout Payment Period = 8 years) (in dollars)

Year	Cost base	Proceeds received	Capital gain (excluding discount)	Tax payable	
				Individual (50% discount)	Company
1 (Disposal)	130.00	200.00 + 1.46	71.46	16.61	21.44
1	—	8.00	8.00	1.86	2.40
2	—	8.00	8.00	1.86	2.40
3	—	8.00	8.00	1.86	2.40
4	—	8.00	8.00	1.86	2.40
5	—	8.00	8.00	1.86	2.40
6	—	8.00	8.00	1.86	2.40
7	—	8.00	8.00	1.86	2.40
8	—	8.00	8.00	—	—
8 (Wind-up)	1.46	—	(1.46) <i>Capital Loss</i>	—	—
8 (Total)			6.54	1.52	1.96
TOTAL			134.00	31.15	40.20

Period of qualifying earnout

A submission has been made to Treasury regarding the maximum length of a 'qualifying earnout' beyond a period of 5 years as set out in the Proposals Paper issued by the Assistant Treasurer.

In this submission, a suggestion has been made for the inclusion of a discretion to extend the period of a qualifying earnout where the ATO is satisfied that the extension is due to the uncertainty inherent in the business at the date of the disposal and does not otherwise give the vendor what amounts to an interest in the underlying activities of the business. The outcome of this submission is uncertain at the current time.

Subject to a decision by the Target Claim Committee Members to extend the period beyond the fifth anniversary of the Implementation Date, distributions may be received by Share Scheme Participants via the Litigation Claim Unit Trust in respect of benefits received from the Litigation Claim, if successful.

Distributions that are received from the Litigation Claim Unit Trust will be taxed in the hands of the Share Scheme Participants at their respective marginal tax rates.

In the event that the Target Claim Committee Members decide to extend the period beyond the fifth anniversary of the Implementation Date, which it is permitted to do, then the distributions received by a Share Scheme Participant from the Litigation Claim Unit Trust may either be reduced, or be nil, depending upon the period of any such extension, the success of the Litigation and the period over which any Carry Forward Loss is able to be utilised.

CGT discount

Share Scheme Participants that are individuals may be eligible for the CGT discount such that the amount of net taxable capital gains arising on the sale of their Shares may be reduced, provided that the Share Scheme Participants have held their Shares for at least 12 months before the sale.

In the case of the Share Scheme Participants mentioned above, only half of the capital gain (initially reduced by any net capital losses prior to the application of the discount) is generally included in their assessable income.

If the Share Scheme Participants make a capital loss, this may be used to offset any capital gains they derive in the same or subsequent years of income, provided certain conditions are satisfied.

Foreign resident Share Scheme Participants

Broadly, foreign resident Share Scheme Participants who do not hold their Shares through an Australian permanent establishment and hold their Shares on capital account should not be subject to Australian CGT in relation to the disposal of the Shares unless:

- the foreign resident Share Scheme Participant (together with its associates) directly holds 10% or more of the issued share capital in Centrebet at Implementation Date or throughout a continuous period of 12 months within the two years before the disposal; and
- at the time of the disposal, more than 50% of Centrebet's assets (by market value) are "taxable Australian real property".

It is expected that at Implementation Date, 50% or more of the value of the Shares is not represented by real property in Australia. As such it is expected that capital gains (or capital losses) from the sale of Shares is to be disregarded by foreign resident Share Scheme Participants.

Litigation Claim Rights

Under both current law and the proposed law, any capital gains or losses arising as a result of such payments in respect of such rights should also be disregarded by foreign resident shareholders for the reasons above.

Foreign resident Share Scheme Participants should seek professional advice in the event that they consider they may have an Australian tax liability.

Litigation Claim Unit Trust distribution

Litigation Claim Unit Trust distributions received by foreign resident Share Scheme Participants may be subject to withholding tax. The rate of withholding will depend on a number of factors including the country of residence of the Share Scheme Participant. The Litigation Claim Unit Trustee and Share Scheme Participants will need to seek their own advice to the extent distributions are paid/received.

7.2 PERFORMANCE RIGHT SCHEME PARTICIPANTS

The taxation implications of the Performance Right Scheme for Performance Right Scheme Participants are dependent on whether the relevant Performance Rights were acquired before 1 July 2009. The consequences are considered separately below.

The comments below address the taxation consequences only for Performance Rights Scheme Participants who are Australian residents for tax purposes.

Performance Rights acquired before 1 July 2009

For grants made before 1 July 2009, Performance Right Scheme Participants were able to make an election to pay tax in the year of grant, or not elect and defer taxation to the cessation time (normally, the earlier of when the right is exercised or otherwise disposed of). Alternatively, where the Performance Rights were granted to an associate of the Performance Right Scheme Participant, that Performance Right Scheme Participant would also be taxed in the year of grant.

Where a Performance Right Scheme Participant has made an election to be taxed at the time of grant (or where the Performance Rights were granted to an associate of the Performance Right Scheme Participant) the Performance Right Scheme Participant would have included the market value of the Performance Right at grant in their assessable income in the year in which the Performance Rights were granted. In this case, disposal of the Performance Right should trigger a CGT event and the Performance Right Scheme Participant should recognise a capital gain or loss based on the difference between the consideration received and the cost base or reduced cost base of the Performance Right being its market value at the time of grant. The capital proceeds relevant to this calculation will depend upon whether the Performance Right Scheme Participant chooses to adopt the proposed law (refer to the discussion at Section 7.1).

The treatment of subsequent payments received under the Litigation Claim Right will also depend upon whether a choice is made to adopt the proposed law. If no choice is made to adopt the proposed law, then the comments below regarding the Litigation Claim Rights will apply.

Where no election was made in the year of grant (and the Performance Rights were not granted to an associate of the employee), disposal of the Performance Right would trigger a cessation time (meaning that the Performance Rights will become taxable in the hands of the Performance Right Scheme Participant in the year of disposal). The consideration received for the disposal of the Performance Rights (i.e. the Cash Component and the market value of the Litigation Claim Units and the market value of the Litigation Claim Rights) should be assessable as ordinary income in the year in which the Performance Rights are disposed of. Please refer below for the tax consequences of receiving payments under Litigation Claim Rights that may arise in the future.

7

TAXATION CONSIDERATIONS

Performance Rights acquired on or after 1 July 2009

For grants made on or after 1 July 2009, the consideration provided for the disposal of the Performance Rights (i.e. the Cash Component and the market value of the Litigation Claim Units and the market value of the Litigation Claim Rights) should be assessable as ordinary income in the year in which the Performance Rights are disposed of.

Please refer below for the tax consequences of receiving payments under Litigation Claim Rights that may arise in the future.

Litigation Claim Rights

If payments are subsequently received under the Litigation Claim Right as a result of a successful Litigation Claim, further CGT implications should arise. Each payment relating to a Litigation Claim Right represents a part-disposal of the Litigation Claim Right which is itself an asset held on capital account.

A capital gain (or loss) should arise where the amount of the payment exceeds (or is exceeded by) the (reduced) cost base attributable to that part of the Litigation Claim Right that is disposed of. Where no payments are received (e.g. due to an unsuccessful Litigation Claim) the Litigation Claim Right is extinguished and a capital loss should be realised equal to the initial market value of the Litigation Claim Right at the Implementation Date.

The CGT discount (as described above) is generally available on any capital gain realised from a payment on the Litigation Claim Right provided the Performance Right Scheme Participant has held the Litigation Claim Right for greater than 12 months prior to receiving a payment under the Litigation Claim Right.

Litigation Claim Unit Trust distribution

Subject to a decision by the Target Claim Committee Members to extend the period beyond the fifth anniversary of the Implementation Date, distributions may be received by Performance Right Scheme Participants via the Litigation Claim Unit Trust in respect of benefits received from the Litigation Claim, if successful.

Distributions that are received from the Litigation Claim Unit Trust are likely to be taxed in the hands of the Performance Scheme Participants at their respective marginal tax rates.

7.3 GST

Securityholders will not be liable for GST on the receipt of payment for Centrebet Securities.



IMPLEMENTATION OF THE SCHEMES

8

IMPLEMENTATION OF THE SCHEMES

8.1 STEPS IN IMPLEMENTING THE SCHEMES

The Schemes involve Sportingbet acquiring all of the Centrebet Securities on issue by way of two separate but inter-dependent Schemes of Arrangement. If the Schemes are implemented, Centrebet will become a wholly owned subsidiary of Sportingbet.

The key steps to implement the Schemes are set out below.

- (a) Sportingbet, Sportingbet PLC and Centrebet have executed the Scheme Implementation Agreement under which Centrebet has agreed to propose and implement the Schemes. A summary of the key terms of the Scheme Implementation Agreement is set out in Section 10.1 and a copy of the Scheme Implementation Agreement (excluding annexures) is included in Annexure A.
- (b) Sportingbet and Sportingbet PLC have executed the Deed Poll in favour of Centrebet Securityholders under which Sportingbet undertakes to pay to each Scheme Participant the Scheme Consideration in accordance with the terms of the relevant Schemes, and Sportingbet PLC has agreed to guarantee the obligations of Sportingbet under the Deed Poll. A copy of the Deed Poll is included at Annexure D.
- (c) On 13 June 2011, holders of Sportingbet PLC Shares approved the Sportingbet Capital Raising and the involvement of Sportingbet and Sportingbet PLC in the implementation of the Schemes. Sportingbet PLC has completed the Sportingbet Capital Raising – see Section 6.7.
- (d) The Litigation Management Deed, Collection Agent Deed Poll, Unit Trust Deed and Security Trust Deed (being the documents which deal with the Litigation Claim, Litigation Claim Rights and the Litigation Claim Units) are entered into.
- (e) The Court has ordered that Centrebet convene:
 - (i) the Share Scheme Meeting to be held at 10.00 am (Sydney time) at The Justice and Police Museum, corner Albert and Phillip Streets, Circular Quay, Sydney on Wednesday, 17 August 2011, where Shareholders will be asked to vote on and, if thought fit, to pass the Share Scheme Resolution; and
 - (ii) the Performance Right Scheme Meeting to be held at the later of 10.30 am (Sydney time) and the conclusion or adjournment of the Share Scheme Meeting at The Justice and Police Museum, corner Albert and Phillip Streets, Circular Quay, Sydney on Wednesday, 17 August 2011, where Performance Rightholders will be asked to vote on and, if thought fit, to pass the Performance Right Scheme Resolution.

- (f) If the Scheme Resolutions are approved by the requisite majorities at the Scheme Meetings (as referred to in Sections 4.2 and 4.4) and all other Scheme Conditions (other than Court approval of the Schemes) have either been satisfied or waived, as applicable, then Centrebet will apply to the Court for orders approving the Schemes.
- (g) If the Scheme Conditions are not satisfied or waived, as applicable, including if the Schemes are not approved by the requisite majorities or approved by the Court, the Schemes will not become Effective and the Schemes will not be implemented.
- (h) It is expected that the Court hearing to approve the Schemes will be held on or around Monday, 22 August 2011 – that date being referred to as the Second Court Date.
Each Shareholder will have the right to appear at Court at the hearing of the application by Centrebet for orders approving the Share Scheme and each Performance Rightholder will have a right to appear at Court at the hearing of the application by Centrebet for orders approving the Performance Right Scheme. The Court has an overriding discretion whether or not to approve the Schemes, even if the Schemes are approved by the requisite majorities at the Scheme Meetings.
- (i) If Court orders approving the Schemes are made, Centrebet will lodge with ASIC an office copy of the Court orders approving the Schemes under section 411(10) of the Corporations Act, upon which the Schemes will become Effective. It is expected that this will occur on Tuesday, 23 August 2011.
- (j) Upon the Schemes becoming Effective:
 - (i) Sportingbet and Centrebet will be bound to implement the Schemes in accordance with the terms of the Scheme Implementation Agreement, the Share Scheme, the Performance Right Scheme and the Deed Poll;
 - (ii) Shareholders will be bound by, and have the benefit under, the Share Scheme; and
 - (iii) Performance Rightholders will be bound by, and have the benefit under, the Performance Right Scheme.
- (k) Trading in Shares will be suspended from close of trading on the Effective Date.
- (l) The Record Date (7.00 pm (Sydney time) on 30 August 2011) will be the relevant date for the determination of the Scheme Participants (that is, those Securityholders that can participate in either or both of the Schemes, depending upon whether they are registered as a holder of Shares and/or Performance Rights at that time and date).

- (m) At least 1 (one) Business Day prior to the Implementation Date, Sportingbet will procure the payment of the Cash Component to Centrebet to hold on trust for, and subsequently provide to, each Scheme Participant in accordance with the Schemes.
- (n) On the Implementation Date, which is expected to be 31 August 2011:
- (i) all the Shares will be transferred to Sportingbet without any further action by any Shareholder;
 - (ii) all the Performance Rights will be transferred to Sportingbet without any further action by any Performance Rightholder;
 - (iii) Centrebet will enter the name of Sportingbet into the Share Register in respect of all the Shares and into the Performance Right Register in respect of all the Performance Rights; and
 - (iv) Centrebet will procure that Sportingbet grants (as evidenced by a Litigation Claim Right Holding Statement) to each Scheme Participant one Litigation Claim Right and transfers one Litigation Claim Unit in respect of each Centrebet Security that the Scheme Participant holds on the Record Date.
- (o) On the day after the Implementation Date, which is expected to be 1 September 2011, Centrebet will:
- (i) despatch or procure the despatch of the Cash Component to each Scheme Participant by cheque in Australian currency to the address for each Shareholder as recorded in the Share Register or for each Performance Rightholder as recorded in the Performance Right Register at the Record Date; or
 - (ii) deposit the appropriate amount of the Cash Component to the bank account notified by the Scheme Participant by the Record Date;
- (p) Upon completion of the steps set out in paragraphs (a) to (n) (inclusive) above, Sportingbet will hold, and be the registered holder of, all of the Centrebet Securities.

8.2 ENFORCEMENT OF DEED POLL

Sportingbet and Sportingbet PLC have entered into the Deed Poll under which:

- (a) Sportingbet undertakes to pay to each Scheme Participant the Scheme Consideration in accordance with the terms of the Share Scheme and the Performance Right Scheme; and
- (b) Sportingbet PLC has agreed to guarantee the obligations of Sportingbet under the Deed Poll.

The Deed Poll is governed by the laws of New South Wales and is set out in full in Annexure D.

8.3 POWER OF ATTORNEY

If the Schemes become Effective:

- (a) Shareholders will be deemed to have authorised Centrebet to do and execute all acts, matters, things and documents on the part of each Shareholder necessary or desirable to implement the Share Scheme, including (without limitation) executing, as agent and attorney of each Shareholder, a share transfer or transfers in relation to their Shares and any form of application for the Litigation Claim Rights or Litigation Claim Units, and enforcing the Deed Poll;
- (b) Performance Rightholders will be deemed to have authorised Centrebet to do and execute all acts, matters, things and documents on the part of each Performance Rightholder necessary or desirable to implement the Performance Right Scheme including (without limitation) executing, as agent and attorney of each Performance Rightholder, a transfer or transfers in relation to their Performance Rights and any form of application for the Litigation Claim Rights or Litigation Claim Units, and enforcing the Deed Poll; and
- (c) Centrebet undertakes in favour of each Shareholder and Performance Rightholder to enforce the Deed Poll against Sportingbet and Sportingbet PLC on behalf of and as agent and attorney for the Shareholders and Performance Rightholders.

8.4 SCHEME CONDITIONS

The Schemes are conditional upon the Scheme Conditions being satisfied and will not become Effective unless and until each of the Scheme Conditions is satisfied or, where applicable, waived. The Scheme Conditions and the status of the Scheme Conditions are set out in Section 10.1.

8.5 TERMINATION

Either Sportingbet or Centrebet may terminate the Scheme Implementation Agreement by written notice to the other in certain circumstances.

8.6 END DATE

Even if the Schemes are approved at the Scheme Meetings, the Schemes may still not be implemented if all of the Scheme Conditions referred to in Section 10.1 are not satisfied or waived.

Furthermore, the Schemes will be of no force or effect if they have not become Effective before 31 October 2011.

8 IMPLEMENTATION OF THE SCHEMES

8.7 DETERMINATION OF SHARE SCHEME PARTICIPANTS

(a) **Class of Shareholders affected by the Share Scheme**

The class of members affected by the Share Scheme are all holders of Shares as at the Record Date (that is, the Share Scheme Participants). The effect of the Share Scheme on Share Scheme Participants is that each Share Scheme Participant will cease to be a holder of, or have any interest in, Shares in return for receiving the Share Scheme Consideration, and dealings in Shares by any of the Share Scheme Participants will not be permitted after the Effective Date although the process to register dealings that took place on or before the Effective Date will continue until the Record Date.

(b) **Dealings on or before the Record Date**

To determine who qualifies as a Share Scheme Participant, dealings in Shares will only be recognised:

- (i) in the case of a dealing of the type to be effected using CHESS, if the transferee is registered in the Share Register as the holder of the relevant Shares on or before the Record Date; and
- (ii) in all other cases, if the registrable transmission application or transfer in respect of such a dealing received on or before the Record Date at the place where the Share Register is kept.

It is expected that trading in Shares on ASX will be suspended at the close of trading on the Effective Date.

(c) **Registration of transfers**

Centrebet must register registrable transmission applications or transfers by the Record Date. Centrebet may not accept for registration, nor recognise for any purpose, any transmission application or transfer in respect of Shares received prior to the Record Date not in registrable form.

(d) **No registration after the Record Date**

Centrebet will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date.

(e) **Maintenance of the Share Register**

For the purpose of determining entitlements to the Share Scheme Consideration, Centrebet must maintain the Share Register in accordance with the provisions of this Section 8.7 until the Share Scheme Consideration has been paid or provided in full to the Share Scheme Participants. The Share Register in this form will solely determine entitlements to the Share Scheme Consideration.

(f) **Dealings after the Record Date**

All statements of holdings for Shares (other than holdings by Sportingbet) will cease to have effect from the Record Date as documents of title in respect of those Shares and, as from that date, each entry current at that date on the Share Register will cease to have effect except as evidence of entitlement of Share Scheme Participants to the Share Scheme Consideration in respect of the Shares relating to that entry.

8.8 DETERMINATION OF PERFORMANCE RIGHTS SCHEME PARTICIPANTS

(a) **Class of Performance Rightholders affected by the Performance Scheme**

The class of members affected by the Performance Right Scheme are all holders of Performance Rights as at the Record Date (that is, the Performance Right Scheme Participants). The effect of the Performance Right Scheme on Performance Right Scheme Participants is that each Performance Right Scheme Participant will cease to be a holder of, or have any interest in, Performance Rights in return for receiving the Scheme Consideration, and dealings in Performance Rights by any of the Performance Right Scheme Participants will not be permitted after the Effective Date although the process to register dealings that took place on or before the Effective Date will continue until the Record Date.

(b) **Dealings in Performance Rights**

Under the terms of the Long Term Incentive Plan, Performance Rights cannot be assigned or transferred without the approval of the Board. Except for in accordance with the Performance Right Scheme, the Board will not approve the transfer or assignment of any Performance Rights after the Record Date.

(c) **Maintenance of the Performance Right Register**

For the purpose of determining entitlements to the Performance Right Scheme Consideration, Centrebet must maintain the Performance Right Register in accordance with the provisions of this Section 8.8 until the Performance Right Scheme Consideration has been paid or provided in full to the Performance Right Scheme Participants. The Performance Right Register in this form will solely determine entitlements of Performance Right Scheme Participants to the Performance Right Scheme Consideration.

8.9 WARRANTY BY SCHEME PARTICIPANTS

Each Scheme Participant is taken to have warranted to Centrebet and Sportingbet that at the date of transfer of all of its Shares to Sportingbet under the Share Scheme and date of transfer of all of its Performance Rights under the Performance Right Scheme:

- (a) it will transfer to Sportingbet and otherwise in accordance with the relevant Scheme, all its legal and beneficial right, title and interest in each of:
 - (i) the Shares that are registered in the Share Register in its name on the Record Date; and
 - (ii) the Performance Rights that are registered in the Performance Right Register in its name on the Record Date;
- (b) each Share and each Performance Right referred to in sub-paragraph (a) above will be fully paid and free from all mortgages, charges, liens, encumbrances, security interests and other interests of any kind, whether legal or otherwise, and restrictions on transfer of any kind at the time of its transfer to Sportingbet; and
- (c) it has full power and capacity to sell and to transfer all and each of its Shares and all and each of its Performance Rights together with any rights and entitlements attaching to those Centrebet Securities to Sportingbet under the Share Scheme or Performance Right Scheme (as the case may be).

These warranties are provided by each Scheme Participant even if that Scheme Participant did not vote at all or voted against one or both of the Schemes and is not a party to the Scheme Implementation Agreement, the Share Scheme, the Performance Right Scheme or the Deed Poll.

8.10 APPOINTMENT OF CENTREBET AS PROXY

Upon the Schemes becoming Effective, each Scheme Participant irrevocably appoints Centrebet and each of its officers, severally, as its attorney, or where necessary or appropriate as its corporate representative, with power to exercise all powers and rights which that Scheme Participant could lawfully exercise as the registered holder of the Centrebet Securities (as the case may be), including without limitation attending and voting at any meeting of Centrebet (which meeting that Scheme Participant undertakes not to otherwise attend or vote at in person or by proxy or other representative), requisitioning any meeting of Share Scheme Participants or Performance Right Scheme Participants and doing all things incidental and ancillary to any of the foregoing.



THE LITIGATION CLAIM

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9.1 INTRODUCTION TO THE LITIGATION CLAIM

Centrebet SubCo calculates its GST liability on gambling supplies on the 'global GST amount', which is defined in section 126-10 of the GST Act as the 'total amounts wagered' less the 'total monetary prizes' for each tax period, multiplied by 1/11.

In calculating the 'total monetary prizes', Centrebet SubCo initially lodged Business Activity Statements (**BAS**) that included GST that Centrebet SubCo thought was payable in respect of monetary prizes paid or payable to customers who were not resident in Australia.

Prior to 24 March 2010, subsection 126-10(3) of the GST Act specifically excluded from the definition of 'total monetary prizes' any prizes that related to supplies that were GST-free 'under section 38-270' of the GST Act. There was no specific exclusion for monetary prizes that related to supplies that were otherwise GST free.

On 27 April 2010 Centrebet SubCo lodged a notification of entitlement to GST refund form (the **Notification**), giving notice to the Commissioner of Taxation of an entitlement to a refund of GST on the basis that it had incorrectly calculated its global GST amount. The GST refund related to the tax period from 1 April 2006 to 31 March 2010 (**Claimed Period**) and was for a claimed amount of approximately \$90.7 million. The refund claimed was in respect of monetary prizes paid to non-residents which had, during the relevant periods, been included by Centrebet SubCo in the calculation of total monetary prizes and Centrebet SubCo's global GST liability in respect of the Claimed Period.

Centrebet SubCo subsequently applied for and received on 9 September 2010 a private GST ruling from the Commissioner of Taxation which stated that:

"for the purpose of calculating its global GST amounts pursuant to section 126-10 of the GST Act for the April 2006 to March 2010 tax periods [Centrebet SubCo] is not correct to include in 'total monetary prizes' the monetary prizes [Centrebet SubCo] was liable to pay (on the outcome of gambling events) to non-resident customers that relate to supplies that are GST-free".

Centrebet SubCo is challenging the view expressed in the Commissioner's decision by seeking declaratory orders for relief in relation to some sample transactions involving non-resident customers in the period from April 2006 to March 2010.

The application for declaratory relief was filed with the Federal Court on 26 May 2011 and has been listed for a first directions hearing on 18 August 2011. The scheduling of the hearing date is a matter for the Federal Court, but a hearing would be expected within 3 to 6 months of the first directions hearing. Judgement would be expected within 3 months of the date of completion of the hearing.

It is possible that the judgement of this matter may be subject to an appeal to the Full Federal Court. Given the variables as to the hearing and determination of the matter at first instance, it is not possible to indicate with certainty whether an appeal would be made, and if it was, when any appeal would be determined. However, there is a possibility that such determination could be made in early to mid 2012 if the matter at first instance is subject to an early hearing date and judgement.

The claim by Centrebet SubCo against the Commissioner of Taxation for a cash refund and/or any carry forward losses on the basis that the amount of GST paid by Centrebet SubCo in the Claimed Period was in excess of the amount of GST that Centrebet SubCo was legally required to pay, having regard to the relevant law applying in that period, including any objections and appeals in relation to that claim, is referred to in this Scheme Booklet as the Litigation Claim.

If Centrebet SubCo is successful in the Litigation Claim Centrebet SubCo may be entitled to a cash refund of approximately \$10.5 million that is expected to be immediately recoverable. The balance of up to \$80.2 million may be able to be recovered progressively by Centrebet SubCo in the form of a carry forward loss against any future global GST payable by it.

If Centrebet SubCo is unsuccessful in the Litigation Claim, Centrebet SubCo will not be entitled to any cash refund or the benefit of any carry forward loss.

9.2 CONDUCT OF THE LITIGATION CLAIM

Set out below is a summary of how it is proposed that the Litigation Claim be conducted.

Claim Committee

A Claim Committee consisting of two members nominated by Sportingbet (**Bidder Claim Committee Members**) and two members nominated by Centrebet (**Target Claim Committee Members**) will manage the conduct of the Litigation Claim. The initial Target Claim Committee Members will be Con Kafataris and George Kafataris. The initial Bidder Claim Committee Members will be Jim Wilkinson (Group Finance Director of Sportingbet PLC) and Anthony Waller (Company Secretary and General Counsel of Sportingbet Australia Pty Limited).

The Target Claim Committee Members are solely responsible for determining whether:

- to lodge or file any appeal in relation to the Litigation Claim; and
- to settle or withdraw the Litigation Claim, and the terms and conditions of such settlement or withdrawal.

Otherwise, the Claim Committee is responsible for all decisions with respect to the conduct of the Litigation Claim.

9

THE LITIGATION CLAIM

The Claim Committee is also responsible for operating and managing a special purpose bank account (**Costs Account**) which has been opened for the sole purpose of enabling payment of the costs associated with the Litigation Claim. Further details with respect to the costs of the Litigation Claim are set out below.

Further details with respect to the Claim Committee and the duties of each of the Claim Committee members are set out in clause 9 of the Litigation Management Deed, which is summarised in Section 10.2 and available on the Centrebet website at <http://investor.centrebet.com> or obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas).

Costs of the Litigation Claim

To fund the initial cost of the Litigation Claim, Centrebet has deposited \$924,000 (approximately 1 cent for each Share, Performance Right and Option on issue) into the Costs Account. Whilst the Initial Claim Amount is to be used in accordance with the Litigation Management Deed, the Costs Account is in the name of and belongs to Centrebet. Centrebet Director Con Kafataris has provided a personal and unsecured indemnity for the excess costs (**CK Indemnity**) if, and to the extent that, the \$924,000 amount (plus any unused interest accrued on that account) (**Initial Claim Amount**) is not sufficient to cover the costs of the Litigation Claim. If Con Kafataris does not agree to the excess costs amount, such amount, to be paid under the CK Indemnity will be referred to an independent expert for determination. If the costs of the Litigation Claim are significantly in excess than expected, the Target Claim Committee Members may elect to cease the pursuit of the Litigation Claim.

As set out above, the Claim Committee is responsible for operating and managing the Costs Account. The Claim Committee is responsible for considering what costs incurred with respect to the Litigation Claim should be paid out of the Costs Account. Such costs to be paid from the Costs Account include, but are not limited to, those incurred in respect of:

- (a) the prosecution of the Litigation Claim;
- (b) the operation of the Costs Account;
- (c) any taxes (whether actual or contingent) incurred by the Centrebet Group or the Sportingbet Group as a result of the receipt of any benefits arising in connection with the Litigation Claim; and
- (d) the costs of engaging the Collection Agent, Unit Trustee and the Security Trustee,

in each case in accordance with the provisions of the Litigation Management Deed, Collection Agent Deed Poll, the Litigation Claim Unit Trust Deed and Security Trust Deed (as applicable).

Only costs incurred on or after the Effective Date in relation to the Litigation Claim will be funded from the Initial Claim Amount and any additional funds paid into the Costs Account under the CK Indemnity. Any costs in relation to the Litigation Claim incurred by Centrebet prior to the Effective Date will be paid for by Centrebet in the ordinary course, respectively.

9.3 PROCEEDS OF THE LITIGATION CLAIM – SUMMARY OF THE STRUCTURE

If the Litigation Claim is successful, all payments of funds from any proceeds of the Litigation Claim will come from Sportingbet pursuant to its obligations under the Litigation Management Deed.

Under the terms of the Litigation Management Deed, Sportingbet is not required to make any payments until either of the following events has occurred:

- (a) the Litigation Claim is wholly and finally determined so there is no possibility of any further appeal (or other proceedings) with any prospects of success being brought by any party to the Litigation Claim, evidenced by written advice to that effect from Senior Counsel; or
- (b) the Litigation Claim is wholly and unconditionally settled or wholly or unconditionally withdrawn, as determined by the Claim Committee, or failing such determination, as advised in writing by Senior Counsel.

The value of any cash refund is to be paid by Sportingbet in accordance with the Payment Waterfall set out in the Litigation Management Deed within 28 days of receipt of the cash refund by any member of the Sportingbet Group or the Centrebet Group. Sportingbet's payment obligation is not secured.

If any member of the Sportingbet Group or the Centrebet Group receives any carry forward loss as a result of the Litigation Claim and is able to use any of the carry forward loss to reduce the amount of GST that would otherwise be payable, the value of any carry forward loss utilised will be paid by Sportingbet in accordance with the Payment Waterfall. Sportingbet will pay such amount within 7 days from the date which any member of the Sportingbet Group or Centrebet Group would otherwise have been liable to pay an amount of GST but for the receipt of such carry forward loss. Again, Sportingbet's payment obligation is not secured.

To be entitled to receive any proceeds from the Litigation Claim, each Scheme Participant will receive from Sportingbet, as part of the Scheme Consideration and each Optionholder will receive as part of the consideration for the cancellation of its Option, one Litigation Claim Right and one Litigation Claim Unit for each Centrebet Security or Option they hold as at the Record Date.

Payment Waterfall

The Payment Waterfall governs that the value of the cash refund amount, carry forward loss, outstanding interest on the cash refund amount and any utilised carry forward loss (where such interest is due pursuant to the Litigation Management Deed), unused balance of the Initial Claim Amount paid upfront by Centrebet and any award of costs received in connection with the Litigation Claim (collectively, **Unused Benefits**) are to be paid by Sportingbet in the following order:

- (a) first, to pay any tax liability of any member of the Sportingbet Group or the Centrebet Group incurred as a result of their receipt or utilisation of any Unused Benefit, less the amount of any related tax benefits allowable to any member of the Sportingbet Group or the Centrebet Group;
- (b) second, to pay the costs in respect of the prosecution of the Litigation Claim (including any costs, fees and/or disbursements of any party to the Litigation Claim that any member of the Sportingbet Group or Centrebet Group is or will be obliged to pay by Court order or any term agreed to in the course of a settlement), operation of the Costs Account, the Collection Agent, Unit Trustee and Security Trustee fees and expenses, less any related tax benefit allowable to any member of the Sportingbet Group or the Centrebet Group;
- (c) third, to pay into or retain in, the Costs Account any monies the Claim Committee reasonably considers is required to cover future costs and expenses or taxes relating to the Litigation Claim;
- (d) fourth, to reimburse Con Kafataris for all amounts he has paid (or has been paid on his behalf) into the Costs Account pursuant to the CK Indemnity, together with interest (less any bank charges or taxes paid or payable on or in connection with that amount); and
- (e) fifth, to pay of the remaining balance amount:
 - (i) 10% of the remaining amount to Centrebet (however, in the event that no member of the Centrebet Group or Sportingbet Group receives any carry forward loss or cash refund as a result of the Litigation Claim, Centrebet is not entitled to this remaining amount); and
 - (ii) the balance of the remaining amount to the Collection Agent or Unit Trustee (as the case may be) for the benefit of Scheme Participants and Optionholders on a Pro-Rata Basis.

Litigation Claim Rights

The Litigation Claim Right is a contractual right granted by Sportingbet to receive the value of any amount which the Collection Agent is entitled to receive (net of its costs), pursuant to the Litigation Management Deed on a Pro Rata Basis, during the first five years following the Implementation Date.

On the Implementation Date, each Scheme Participant and Optionholder will be granted the same number of Litigation Claim Rights as the total number of Shares, Performance Rights and Options they held as at the Record Date.

For the period ending on the fifth anniversary of Implementation Date (**Earnout Payment Period**), it is contemplated that payments made by Sportingbet, as set out above, for the benefit of the Litigation Claim Participants will (subject to the priorities set out in the Payment Waterfall referred to below) be paid to the Collection Agent, pursuant to the Litigation Management Deed, who will hold those funds as agent and bare trustee for the holders of Litigation Claim Rights.

The Collection Agent will then distribute the funds (net of liabilities which have not been paid out of the Costs Account and/or from any Unused Benefits) to holders of Litigation Claim Rights on a Pro-Rata Basis within five days after the later to occur of:

- (a) Sportingbet (or any other member of the Sportingbet Group) having made any payment to the Collection Agent in accordance with the Litigation Management Deed; and
- (b) Target Claim Committee Members having provided the Collection Agent written instructions or directions requiring the Collection Agent to make payment to the holders of Litigation Claim Rights.

Litigation Claim Rights are able to be transferred unless the Collection Agent has received a written instruction signed by at least one Target Claim Committee Member and one Bidder Claim Committee Member (both acting reasonably and in good faith), directing the Collection Agent to refuse to approve the transfer. Litigation Claim Rights cannot be redeemed.

In addition, if a holder wishes to transfer their Litigation Claim Rights they must pay or agree to pay, on an indemnity basis (to the Target Claim Committee Members' satisfaction) the transfer costs (as advised to them) charged by the Collection Agent for such transfer.

During the Earnout Payment Period, the Collection Agent will pay the funds (net of liabilities which have not been paid out of the Costs Account and/or from any Unused Benefits) to holders of Litigation Claim Rights on a Pro-Rata Basis within 5 days after the later to occur of:

- (a) Sportingbet (or any other member of the Sportingbet Group) having made any payment to the Collection Agent in accordance with the Litigation Management Deed; and
- (b) Target Claim Committee Members having provided the Collection Agent with written instructions or directions requiring the Collection Agent to make payments to the holders of Litigation Claim Rights.

Further details with respect to the Litigation Claim Rights are set out in the Collection Agent Deed Poll, which is summarised in Section 10.4 and available in full on the Centrebet website at <http://investor.centrebet.com> or obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas).

9

THE LITIGATION CLAIM

Litigation Claim Units

The Litigation Claim Unit Trust is a unit trust that is not a registered managed investment scheme for the purposes of Chapter 5C of the Corporations Act. The trustee of the Litigation Claim Unit Trust is One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297042). On the Implementation Date, each Scheme Participant and Optionholder will be transferred or issued (as evidenced by a Litigation Claim Unit Holding Statement) the same number of Litigation Claim Units as the total number of Shares, Performance Rights and Options that they held as at the Record Date.

It is contemplated that all payments by Sportingbet made for the benefit of the Litigation Claim Participants after the expiry of the Earnout Period will (subject to the priorities set out in the Payment Waterfall) be paid to the Unit Trustee, who will then distribute those funds to holders of Litigation Claim Units on a Pro-Rata Basis.

The Unit Trustee will distribute the funds (net of liabilities which have not been paid out of the Costs Account) to holders of Litigation Claim Units on a Pro-Rata Basis within 5 days after the later to occur of:

- (a) Sportingbet (or any other member of the Sportingbet Group) having made any payment to the Unit Trustee in accordance with the Litigation Management Deed; and
- (b) Target Claim Committee Members having provided the Unit Trustee a certificate directing the Unit Trustee to make payments to the holders of Litigation Claim Units.

Litigation Claim Units cannot be redeemed.

Litigation Claim Units are able to be transferred unless the transfer is objected to by one Target Claim Committee Member and one Bidder Claim Committee Member. In addition, if a holder of Litigation Claim Units wishes to transfer their Litigation Claim Units they must pay the transfer costs (as advised to them).

Further details with respect to the Litigation Claim Units are set out in the Litigation Claim Unit Trust Deed, which is summarised in Section 10.3 and available in full on the Centrebet website at <http://investor.centrebet.com> or obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas).

Guarantee

Sportingbet's obligations under the Litigation Management Deed are guaranteed by Sportingbet PLC.

Security Trustee

The Security Trustee has executed the Security Trust Deed which principally provides for the appointment of the Security Trustee to enforce, on behalf of the Litigation Claim Participants, any obligation owed by Sportingbet, the Collection Agent, the Unit Trustee, Centrebet or Centrebet SubCo under the Security Trust Deed, the Scheme Implementation Agreement, the Deed Poll, the Litigation Management Deed, the Litigation Claim Unit Trust Deed, the Collection Agent Deed Poll or any other document connecting any of them in the event of any breach of any such obligation.

The Security Trust Deed is summarised in Section 10.5 and available in full on the Centrebet website at <http://investor.centrebet.com> or obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas).

9.4 RISKS

If the Schemes are implemented, Securityholders will receive Litigation Claim Rights and Litigation Claim Units.

Securityholders should be aware of risks specific to the Litigation Claim, the Litigation Claim Rights and the Litigation Claim Units.

Set out below are some of the key risks associated with the Litigation Claim, the Litigation Claim Rights and the Litigation Claim Units. This Section 9.4 does not take into account the investment objectives, financial situation, taxation position or particular needs of Securityholders.

(a) Litigation Claim may be unsuccessful

Litigation by its nature is uncertain, and while Centrebet SubCo has commenced the action, the outcome of the Litigation Claim may not be known for some time and may ultimately not be successful. There are numerous matters that could result in the Litigation Claim being unsuccessful. They include:

- uncertainty associated with litigation generally;
- any decision in relation to the declaratory proceedings may be subject to further appeals. The outcome of any appeals will also be subject to a degree of inherent uncertainty;
- the ATO could object to the jurisdiction of the Federal Court to hear Centrebet SubCo's application for declaratory relief. However, it should be noted that the ATO has confirmed in writing it has no objection to the proceedings being commenced by way of declaratory relief and has also confirmed in writing that it will not issue assessments for the periods in dispute;
- the applications for declaratory relief only relates to two sample transactions. The ATO could seek to argue that any decision made in the declaratory proceedings does not apply to any or all of the remaining transactions, thereby requiring Centrebet SubCo to commence further proceedings if it is to pursue the Litigation Claim further;
- witnesses in the declaratory proceedings could die, fall ill or otherwise cease to co-operate with Centrebet SubCo or give evidence at any hearing;
- witnesses may give evidence contrary to the affidavits filed in support of Centrebet SubCo's application for declaratory relief;
- the ATO may seek to deny Centrebet SubCo's entitlement to any cash refund and carry forward losses on grounds other than those currently covered by Centrebet SubCo's application for declaratory relief;

- the costs of litigation may increase substantially; and
- other proceedings on similar issues may be determined unfavourably. In those circumstances a court considering any aspect of the Litigation Claim may follow any such determination. Securityholders should be aware that the matter of *Sportsbet Pty Limited v Commissioner of Taxation* (VID 963/2010) was heard on 30 and 31 May 2011 and judgement was reserved. The case concerns similar issues.

If the Litigation Claim is not successful, Centrebet SubCo (or any of Centrebet Group or Sportingbet Group) will not be entitled to any cash refund or the benefit of any carry forward loss. In turn, you will not receive any payment under the Payment Waterfall set out in Section 9.3 except for your pro-rata share of the balance of the Initial Claim Amount (if any) which has not been used to pay the costs and expenses of the Litigation Claim pursuant to the Litigation Claim Management Deed.

Further if the Litigation Claim is not successful Centrebet SubCo may be ordered to pay the legal costs of the Commissioner of Taxation.

(b) **Sportingbet's payment obligations are unsecured**

Sportingbet's obligation to pay the value of any cash refund or the carry forward loss (subject to the Payment Waterfall) to the Collection Agent and/or Unit Trustee is unsecured. Accordingly, the payment obligations will rank behind Sportingbet's obligations to any secured creditors and it may have insufficient funds to satisfy its payment obligations to the Collection Agent or Unit Trustee.

(c) **The Litigation Claim is successful but there is a delay of payments to you**

In the event that the Litigation Claim is successful, there might be some delay in the receipt of any cash refund or carry forward loss by Centrebet SubCo (or any of Centrebet Group or Sportingbet Group) from the ATO.

There might be delays in Sportingbet paying the value of any cash refund or the carry forward loss (subject to the Payment Waterfall) to the Collection Agent and/or the Unit Trustee.

There might be delays in the Collection Agent and/or Unit Trustee distributing funds to Litigation Claim Participants.

There might be delays in Centrebet SubCo utilising any carry forward loss, which might cause delay in the distribution of funds to the Collection Agent and/or the Unit Trustee who will then distribute those funds to Litigation Claim Participants.

(d) **Dispute between the Claim Committee members**

While the Litigation Claim Management Deed attempts to deal with the interaction between Claim Committee members, there might be a dispute between the members of the Claim Committee as to how to conduct the Litigation Claim. This might cause delay in the resolution of the Litigation Claim.

(e) **Funding of the Litigation Claim**

While the Initial Claim Amount has been set aside to pursue the Litigation Claim, this amount may not be sufficient. In such circumstances, the Claim Committee will be relying on the funding to be provided by Con Kafataris under the CK Indemnity. If Con Kafataris, at some future point in time, does not wish or fails to fund the Litigation Claim, the Target Claim Committee Members or, in certain circumstances, the Bidder Claim Committee Members may determine to cease pursuing the Litigation Claim.

(f) **Value of the Litigation Claim Rights and Litigation Claim Units**

Other than proceeds by way of the Payment Waterfall, the Litigation Claim Rights and Litigation Claim Units may have no actual market value.

Litigation Claim Rights and Litigation Claim Units are not redeemable.

There is no open market for the trading of Litigation Claim Rights and Litigation Claim Units.

(g) **Tax treatment of Litigation Claim Rights**

The nature of the Scheme Consideration may give rise to a tax liability even though the Litigation Claim may be unsuccessful.

As set out in Section 7, if the proposed law is passed but is not applicable to a Scheme Participant, or a Scheme Participant chooses not to apply the proposed law, or the proposed law is not passed by the Houses of Parliament, a Scheme Participant may be subject to tax on the market value of the Litigation Claim Rights as at the Implementation Date. The estimated mid-point market value as at 30 June 2011 is 6.34 cents per Litigation Claim Right. A change in the market value will affect the tax liability of Scheme Participants where the proposed law is inapplicable or is not chosen. In this respect, if:

- proceeds are not received in respect of each Litigation Claim Right; or
- proceeds are less than the amount subject to tax; or
- the Litigation Claim is unsuccessful,

9

THE LITIGATION CLAIM

a Scheme Participant is likely to make a capital loss after Implementation Date. While this loss is crystallised on the occurrence of the expiry of a Litigation Claim Right, the loss may not be able to be utilised to offset against any capital gains realised at Implementation Date (depending on when that capital loss is realised).

If Scheme Participants choose to adopt the proposed law and the proposed law is not passed, or if the proposed law is passed but in a form which is inapplicable to these circumstances, those Scheme Participants will need to amend their income tax returns for the affected years. To the extent that the amendment results in an increase in tax liability, provided the income tax returns are amended and lodged at the ATO within a reasonable time, the current ATO administrative treatment is that Scheme Participants are potentially exposed to an interest penalty capped at the base rate (being the monthly average yield of 90-day Bank Accepted Bills published by the Reserve Bank of Australia) for the period between the law change commencing to take effect and the date of lodgement of the amended income tax return.

(h) Tax treatment of Litigation Claim Units

The nature of the Scheme Consideration will give rise to a liability even though the Litigation Claim may be unsuccessful.

The market value of the Litigation Claim Units will be assessed for tax purposes as at Implementation Date. The estimated mid-point market value as at 30 June 2011 is 1.46 cents per Litigation Claim Unit. A change in the market value will affect the tax liability of Scheme Participants.

(i) Amendments to GST Act

The Federal Government may make retrospective amendments to the GST Act (or related legislation) to deny or limit Centrebet SubCo's entitlement to any cash refund or carry forward losses that arise as a consequence of the Litigation Claim.

(j) Global GST amount

In future tax periods Centrebet SubCo may not have a global GST amount or its global GST amount may be insufficient to fully utilise any carry forward losses that arise as a consequence of the Litigation Claim.

In particular any restructure of the Centrebet Group or Sportingbet Group may reduce the taxable wagers placed with Centrebet SubCo resulting in a corresponding decrease in Centrebet SubCo's global GST amount (prior to the utilisation of any carry forward losses). Similarly, any change that increases the total monetary prizes paid by Centrebet SubCo will also decrease its global GST liability and its utilisation of any carry forward losses. Such changes may mean Centrebet SubCo is unable to use or fully utilise or is delayed in being able to utilise any carry forward losses that arise as a consequence of the Litigation Claim.

9.5 ONE INVESTMENT GROUP

One Managed Investment Funds Limited, the Unit Trustee of the Litigation Claim Unit Trust and the Collection Agent, is a subsidiary of One Investment Group Pty Limited (**One Investment Group**), and holds an Australian Financial Services Licence 297042. One Registry Services Pty Limited, also a subsidiary of One Investment Group, will act as registrar of both the Litigation Claim Unit Trust and Litigation Claim Right. The Unit Trustee will appoint Unity Administration Pty Limited to act as administrator of the Litigation Claim Unit Trust.

One Investment Group is an independent Australian funds management business that focuses on investment management and services associated with funds management.

One Investment Group owns four responsible entities. Each of these entities holds an Australian Financial Services Licence and is licensed, pursuant to the Corporations Act, to act as a responsible entity for registered schemes and a trustee of unregistered trusts. Entities within One Investment Group currently operate as responsible entity or trustee of in excess of 50 managed investment schemes and entities within OIG also act as investment manager for numerous investment funds. The total value of the assets managed within these schemes is in excess of \$2 billion.

The Unit Trustee's contact details are included in the Corporate Directory.

9.6 PT LIMITED

PT Limited, the Security Trustee, is a subsidiary of Perpetual Limited.

Perpetual Limited is a publicly listed company on the Australian Securities Exchange. Perpetual Limited operates in three key industries being Perpetual Investments, Private Clients and Corporate Trust.

Perpetual Corporate Trust

Perpetual Corporate Trust has been an Australian trustee company for more than 125 years. Perpetual's Corporate Trust business holds funds under administration of more than \$210.5 billion as at 30 June 2010.

9.7 DISPUTE RESOLUTION FOR THE LITIGATION CLAIM UNIT TRUST

If a holder of a Litigation Claim Unit has a complaint relating to the Litigation Claim Unit Trust, then that holder should contact the Unit Trustee as follows:

- by telephone on +61 2 8277 0000 from 8.00 am to 6.00 pm (Sydney time) Monday to Friday; or
- in writing by sending your complaint to:

Complaints Officer
PO Box 1471
Royal Exchange NSW 1225

If a holder of Litigation Claim Units submits a complaint to the Unit Trustee, the Unit Trustee must acknowledge in writing receipt of the complaint as soon as practicable (and in any event, within 14 days from the date of receipt) and tell the holder of Litigation Claim Units within 45 days after receipt of the complaint of any determination of the compliance committee or the Unit Trustee (as appropriate), the remedies available to that holder and information regarding any further avenue for complaint.

The Unit Trustee is a member of the Financial Ombudsman Service Limited (FOS). This is an independent resolution service. If a holder of Litigation Claim Units is not satisfied with the Unit Trustee's handling of a complaint, the holder can contact FOS as set out below:

Financial Ombudsman Service
GPO Box 3
MELBOURNE VIC 3001

Email: info@fos.org.au
Free call: 1300 780 808
Fax: + 61 3 9613 6399

9.8 NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to the grant of Litigation Claim Rights or the issue of Litigation Claim Units described in this Scheme Booklet. This means there is no right to return Litigation Claim Rights or Litigation Claim Units once they have been granted, issued or transferred as part of the Schemes.

9.9 ONGOING DISCLOSURE

The Unit Trustee will provide holders of Litigation Claim Units with audited annual financial reports and annual tax information as the Target Claim Committee Members reasonably consider appropriate having regard to the nature of the Litigation Claim Unit Trust and its assets.

9.10 FEES AND COSTS

The table below shows the fees and expenses that are payable in relation to Litigation Claim Rights and Litigation Claim Units. Apart from the transfer fee (which is payable by the transferor), these fees and expenses are not paid directly by holders of Litigation Claim Rights or Litigation Claim Units.

9

THE LITIGATION CLAIM

Type of fee or cost	Amount	How and when paid
Transfer fee The fee to transfer your Litigation Claim Rights or Litigation Claim Units	\$15 per transfer regardless of the number of Litigation Claim Units being transferred and if required, \$50 for security verification and AML/CFT requirements (if applicable)	This fee is paid by the transferring holder of a Litigation Claim Right or Litigation Claim Unit and must be paid before the transfer can be registered.
Unit Trustee fee	\$60,000 (plus GST) p.a.	This fee is paid quarterly in advance to the Unit Trustee from the Costs Account or in accordance with the CK Indemnity Letter or, if not so paid, from the assets of the Litigation Claim Unit Trust. Even if this fee is not paid out of the assets of the Litigation Claim Unit Trust and is paid out of the Costs Account that payment will potentially in turn reduce the amount that would otherwise be available for distribution to holders of Litigation Claim Rights and Litigation Claim Units.
Collection Agent fees and expenses	\$60,000 (plus GST) p.a. less: <ul style="list-style-type: none"> – the fee received by the Unit Trustee in any corresponding period; and – any fees paid to the Security Trustee out of the assets of the Security Trust Expenses properly incurred	These amounts are paid from the Costs Account or in accordance with the CK Indemnity Letter or, if not so paid, from the assets of each Litigation Claim Right trust. Even if these amounts are not paid out of the assets of such trusts and are paid out of the Costs Account, that payment will potentially in turn reduce the amount that would otherwise be available for distribution to holders of Litigation Claim Rights and Litigation Claim Units.
Security Trustee fees and expenses	Reasonable internal administration (at the Security Trustee's prevailing hourly fees) and legal costs incurred as a result of a default or for the purposes of determining whether a default has occurred Expenses properly incurred	These amounts are paid by the Unit Trustee from the Costs Account or in accordance with the CK Indemnity Letter or, if not so paid, from the assets of the Security Trust. Even if these amounts are not paid out of the assets of the Security Trust and are paid out of the Costs Account, that payment will potentially in turn reduce the amount that would otherwise be available for distribution to holders of Litigation Claim Rights and Litigation Claim Units. The Security Trustee's annual fee will be paid by the Unit Trustee out of its fee, so this will not affect the amount available for distribution to holders of Litigation Claim Rights and Litigation Claim Units.
Expenses	Reimbursement of expenses properly incurred by the Unit Trustee in the performance of its duties. The Litigation Claim Unit Trust Deed contains an inclusive list of allowable expenses and provides that any item of expenditure greater than \$2,000 must first be approved by the Target Claim Committee Members unless the Unit Trustee reasonably considers that it is required to incur such expenditure in order to comply with its duties as trustee or the expenditure relates to proceedings against the Unit Trustee	These expenses are estimated to be \$13,500 per annum for the first five years of the Litigation Claim Unit Trust which includes the registry and administration fees to be paid to related bodies corporate of the Unit Trustee. The Expenses will be paid out of the Costs Account or in accordance with the CK Indemnity Letter or, if not so paid, from the assets of the Litigation Claim Unit Trust. Even if the expenses are not paid out of the assets of the Litigation Claim Unit Trust and are paid out of the Costs Account, that payment will potentially in turn reduce the amount that would otherwise be available for distribution to holders of Litigation Claim Rights and Litigation Claim Units.



MATERIAL CONTRACT SUMMARIES

10

MATERIAL CONTRACT SUMMARIES

10.1 SCHEME IMPLEMENTATION AGREEMENT

Overview

Centrebet and Sportingbet entered into the Scheme Implementation Agreement on 26 May 2011. The Scheme Implementation Agreement sets out each party's rights and obligations in connection with the implementation of the Scheme. This section outlines certain key terms of the Scheme Implementation Agreement.

A full copy of the Scheme Implementation Agreement (excluding annexures) is included in Annexure A.

Scheme Conditions

The Schemes can only be implemented if certain conditions are satisfied or waived. These include:

- (a) Sportingbet PLC shareholders approve the Sportingbet Capital Raising and the acquisition of Centrebet pursuant to the Schemes;
- (b) new Sportingbet PLC shares issued under the Sportingbet Capital Raising have been approved for admission to the LSE;
- (c) the Independent Expert opines that the Schemes are in the best interests of Securityholders;
- (d) specified regulatory approvals (including from the ACCC), gambling licence consents and other necessary contract consents are obtained;
- (e) the Court approves the Schemes;
- (f) Shareholders approve the Share Scheme;
- (g) Performance Rightholders approve the Performance Right Scheme;
- (h) no Material Adverse Change or Prescribed Occurrence occurs;
- (i) no Government Body prohibits or restrains the completion of the Schemes;
- (j) all Optionholders have agreed with Centrebet and Sportingbet for their Options to be cancelled or transferred if the Schemes become Effective;
- (k) all counterparties to specific contracts have consented to the Schemes;
- (l) all documents set out in the Litigation Claim Term Sheet have been entered into; and
- (m) Sportingbet Capital Raising has raised enough funds to pay the Cash Component of the Scheme Consideration and is completed by 21 June 2011, or such later date as Centrebet may agree to.

Of the Scheme Conditions set out above, the following have been satisfied:

- (a) the Independent Expert has opined that the Schemes are in the best interests of Securityholders;
- (b) the ACCC has advised that it has no objection to the Schemes subject to the usual conditions;
- (c) Sportingbet PLC shareholders have approved the Sportingbet Capital Raising and the acquisition of Centrebet pursuant to the Schemes;

- (d) new Sportingbet PLC shares issued under the Sportingbet Capital Raising have been approved for admission to the LSE;
- (e) all documents set out in the Litigation Claim Term Sheet have been entered into;
- (f) all Optionholders have agreed with Centrebet and Sportingbet for their Options to be cancelled or transferred if the Schemes become Effective; and
- (g) Sportingbet Capital Raising has raised enough funds to pay the Cash Component of the Scheme Consideration.

As at the date of this Scheme Booklet, Centrebet is not aware of any circumstances that would cause any of the outstanding Scheme Conditions not to be satisfied or waived.

Exclusivity provisions

Centrebet has agreed to certain restrictions that restrict it from encouraging, or engaging with the proponent of a Competing Proposal up until 31 October 2011, these being:

- (a) **(no shop)** Centrebet (and its officers, employees and advisors) must not solicit, encourage or initiate any Competing Proposals;
- (b) **(no talk and no due diligence)** except where such restriction would likely constitute a breach of its fiduciary duties by Centrebet's Board, Centrebet (and its officers, employees and advisors) must not participate in any negotiations or provide any due diligence in relation to a Competing Proposal; and
- (c) **(matching rights)** except where such restrictions would likely constitute a breach of its fiduciary duties by Centrebet's Board, Centrebet must notify Sportingbet when it receives a Superior Proposal and give Sportingbet three Business Days to match that Superior Proposal.

Payment of costs (break fee)

A break fee of 1% of the aggregate Cash Component will be payable by Centrebet to Sportingbet if the Schemes do not proceed and any of the following occur:

- (a) any member of the Centrebet Board changes his recommendation to support the Schemes (except where the Independent Expert concludes that either or both of the Schemes are not in the best interest of Securityholders);
- (b) Centrebet materially breaches the Scheme Implementation Agreement and that breach is not remedied;
- (c) the Court fails to approve either or both of the Schemes solely due to a material non-compliance by Centrebet of its obligations under the Scheme Implementation Agreement;
- (d) either or both of the Schemes do not become effective before 31 October 2011 as a consequence of Centrebet's non-compliance with its obligations under the Scheme Implementation Agreement or Centrebet delaying either Scheme Meeting beyond that date as a result of a Competing Proposal; or
- (e) a Prescribed Occurrence occurs.

A break fee of 1% of the aggregate Cash Component will be payable by Sportingbet to Centrebet if the Schemes do not proceed and any of the following occur:

- (a) any member of the Sportingbet PLC board changes his recommendation to support the Schemes (except where the Independent Expert concludes that either or both of the Schemes are not in the best interest of Securityholders);
- (b) Sportingbet materially breaches the Scheme Implementation Agreement and that breach is not remedied;
- (c) specific gambling licence consents to the Schemes not being obtained; and
- (d) either or both of the Schemes do not become effective before 31 October 2011 as a consequence of non-compliance by Sportingbet with any of its obligations under the Scheme Implementation Agreement.

Termination of the Scheme Implementation Agreement

Either party may terminate the Scheme Implementation Agreement by written notice to the other if:

- (a) either or both Schemes are not effective by 31 October 2011 other than as a result of the terminating party's breach of the Scheme Implementation Agreement;
- (b) the other party is in material breach of a material obligation under the Scheme Implementation Agreement and that breach is not remedied within a specified period; or
- (c) one of the conditions for that party's benefit is not satisfied or waived by the requisite time and date.

Sportingbet may terminate the Scheme Implementation Agreement if Centrebet breaches a warranty and that breach cannot be remedied or is not remedied and results in a Material Adverse Change.

Centrebet may terminate the Scheme Implementation Agreement if:

- (a) Sportingbet breaches a warranty that cannot be remedied;
- (b) Sportingbet does not have sufficient funds to pay the Cash Component of the Scheme Consideration; or
- (c) the Centrebet Board changes its recommendation in relation to the Schemes in favour of a Superior Proposal.

Representations and warranties

Each of Centrebet and Sportingbet has given representations and warranties to the other that are considered to be normal for an agreement of this kind.

Guarantee

Sportingbet PLC has guaranteed Sportingbet's obligations under the Scheme Implementation Agreement.

10.2 LITIGATION MANAGEMENT DEED

The Litigation Management Deed provides for the structural and procedural requirements with respect to the conduct of the Litigation Claim as well as the allocation of costs and the payments of the amounts of any benefits associated with the Litigation Claim. This section outlines certain key terms of the Litigation Management Deed.

A full copy of the Litigation Management Deed is available on the Centrebet website at <http://investor.centrebet.com> or obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas).

Condition Precedent/Termination

- (a) The provisions of the Litigation Management Deed will only become effective if and when both the Schemes become Effective. However, regardless of whether the Schemes become Effective, Centrebet will be required to pay the Initial Claim Amount and any accrued interest on the Initial Claim Amount, less any costs and taxes.
- (b) The Litigation Management Deed will lapse if either of the Schemes do not become Effective before the End Date, or if the Scheme Implementation Deed is terminated. The Litigation Management Deed will automatically terminate on the later of either the Target Claim Committee Members deciding not to continue pursuing the Litigation Claim and the Claim Committee deciding that none of the Sportingbet Group or the Centrebet Group are likely to receive any value or benefit (or further value or benefit) from the Litigation Claim other than what has already been received (if any).

Collection Agent, Litigation Claim Unit Trust and Security Trustee

In connection with the conduct of the Litigation Claim, Centrebet and Sportingbet have appointed or established:

- (a) the Collection Agent (appointment by Centrebet), who is responsible for the receipt, administration and distribution of any funds to holders of Litigation Claim Rights;
- (b) the Litigation Claim Unit Trust with the Unit Trustee as the trustee; and
- (c) the Security Trustee.

Claim Committee

Centrebet SubCo and Centrebet have delegated all power and authority to conduct the Litigation Claim on their behalf to the Claim Committee.

The Claim Committee shall consist of four members. Two members shall be nominated by each of Centrebet and Sportingbet.

10

MATERIAL CONTRACT SUMMARIES

Decisions of the Claim Committee shall be made by a simple majority unless otherwise expressly specified in the Litigation Management Deed. Each Claim Committee member has one vote unless excluded due to that member having a material personal interest in any matter or decision of the Claim Committee, in which case the other Target Claim Committee Member or Bidder Claim Committee Member shall have two votes. Decisions to file an appeal or settle or withdraw, including deciding on the terms and conditions of such settlement or withdrawal, the Litigation Claim will be made solely by the Target Claim Committee Members, subject to the Target Claim Committee Members providing Bidder Claim Committee Members information that is material or relevant to those decisions.

In the case of a deadlock of any decision of the Claim Committee, the decision shall be made unanimously by:

- (a) a director of Centrebet at the relevant time, nominated by Sportingbet or Sportingbet PLC and who is not at that time an existing Claim Committee member; and
- (b) Con Kafataris, any Target Claim Committee Member (who is not Con Kafataris) or any nominee of any of the foregoing, as advised to Sportingbet in writing.

If these people cannot decide on the matter or decision unanimously, then the matter will be referred to a Senior Counsel to be decided upon.

Costs of conducting the Litigation Claim

Centrebet has deposited the Initial Claim Amount into the Costs Account which will be operated and managed by the Claim Committee.

Any amount in the Costs Account, including any accrued interest on that amount, must be applied by Centrebet, upon instruction from the Claim Committee, towards the payment of particular costs, including those costs in respect of prosecuting the Litigation Claim and operating the Costs Account, relevant taxes incurred after the Schemes have become Effective and any costs, fees and/or disbursements of the Collection Agent, the Unit Trustee and the Security Trustee.

Con Kafataris has entered into the CK Indemnity under which he undertakes to indemnify each member of the Centrebet Group, the Sportingbet Group, the Collection Agent, the Unit Trustee and the Security Trustee for any amount in excess of the Initial Claim Amount (plus interest and less bank charges and taxes).

Any costs incurred by Centrebet prior to the Effective Date will be paid by Centrebet and any costs incurred after the Effective Date will be paid out of funds held or deposited in the Costs Account.

Distribution of benefits

If the Litigation Claim is successful, all payments of funds equal to the value of any proceeds of the Litigation Claim will come from Sportingbet.

Sportingbet is not required to make any payments until either of the following events has occurred:

- (a) the Litigation Claim is wholly and finally determined so there is no possibility of any further appeal (or other proceedings) with any prospects of success being brought by any party to the Litigation Claim, evidenced by written advice to that effect from Senior Counsel to the Claim Committee; or
- (b) the Litigation Claim is wholly and unconditionally settled or withdrawn, as determined by the Claim Committee, or failing such determination, as advised in writing by Senior Counsel.

The value of any cash refund received by either of the Centrebet Group or Sportingbet Group from the ATO received as a result of the Litigation Claim is to be paid by Sportingbet in accordance with the Payment Waterfall set out in Section 9.3 within 28 days of receipt of the cash refund by any member of the Sportingbet Group or the Centrebet Group.

If any member of the Sportingbet Group or the Centrebet Group is able to use any carry forward loss received by either of the Centrebet Group or Sportingbet Group from the ATO received as a result of the Litigation Claim to reduce the amount of GST that would otherwise be payable, the value of any carry forward loss utilised will be paid by Sportingbet in accordance with the Payment Waterfall. Sportingbet will pay such amount within 7 days from the date which any member of the Sportingbet Group or Centrebet Group would otherwise have been liable to pay an amount of GST but for the utilised carry forward loss.

To be able to receive any of the value of any proceeds from the Litigation Claim, each Scheme Participant and Optionholder will receive from Sportingbet, as part of the Scheme Consideration, one Litigation Claim Right and one Litigation Claim Unit for each Centrebet Security or Option they hold as at the Record Date.

From five years following the Implementation Date, it is contemplated that payments made by Sportingbet, as set out above, for the benefit of the Scheme Participants and Optionholders will be (subject to the Payment Waterfall referred to in Section 9.3) paid to the Collection Agent who will hold those funds as agent and bare trustee for the holders of Litigation Claim Rights.

The Collection Agent will then pay the funds (net of costs) it receives pursuant to the Payment Waterfall to holders of Litigation Claim Rights on a Pro-Rata Basis within five days after the later to occur of:

- (a) Sportingbet (or any other member of the Sportingbet Group) having made any payment to the Collection Agent; and
- (b) Target Claim Committee Members having provided the Collection Agent written instructions or directions requiring payment to the holders of Litigation Claim Rights.

The obligations of the Collection Agent to pay these funds are set out in the Collection Agent Deed Poll.

It is contemplated that all payments by Sportingbet made for the benefit of Scheme Participants and Optionholders after the period from five years after the Implementation Date will be (subject to the Payment Waterfall) paid to the Unit Trustee, who will then distribute those funds to Scheme Participants and Optionholders (as holders of Litigation Claim Units) on a Pro-Rata Basis.

The Unit Trustee will distribute the funds (net of costs) it receives pursuant to the Payment Waterfall to holders of Litigation Claim Units on a Pro-Rata Basis within 5 days after the later to occur of:

- (a) Sportingbet (or any other member of the Sportingbet Group) having made any payment to the Unit Trustee; and
- (b) Target Claim Committee Members having provided the Unit Trustee a certificate directing the Unit Trustee to make payments to the holders of Litigation Claim Units.

Guarantee

Sportingbet PLC unconditionally and irrevocably guarantees the performance of all of the obligations of Sportingbet under the Litigation Management Deed.

10.3 LITIGATION CLAIM UNIT TRUST DEED

The Litigation Claim Unit Trust Deed governs the Litigation Claim Units and contains the rights and obligations of the Unit Trustee in favour of each Member. This section outlines certain key terms of the Litigation Claim Unit Trust Deed.

A full copy of the Litigation Unit Trust Deed is available on the Centrebet website at <http://investor.centrebet.com> or obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas).

Establishment, terms of the Litigation Unit Trust and termination

The name of the trust is the Litigation Claim Unit Trust.

The Unit Trustee will hold the assets of the Litigation Claim Unit Trust on trust for the benefit of the holders of Litigation Claim Units in accordance with the Litigation Claim Unit Trust Deed.

The beneficial interest in the Litigation Claim Unit Trust is divided into units (the Litigation Claim Units) and each Litigation Claim Unit confers an equal undivided pro rata interest in the assets of the Litigation Claim Unit Trust as a whole (subject to liabilities).

The Unit Trustee has no discretion or power to issue Litigation Claim Units with any preferred, deferred or other special rights, obligations or restrictions whether in relation to distributions, voting, return of capital, withdrawal, payment of calls or otherwise.

The Litigation Claim Unit Trust will terminate at the earliest of (a) the date specified by the Unit Trustee in a notice given to holders of Litigation Claim Units, as the date of termination and (b) the date on which the Trust terminates in accordance with the Litigation Claim Unit Trust Deed or by law. Upon such termination, the Unit Trustee shall realise all assets and redeem all Litigation Claim Units for nil consideration.

Exercising its rights, powers or discretion, or refraining from exercising any power and/or refraining from taking any action, in relation to the Litigation Claim Unit Trust, the Unit Trustee will always act in accordance with any written instructions signed by at least one Target Claim Committee Member, unless it reasonably believes that in doing so it would contravene any applicable law or cause it to lose its right of indemnity under the Litigation Unit Trust Deed.

Issue, redemption and transfer of Litigation Claim Units

On the Implementation Date, the Unit Trustee shall issue and transfer to Litigation Claim Participants the Litigation Claim Units in accordance with the provisions of the Scheme Implementation Agreement, the Share Scheme and the Performance Right Scheme and the Option Cancellation Deeds. The Unit Trustee does not have the power to issue any Litigation Claim Units other than in accordance with those agreements. The Litigation Claim Units are deemed to be fully paid.

The Unit Trustee shall establish and maintain a single register in which all relevant details of the holders of Litigation Claim Units are recorded. The Unit Trustee shall issue a Litigation Claim Unit Holding Statement to each holder of Litigation Claim Units. The Trustee shall treat each person entered in the register as the absolute owner of all rights and interests in the relevant Litigation Claim Units.

No holder of Litigation Claim Units can request the Unit Trustee to redeem some or all of its Litigation Claim Units.

10

MATERIAL CONTRACT SUMMARIES

Transfer of Litigation Claim Units

A holder of Litigation Claim Units can only transfer some or all of its Litigation Claim Units with the Unit Trustee's prior consent. The holder of Litigation Claim Units must pay the transfer costs, or agree to pay such transfer costs, of such transfer before the transfer of those Litigation Claim Units.

Unit Trustee's obligations

The Unit Trustee must:

- (a) comply with all relevant financial requirements set out in the Corporations Act;
- (b) if required by the Corporations Act, appoint an auditor to audit the accounts of the Litigation Claim Unit Trust;
- (c) give all necessary information to the holders of Litigation Claim Units;
- (d) act continuously as trustee of the Litigation Claim Unit Trust until the Litigation Claim Unit Trust ends or until the Unit Trustee has retired or been removed in accordance with the Litigation Claim Unit Trust Deed; and
- (e) exercise reasonable care, skill and diligence in carrying out its functions.

Unit Trustee's powers

The Unit Trustee, subject to the provisions of the Litigation Claim Unit Trust Deed, has all powers in respect of the Litigation Claim Unit Trust as it were the absolute owner of the assets and must enter into and act in accordance with the provisions of the Litigation Claim Management Deed which is to have effect from the Implementation Date.

The Unit Trustee, subject to the directions of the Target Claim Committee Members, can authorise any person to act as its agent or delegate to hold any asset, perform any act or exercise any direction within the Trustee's power but remains liable for any and all acts or omissions of its agents and delegates.

Distribution of benefits

The Unit Trustee must, within 5 business days of the later of Sportingbet paying any funds to the Unit Trustee in accordance with the Litigation Claim Management Deed and the Target Claim Committee Members providing the Unit Trustee a certificate requiring the payment of any funds by the Unit Trustee to holders of Litigation Claim Units, pay all of such funds together with all funds already held by the Unit Trustee (net of any liabilities) to holders of Litigation Claim Units on a Pro-Rata Basis reflecting the Litigation Claim Units held by each of them.

The Unit Trustee can deduct any amount of tax or an amount owed by the holder of Litigation Claim Units to it or any other person from any amount paid to or received from a person who is or has been a holder of Litigation Claim Units.

Limitation of liability and indemnity of the Unit Trustee

The Unit Trustee is not liable in contract, tort or otherwise to holders of Litigation Claim Units for any loss suffered in any way relating to the Litigation Claim Unit Trust except to the extent that the Corporations Act imposes such liability, unless such liability is caused due to the Unit Trustee's fraud, gross negligence or wilful default.

The liability of the Unit Trustee to any person other than a holder of Litigation Claim Units is limited to its ability to be indemnified from the assets in accordance with the Litigation Claim Unit Trust Deed.

The Unit Trustee is entitled to be fully indemnified out of the assets for any liability incurred by it or its delegate or agent in the performance of its powers or duties in relation to the Litigation Claim Unit Trust, unless a liability was incurred by reason of fraud, gross negligence or wilful default.

Remuneration and expenses of the Unit Trustee

The Unit Trustee is entitled to be paid, by Centrebet or in accordance with the CK Indemnity Letter, a fee of an amount of \$60,000 (plus GST) per annum. Centrebet's obligation to pay the Unit Trustee this fee will be limited to and only be able to be satisfied by and to the extent of the moneys available in the Costs Account (including any amount paid into the Costs Account pursuant to the CK Indemnity) and/or from any Unused Benefits or which have not otherwise been paid pursuant to the CK Indemnity Letter, in each case in accordance with the provisions of the Litigation Management Deed.

All fees payable or paid to the Unit Trustee are only permitted to the extent that (a) the amounts are incurred in the proper performance of its duties and obligations as set out in the Litigation Claim Unit Trust Deed and (b) the reimbursement is not prohibited by the Corporations Act.

All expenses incurred by the Litigation Claim Trustee are payable by Centrebet or in accordance with the CK Indemnity Letter to the extent that (a) the amounts are incurred in the proper performance of its duties and obligations as set out in the Unit Trust Deed and (b) the reimbursement is not prohibited by the Corporations Act. Reimbursement of expenses is available for certain matters as set out in the Litigation Claim Unit Trust Deed. Centrebet's and Con Kafataris' obligation to pay the Unit Trustee this fee will be limited to and only be able to be satisfied by and to the extent of the moneys available in the Costs Account (including any amount paid into the Costs Account pursuant to the CK Indemnity) or which have not otherwise been paid pursuant to the CK Indemnity Letter, in each case in accordance with the provisions of the Litigation Management Deed.

The Litigation Claim Unit Trust Deed also provides for additional payments or fee adjustments in case of certain changes of GST or applicability of GST not reflected in the Litigation Claim Unit Trust Deed.

10.4 COLLECTION AGENT DEED POLL

On the Implementation Date, each Securityholder (and Optionholder) will be granted (as evidenced by a Litigation Claim Right Holding Statement) one Litigation Claim Right for each Share, Performance Right and Option held. Centrebet has appointed the Collection Agent to act as an agent and bare trustee for each holder of Litigation Claim Rights and to receive, administer and pay the value of proceeds received from the Litigation Claim, if successful.

The Collection Agent Deed Poll governs the Litigation Claim Rights and contains the covenants of the Collection Agent in favour of each holder of Litigation Claim Rights. This section outlines certain key terms of the Collection Agent Deed Poll.

A full copy of the Collection Agent Deed Poll is available on the Centrebet website at <http://investor.centrebet.com> or obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas).

Conditions precedent/termination

- (a) The Collection Agent Deed Poll will only become effective if and when both Schemes become Effective. The Collection Agent Deed Poll will lapse if either of the Schemes do not become Effective before the End Date or if the Scheme Implementation Agreement is terminated.
- (b) The Collection Agent Deed Poll will also terminate in accordance with the Litigation Management Deed. If the Collection Agent Deed Poll is terminated, the bare trusts will be wound up and will terminate and the Collection Agent will be released from its obligations under the Collection Agent Deed Poll. However, each holder of Litigation Claim Rights will retain the rights it has against the Collection Agent with respect to any breach of the Collection Agent Deed Poll that occurred before its termination.

Trust

The Collection Agent holds, with effect from the Implementation Date, all assets attaching to the Litigation Claim Rights on trust and for the benefit of each holder of Litigation Claim Rights.

Each trust only comes into force on the Implementation Date and, unless terminated earlier, will end on the day immediately preceding the 80th anniversary of the Implementation Date.

Collection Agent – fees, duties and covenants

The Collection Agent's fees are set out in schedule 1 to the Collection Agent Deed Poll. The payment of any GST will be paid by Centrebet to the Collection Agent.

The Collection Agent's fees will be limited to and only be able to be satisfied by:

- (a) to the extent of the moneys available in the Costs Account (including any amount paid into the Costs Account pursuant to the CK Indemnity) and/or any Unused Benefits, in each case in accordance with the provisions of the Litigation Management Deed; and
- (b) any amounts paid pursuant to the CK Indemnity Letter.

The Collection Agent is authorised to act, and must only act, as permitted or required under the Collection Agent Deed Poll. While exercising rights, powers or duties given under the Collection Agent Deed Poll, the Collection Agent must act in accordance with the instructions given by the Target Claim Committee Members, unless it reasonably believes that in doing so it would contravene the Corporations Act, its Australian Financial Services Licence or cause it to lose its right of indemnity under the Litigation Unit Trust Deed.

The Collection Agent covenants, in favour of each holder of Litigation Claim Rights, to:

- (a) perform and do all the things it is required to do under the Litigation Management Deed and the Collection Agent Deed Poll; and
- (b) keep and maintain:
 - (i) an up-to-date register of holders of Litigation Claim Rights; and
 - (ii) all other relevant records in respect of the Litigation Claim Rights.

Transfer of Litigation Claim Rights

The holder of Litigation Claim Rights must pay the transfer costs, or agree to pay such transfer costs, of such transfer before the transfer of those Litigation Claim Rights.

10

MATERIAL CONTRACT SUMMARIES

Distribution of proceeds to holders of Litigation Claim Rights

Payments made by Sportingbet for the benefit of holders of Litigation Claim Rights (subject to the Payment Waterfall referred to in Section 9.3) will be made to the Collection Agent who will hold those funds as agent and bare trustee for the holders of Litigation Claim Rights.

The Collection Agent will then pay the funds (net of costs) it receives pursuant to the Payment Waterfall to holders of Litigation Claim Rights on a Pro-Rata Basis within five days after the later to occur of:

- (a) Sportingbet (or any other member of the Sportingbet Group) having made any payment to the Collection Agent; and
- (b) Target Claim Committee Members having provided the Collection Agent written instructions or directions requiring payment to the holders of Litigation Claim Rights.

The Collection Agent may deduct from any amount payable to holders of Litigation Claim Rights any amount owed by the holder to the Collection Agent and any other amount required or authorised by the Litigation Management Deed or the Collection Agent Deed Poll. The Collection Agent must give notice of all material details of such deduction to the Claim Committee.

10.5 SECURITY TRUST DEED

Centrebet has appointed the Security Trustee in accordance with the terms of the Security Trust Deed.

A full copy of the Security Trust Deed is available on the Centrebet website at <http://investor.centrebet.com> or obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas).

Establishment, terms of the trust and termination

The Security Trustee will hold on trust for the benefit of the Litigation Claim Participants the proceeds from any action to enforce the obligations of any of the Collection Agent, Unit Trustee, Sportingbet, Centrebet or Centrebet SubCo under any of the Litigation Claim documents, being the Scheme Implementation Agreement, the Deed Poll, the Litigation Management Deed, the Litigation Claim Unit Trust Deed, the Security Trust Deed, the Collection Agent Deed Poll and any other document connected with any of them (**Enforcement Action**).

The name of the Security Trust is "Centrebet Litigation Claim Security Trust" and it will commence on the date of the Security Trust Deed and will end on the day before the 80th anniversary of the date of the Security Trust Deed.

The Security Trust will terminate in accordance with the provisions of the Litigation Management Deed. On termination of the Security Trust, the Security Trustee will distribute all proceeds held (after making allowance for all liabilities of the Security Trust and meeting the expenses of the termination) in accordance with the terms of the Security Trust Deed and the Litigation Management Deed.

Litigation Claim Participants are, subject to the rights of the Security Trustee, the beneficiaries of the Security Trust's proceeds and hold this beneficial entitlement as equitable tenants in common, on a Pro-Rata Basis.

Benefit and Burden of the Security Trust Deed

Each holder of Litigation Claim Rights and Litigation Claim Units (and each person claiming under or through them) is bound by the terms of the Security Trust Deed and is bound by anything properly done or not done by the Security Trustee in accordance with the Security Trust Deed.

The right of a holder of Litigation Claim Rights and Litigation Claim Units to commence or prosecute any Enforcement Action is subject to approval by the Target Claim Committee Members. Such approval is not required if the Security Trustee has failed to commence the Enforcement Action within 30 days after the date of instruction by the Target Claim Committee Members to the Security Trustee to commence the Enforcement Action.

Powers, rights and obligations of the Security Trustee

In exercising its rights, powers or discretion under the Security Trust Deed, the Security Trustee will always act in accordance with any instructions or directions given by the Target Claim Committee Members, unless it reasonably believes that in doing so it would contravene the Corporations Act or any other law or cause it to lose its right of indemnity under the Security Trust Deed.

The Security Trustee may employ agents and attorneys to do any act required or permitted under the Security Trust Deed but remains liable for any act and all acts or omissions of its agents, attorneys and delegates as if the acts or omissions were that of the Security Trustee.

The Security Trustee is irrevocably appointed and authorised to act as security trustee of the Security Trust and to take any Enforcement Action on behalf of Litigation Claim Participants in accordance with the terms of the Security Trust Deed. It has all the powers of a natural person or corporation in connection with the exercise of its rights and compliance with its obligations under the Security Trust Deed.

The Security Trustee shall promptly inform the Target Claim Committee Members of:

- (a) the contents of any notice or document received by it in its capacity as Security Trustee from any of the Collection Agent, Unit Trustee, Sportingbet, Centrebet, Centrebet SubCo or any Litigation Claim Participant; and
- (b) the occurrence of any default of which the Security Trustee has received notice from any other party to the Security Trust Deed or from any holder of Litigation Claim Rights and Litigation Claim Units.

The Security Trustee will provide to each Litigation Claim Participant a copy of each notice, report and other document that it may receive in connection with the Security Trust Deed, and that the Target Claim Committee Members instruct and direct, to be so provided.

Payments of proceeds by Security Trustee

The Security Trustee will pay all proceeds received or recovered by it in relation to Enforcement Actions (after deduction of all costs, charges and expenses of the Security Trustee which are properly and reasonably incurred in the exercise or performance or attempted exercise or performance of a power, discretion, right, authority or remedy in relation to the Security Trust Deed) to each holder of Litigation Claim Rights or Litigation Claim Units (in each case, on a Pro-Rata Basis) who are beneficiaries to an obligation to which the Enforcement Action relates.

Fees, expenses and indemnity

The Unit Trustee will pay the Security Trustee's fees as specified in the Security Trust Deed.

The Unit Trustee will reimburse the Security Trustee for its expenses in relation to the preparation, execution and completion of the Security Trust Deed and any Enforcement Action and any subsequent consent, agreement, approval, waiver or endorsement. This also includes legal costs and expenses.

The Unit Trustee's obligation to pay the Security Trustee the fees and expenses referred to in the paragraphs above, will be limited to and only be able to be satisfied by and to the extent of the moneys available in the Costs Account (including any amount paid into the Costs Account pursuant to the CK Indemnity) and/or from any Unused Benefits, in each case in accordance with the provisions of the Litigation Management Deed and the CK Indemnity Letter.

The Unit Trustee will indemnify, defend and hold harmless, the Security Trustee from all losses incurred by the Security Trustee, its directors, employees, agents and its subsidiaries or parent company in respect of the Security Trust Deed as well as the exercise of rights and the performance of duties under the Security Trust Deed, unless the losses were due to the Security Trustee's fraud, gross negligence or wilful misconduct.

The Unit Trustee's obligation to indemnify, defend and hold harmless, the Security Trustee will be limited to and only be able to be satisfied by and to the extent of the moneys available in the Costs Account (including any amount paid into the Costs Account pursuant to the CK Indemnity) and/or from any Unused Benefits, in each case in accordance with the provisions of the Litigation Management Deed and the CK Indemnity Letter.

The Security Trustee, its agents, delegates and employees are entitled to be fully indemnified out of the assets of the Security Trust against all liabilities, losses, claims, damages, reasonable costs and expenses suffered, incurred or paid by any of them in performing any of its duties or exercising any of its powers under or pursuant to the Security Trust Deed, except to the extent that the fraud, gross negligence or wilful misconduct of the Security Trustee (or of any of its agents, attorneys or delegates) contributed to such liabilities, losses, claims, damages, costs or expenses.

Limitation of liability and protection of claims

The Security Trustee has entered into the Security Trust Deed only in its capacity as trustee of the Security Trust and any liability incurred by it, arising under or in connection with the Security Trust Deed, is limited to the extent to which it can be satisfied out of the assets of the Security Trust.

Each party to the Security Trust Deed and each Litigation Claim Participant will remain prohibited from suing the Security Trustee in any capacity other than as trustee of the Security Trust.

The limitation of the Security Trustee's liability will not apply to any liability of the Security Trustee to the extent that that liability is not satisfied because under the Security Trust Deed or any document in relation to the Security Trust or by operation of law there is a reduction in the extent to which the Security Trustee's indemnification out of the assets of the Security Trust can be satisfied, as a result of the fraud, gross negligence or wilful misconduct of the Security Trustee or its agents, attorneys or delegates.



ADDITIONAL INFORMATION

11.1 CENTREBET SECURITIES

As at 12 July 2011 (the last practicable Trading Day before this Scheme Booklet was lodged for registration with ASIC), the following securities were on issue in Centrebet.

Security	Number on Issue
Shares	87,764,414
Performance Rights	3,742,903
Options	1,163,215

11.2 DETAILS REGARDING SHAREHOLDERS

The following table represents the distribution of Shareholders owning Shares as at 12 July 2011.

Range	Total Shareholders	Total Fully Paid Shares	% of Total Shares
1–1,000	592	446,615	0.51%
1,001–5,000	834	2,523,967	2.88%
5,001–10,000	300	2,409,297	2.75%
10,001–100,000	235	5,678,999	6.47%
100,001+	30	76,705,536	87.40%
Total	1,991	87,764,414	100.00%

As at 12 July 2011 Centrebet is aware of the following substantial shareholders in Centrebet:

Shareholder	Number on Issue	Percentage
Kafataris Family Interests including Racejest Pty Ltd	52,165,079	59.44
Fisher Funds Management Limited	10,239,489	11.67
Renaissance Smaller Companies Pty Limited	4,557,994	5.19

11.3 DEALINGS IN CENTREBET SECURITIES

To enable the Schemes to be implemented, Centrebet will apply to ASX for suspension as from the close of trading on the Effective Date. If that application is granted, Shares will not be able to be traded beyond the close of trading on the Effective Date. For the purposes of implementation of the Schemes, Centrebet will, between the Effective Date and the Record Date, determine who the Shareholders and Performance Rightholders are as at the Record Date, being those entitled to the Scheme Consideration.

Any dealing in Shares received by the Share Registry before the Record Date will be recognised, but no dealing in Shares (whenever effected) will be recognised if received by the Share Registry on or after the Record Date.

The Performance Rights cannot be assigned or transferred to anyone except with the prior written consent of the Board. The Board does not propose to consent to any dealings in Performance Rights before the Record Date except in limited circumstances. Any dealing in Performance Rights received by the Performance Rights Registry before the Record Date will be recognised, but no dealing in Performance Rights (whenever effected) will be recognised if received by the Share Registry on or after the Record Date.

11.4 REMOVAL FROM THE OFFICIAL LIST

Following the implementation of the Schemes, Sportingbet will procure that Centrebet applies to ASX for removal of Shares from the official list of ASX.

11.5 INTERESTS OF DIRECTORS IN CENTREBET SECURITIES

The table below sets out the interests of Directors in Centrebet securities as at 12 July 2011.

Director's name	Shares	Performance Rights	Options
Graham Kelly	20,000	–	–
Michael McRitchie	247,228	764,914	454,047
Con Kafataris	16,166,270	–	–
Maxwell Donnelly	75,000	–	–
George Kafataris	16,166,270	–	–

The effect of the Schemes on the interests held by Directors in Centrebet Securities is the same as their effect on the like interests of other Securityholders and Optionholders.

II

ADDITIONAL INFORMATION

11.6 VOTING INTENTIONS OF DIRECTORS

In the absence of a Superior Proposal, each of the Directors who directly or indirectly holds Shares intends to vote (or procure the voting) all their Shares, and Shares which they control, in favour of the Share Scheme.

In the absence of a Superior Proposal, each of the Directors who directly or indirectly holds Performance Rights intends to vote (or procure the voting) all their Performance Rights, and Performance Rights which they control, in favour of the Performance Right Scheme.

11.7 INTERESTS OF DIRECTORS IN SPORTINGBET SECURITIES

No Securities of Sportingbet or Sportingbet PLC are held by or on behalf of any Director as at the date of this Scheme Booklet.

11.8 PAYMENTS OR OTHER BENEFITS TO DIRECTORS AND OTHER OFFICERS

Centrebet pays insurance premiums for the benefit of Directors and officers in relation to any liability they may incur in discharging their duties to Centrebet or any other member of the Centrebet Group and (subject to the Schemes being implemented) will pay insurance premiums for such insurance coverage for Directors and officers, for a period of seven years from the Implementation Date.

No payment or other benefit is proposed to be made or given to any director, secretary or executive officer of Centrebet or of any Related Body Corporate of Centrebet as compensation for loss of, or as consideration for or in connection with their retirement from, office as a director, secretary or executive officer of Centrebet or of a Related Body Corporate of Centrebet, as the case may be, as a result of the implementation of either or both of the Schemes.

Directors will be paid directors' fees to which they are entitled in the ordinary course, for the period from 1 July 2010 until the Implementation Date.

11.9 ARRANGEMENTS WITH DIRECTORS

There are no other agreements or arrangements made between a Director and another person in connection with, or conditional on, the outcome of the Schemes, other than the interests set out in this Section 11.9 and elsewhere in this Scheme Booklet.

Centrebet's Managing Director, Mr Michael McRitchie's, employment contract provides for the payment of \$250,000 upon a change of control of Centrebet. Further, the contract provides that additional payments will be made to Mr McRitchie where the consideration under a change of control meets certain threshold share prices. As a result of this additional payment, upon the Schemes being implemented and based on the Cash Component of the Scheme Consideration, Centrebet will be liable to make a total payment of \$600,000 to Mr McRitchie in accordance with the terms of his employment contract.

Mr McRitchie holds 454,047 Options and has entered into an Option Cancellation Deed with Sportingbet and Centrebet on the same terms as every other Optionholder. The terms of the Option Cancellation Deed are set out in Section 11.14. In consideration for the cancellation of his Options, upon implementation of the Schemes, Mr McRitchie will receive \$213,034.87 (being the difference between the Cash Component of the Share Scheme Consideration and the varying exercise prices of Mr McRitchie's Options), 454,047 Litigation Claim Rights and 454,047 Litigation Claim Units in respect of all of the Options he holds.

Under the Scheme Implementation Agreement, each of the Directors is released by Sportingbet against all claims in connection with any breach of any representation, covenant and warranty of Centrebet under the Scheme Implementation Agreement or any disclosure made by that Director that contains any statement which is false or misleading whether in content or by omission except to the extent the Centrebet Director has not acted in good faith or has engaged in wilful misconduct.

11.10 DIRECTORS' INTERESTS IN ARRANGEMENTS WITH SPORTINGBET

No Director has any interest in any contract entered into by Sportingbet or any of its related bodies corporate, other than the interests set out elsewhere in this Scheme Booklet.

11.11 DIRECTORS' INTERESTS IN THE SCHEMES

No Director has any interest in the Schemes, other than the interests set out elsewhere in this Scheme Booklet.

11.12 MATERIAL CHANGE IN FINANCIAL CIRCUMSTANCES

To the knowledge of the Centrebet Board, and except as disclosed elsewhere in this Scheme Booklet (and particularly in Section 5), the financial position of Centrebet has not materially changed since 31 December 2010, being the date of the half year financial accounts (as announced on ASX on 23 February 2011) other than as disclosed to ASX as part of Centrebet's continuous disclosure regime. Further information on Centrebet's ASX announcements is contained in Annexure F.

The 31 December 2010 half year financial accounts can be accessed on Centrebet's website (<http://investor.centrebet.com>) or obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas).

11.13 TERMS OF PERFORMANCE RIGHTS

The Performance Rights have been issued to employees of Centrebet under the Long Term Incentive Plan. Each Performance Right entitles the Performance Rightholder to receive one Share for no cash consideration once the relevant performance hurdles have been met and the Performance Right has vested in the Performance Rightholder. Each Performance Right held by foreign based employees is cash settled once the relevant performance hurdles have been met and the Performance Right has vested.

The material terms of the Performance Rights are:

- (a) each Performance Right is issued for no cash consideration;
- (b) each Performance Right entitles the Performance Rightholder to acquire one Share;
- (c) the Performance Rights are not quoted on ASX;
- (d) each Performance Right vests in the Performance Rightholder on the third anniversary of its issue date for no cash consideration, subject to the satisfaction of certain specified performance hurdles (consisting of the Centrebet share price achieving a matching return to comparable ASX listed companies); and
- (e) each Performance Right must be exercised before the expiry of five years after the date of issue, following which the Performance Right will lapse.

In accordance with the terms of the Long Term Incentive Plan and having regard to the value of the Cash Component, the Board has waived the above-mentioned three year vesting period and performance hurdles.

Performance Rights are cancelled from time to time in accordance with the terms of the Long Term Incentive Plan with the most common reason being when a Performance Rightholder is no longer employed by Centrebet.

11.14 OPTIONS

Each Optionholder has entered into an Option Cancellation Deed in favour of Sportingbet and Centrebet pursuant to which all their Options will be cancelled with effect on the Implementation Date. Each Optionholder will receive as consideration for the cancellation of each of their Options:

- an amount equal to the difference between the Cash Component of the Share Scheme Consideration and the exercise price of that Option;
- one Litigation Claim Right; and
- one Litigation Claim Unit.

The aggregate upfront cash amount payable in respect of the cancellation of all of the Options is \$559,250.

Centrebet has obtained a waiver of Listing Rule 6.23.2 to the extent necessary to allow the Options to be cancelled without Centrebet Shareholder approval under the Listing Rules.

On or shortly after the Implementation Date it is contemplated that:

- Centrebet will send each Optionholder a cheque (or procure that a cheque be sent) or make an electronic funds transfer to the Optionholder's nominated bank account for the cash component of the Optionholder's consideration for the cancellation of their Options;
- Sportingbet will grant to each Optionholder one Litigation Claim Right per Option held by the Optionholder and cancelled under an Option Cancellation Deed;
- Sportingbet will transfer to each Optionholder one Litigation Claim Unit per Option held by the Optionholder and cancelled under an Option Cancellation Deed and
- Centrebet will, and is irrevocably and unconditionally directed by each Optionholder to, cancel all Options held by that Optionholder and release that Optionholder from all rights to which it is entitled as a holder of Options.

11.15 EFFECT OF SCHEMES ON CREDITORS

Centrebet has paid and is paying all its creditors within normal terms of trade. It is solvent and is trading in an ordinary commercial manner.

The implementation of the Schemes will not materially prejudice Centrebet's ability to pay its creditors as and when debts owed to those creditors fall due.

11.16 MATERIAL CENTREBET LITIGATION

Baasland

On 7 May 2009, a former customer of Centrebet SubCo, Mr Bjarte Baasland, submitted a claim for damages against Centrebet SubCo based on losses incurred when conducting online betting on the Centrebet website. The legal basis for the claim was negligence (namely, that Centrebet SubCo acted negligently as it did not stop Mr Baasland's allegedly excessive gambling) or strict liability.

Centrebet SubCo did not submit any pleadings on the merits of the case but instead stated that a Norwegian court did not have jurisdiction to hear the claim and further that it should not be heard under Norwegian law. On 25 November 2009, the District Court of Oslo ruled that a Norwegian court did not have jurisdiction to hear the claim and the decision was upheld on 19 March 2010 by the Court of Appeal. Mr Baasland subsequently appealed the decision to the Supreme Court, which ruled on 13 October 2010 that the competent jurisdiction was Oslo and ordered Centrebet SubCo to pay costs of 181,060 Norwegian Kroner (\$30,547) to the State of Norway.

II

ADDITIONAL INFORMATION

Proceedings are set to commence in the Oslo District Court in 2011. The preliminary issue for decision is the governing law of the dispute. Baasland has argued that the case should be determined according to Norwegian law. Centrebet SubCo argues that it should be determined according to Australian law. This preliminary question is yet to be decided. Following that determination, proceedings will then commence on the merits of the claim. Centrebet SubCo remains confident of success in the action.

11.17 NO UNACCEPTABLE CIRCUMSTANCES

The Directors do not consider that the Schemes involve any circumstances in relation to the affairs of Centrebet that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

11.18 REGULATORY RELIEF

Other than as set out in this Scheme Booklet, as at the date of this Scheme Booklet, it is not anticipated that any ASIC consents or approvals are necessary to implement the Schemes.

ASX

Centrebet has received from ASX a waiver from Listing Rule 6.23.2 to permit the cancellation of all of the Options for consideration (see Section 11.14) without obtaining the approval of Centrebet Shareholders. The waiver is conditional upon the Schemes being approved by Shareholders and the Court.

ASIC

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the Centrebet Board, the financial position of Centrebet has materially changed since the date of the last balance sheet laid before the company in general meeting or sent to Centrebet Shareholders in accordance with section 314 or 317 of the Corporations Act and, if so, full particulars of the change.

Pursuant to sub-regulation 5.1.01(1) of the Corporations Regulations, ASIC has granted Centrebet relief from complying with Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations on the basis that:

- Centrebet complies with Division 1 of Part 2M.3 of the Corporations Act in respect of the half year ending 31 December 2010;
- Centrebet has lodged with ASIC and ASX the documents referred to in section 303 of the Corporations Act for the half year ended 31 December 2010 on or before the date on which this Scheme Booklet is despatched to Securityholders;
- this Scheme Booklet states that Centrebet will give a copy of the documents referred to above free of charge to anyone who asks for them before the Schemes are approved by order of the Court (see Section 5.4);
- Centrebet discloses all material changes to its financial position occurring after 31 December 2010 in this Scheme Booklet; and
- this Scheme Booklet sent to Securityholders is substantially in the form given to ASIC on 11 July 2011.

ASIC has also consented to Centrebet omitting from this Scheme Booklet the list of Performance Rightholders and other matters which would otherwise be required by paragraphs 8201(a), 8201(b), 8210(c), 8201(d), 8201(e), 8203(a) and 8203(b) of Part 2 of Schedule 8 to the Corporation Regulations to be set out in this Scheme Booklet.

11.19 CONSENTS

Consent to be named

The following parties have given and have not, before the time of registration of this Scheme Booklet by ASIC, withdrawn their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- (a) Greenhill Caliburn as financial advisor to Centrebet;
- (b) Clifford Chance as legal advisor to Centrebet;
- (c) Lonergan Edwards & Associates Limited as Independent Expert and to the inclusion of the Independent Expert's Report set out in Annexure E;
- (d) Link Market Services Limited as the Share Registry;
- (e) One Managed Investment Funds Limited as the Collection Agent and the Unit Trustee;
- (f) P.T. Limited as the Security Trustee;
- (g) One Registry Services Pty Limited as registrar of the Litigation Claim Unit Trust and Litigation Claim Rights; and
- (h) Unity Administration Pty Limited as the administrator of the Litigation Claim Unit Trust.

Consent to inclusion of statements

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to the inclusion of statements made by them:

- (a) Sportingbet in respect of the Sportingbet Information only;
- (b) Lonergan Edwards & Associates Limited in relation to the Independent Expert's Report only;
- (c) KPMG in relation to the statements contained within Section 7;
- (d) One Managed Investment Funds Limited in relation to Section 9.5; and
- (e) P.T. Limited in relation to Section 9.6.

11.20 FEES AND INTERESTS OF ADVISORS

Each of the persons named in Section 11.19 (except Sportingbet) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

11.21 DISCLAIMERS

No person referred to in Section 11.19 makes, or purports to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than those statements made in the capacity and to the extent the person has provided its consent, as referred to in Section 11.19.

This Scheme Booklet is issued by Centrebet. To the maximum extent permitted by law, each person referred to in Section 11.19 expressly disclaims and takes no responsibility for any part of this Scheme Booklet other than as described in Section 11.19 with that person's consent.

11.22 INTENTIONS OF THE CENTREBET BOARD

If the Schemes are implemented, it is a matter for the Sportingbet Board to determine its intentions as to:

- (a) the continuation of the business of Centrebet;
- (b) any major changes to be made to the business of Centrebet, including any redeployment of the fixed assets of Centrebet; and
- (c) the future employment of the present employees of Centrebet.

The current intentions of Sportingbet in relation to these matters are set out in Section 6.

If the Schemes are not implemented, the Board intends to continue the business of Centrebet in accordance with its stated strategy. In this event, the Board does not presently intend to make any major changes to the business of Centrebet, whether in respect of the redeployment of its fixed assets or the future employment of the present employees of Centrebet or otherwise.

11.23 COPY OF THE REGISTER

Under section 173 of the Corporations Act, any Shareholder has a right to inspect and to ask for a copy of the Share Register, which contains details of the name and address of each Shareholder and other details regarding the terms of the Shares.

Under section 173 of the Corporations Act, any Performance Rightholder has a right to inspect and to ask for a copy of the Performance Right Register, which contains details of the name and address of each Performance Rightholder and other details regarding the terms of the Performance Rights.

A copy of the Share Register and the Performance Right Register may be obtained (free of charge) by calling 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas).

11.24 SUPPLEMENTARY INFORMATION

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Centrebet becomes aware that:

- (a) a material statement in this Scheme Booklet is false or misleading;
- (b) there is a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet has occurred; or
- (d) a significant new matter has arisen which would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

then Centrebet will prepare and issue a supplementary document to this Scheme Booklet. The form which any supplementary document may take will depend on the nature and timing of the new or changed circumstances.

11.25 OTHER MATERIAL INFORMATION

Other than as disclosed in this Scheme Booklet, there is no information material to the making of a decision in relation to the Schemes (being information that is within the knowledge of any Director or any director of any Related Body Corporate of Centrebet) that has not previously been disclosed to Shareholders and Performance Rightholders.

For personal use only



GLOSSARY

The following is a glossary of certain terms used in this Scheme Booklet:

\$ or A\$ or AUD\$	Australian dollars
£ or Pound Sterling	the lawful currency of the United Kingdom
ACCC	Australian Competition and Consumer Commission
AIM	the AIM market of the LSE
AML/CTF	anti-money laundering and counter-terrorism financing
Annexure	an annexure to and forming part of this Scheme Booklet
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange which it operates (as the context requires)
ASX Listing Rules or Listing Rules	the official listing rules of ASX, as amended or replaced from time to time
ATO	Australian Taxation Office
Australian Accounting Standards	Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the <i>Corporations Act 2001</i>
Authorisation	<ul style="list-style-type: none"> any certificate, licence, regulatory or other approval, permit, authority, waiver or exemption from, by or with a Government Body; and any consent or authorisation regarded as given by a Government Body due to the expiry of a period specified by a statute within which the Government Body should have acted if it wished to proscribe or limit anything already lodged, registered or notified under that statute
Bidder Claim Committee Members	members of the Claim Committee nominated by Sportingbet, initially proposed to be Jim Wilkinson and Anthony Waller
Board or Centrebet Board	the board of Directors as varied from time to time
Business Day	a day (other than a Saturday, Sunday or public holiday) on which banks generally are open for business in Sydney, Australia or London, United Kingdom
Cash Component	that part of the Scheme Consideration that Sportingbet is required, under the provisions of this Scheme Implementation Agreement and the Schemes, to pay in immediately available funds
Centrebet	Centrebet International Limited (ABN 55 066 441 067)
Centrebet Group	Centrebet and each of its subsidiaries
Centrebet Information	the information contained in this Scheme Booklet other than the Sportingbet Information and Annexure E
Centrebet Security	Share and/or Performance Right (as the context requires)

12

GLOSSARY

Centrebet SubCo

Centrebet Pty Limited (ACN 106 487 736), which is a wholly owned subsidiary of Centrebet

CGT

capital gains tax

CK Indemnity

indemnity provided by Con Kafataris for the costs of the Litigation Claim that exceed the Initial Claim Amount

CK Indemnity Letter

indemnity provided by Con Kafataris for the costs of the Unit Trustee and Collection Agent that exceed the Unused Benefits

Claim Committee

a committee consisting of four members (two members nominated by each of Centrebet and Sportingbet) formed to conduct and manage the Litigation Claim

Collection Agent

OIG as agent and bare trustee for each holder of Litigation Claim Rights with respect to any and all proceeds received by it in connection with the Litigation Claim in the manner set out in the Litigation Management Deed and the Collection Agent Deed Poll

Collection Agent Deed Poll

a deed poll dated 5 July 2011 under the terms of which the Collection Agent acknowledges to hold and deal with any proceeds received by it in connection with the Litigation Claim in favour of each holder of Litigation Claim Rights

Companies Act

Companies Act 2006 (UK)

Competing Proposal

a transaction or arrangement pursuant to which a third party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in, all or a significant part of the Centrebet Group;
- acquire a relevant interest in excess of 20% of the Shares;
- acquire control of Centrebet or the Centrebet Group within the meaning of section 50AA of the Corporations Act; or
- otherwise directly or indirectly acquire, merge with, or acquire a significant holding of Shares or economic interest in Centrebet or its businesses, whether by way of takeover offer, scheme of arrangement, shareholder approval acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Centrebet Group or other synthetic merger or any other transaction or arrangement

Corporations Act

Corporations Act 2001 (Cth)

Costs Account

a special purpose bank account in the name of Centrebet which account is operated and managed by the Claim Committee for the purposes of paying the costs associated with the Litigation Claim

Corporations Regulations

Corporations Regulations 2001 (Cth)

Court

Federal Court of Australia, New South Wales registry

CRM

Customer Relationship Management

Deed Poll

the deed poll dated 11 July 2011 executed by Sportingbet and Sportingbet PLC in favour of Scheme Participants set out in Annexure D

Directors	the directors of Centrebet as at the date of this Scheme Booklet
EBITDA	earnings before interest, tax, depreciation and amortisation as such amount is calculated in accordance with generally accepted accounting principles consistently applied by Centrebet
Effective	when used in relation to a Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme
Effective Date	when used in relation to a Scheme, the date on which that Scheme become Effective
Enlarged Group	the combined Sportingbet Group and Centrebet Group following implementation of the Schemes
FOS	Financial Ombudsman Service Limited
FSMA	Financial Services and Markets Act 2000 (UK), as amended
FSA	Financial Services Authority of the United Kingdom
Government Body	<ul style="list-style-type: none"> – any government of any jurisdiction, whether national, state, territorial, regional or local; – any supra-national government body (such as the European Union); and – any agency, authority, board, bureau, commission, council, court, department, panel, office, tribunal or other body exercising governmental, semi-governmental, administrative, regulatory, fiscal or judicial powers in any jurisdiction or across jurisdictions
GST	has the meaning given to that term in the GST Act
GST Act	A New Tax System (Goods and Services Tax) Act 1999 (Cth)
Implementation Date	the Business Day immediately following the Record Date or such other date agreed to in writing between Sportingbet and Centrebet
Independent Expert	Lonergan Edwards & Associates Limited
Independent Expert's Report	the report prepared by the Independent Expert as set out in Annexure E
Initial Claim Amount	\$924,000 plus any unused interest on that amount
Kafataris Family	Racejest Pty Limited, Con Kafataris, George Kafataris, Peter Kafataris and Arthur Papageorge, each being a Shareholder as at the date of this Scheme Booklet
Litigation Claim	the Claim by Centrebet SubCo against the Commissioner of Taxation for a cash refund and carry forward loss on the basis that the amount of GST paid by Centrebet SubCo in the period from 1 April 2006 to 31 March 2010 was in excess of what Centrebet SubCo was legally required to pay having regard to the relevant law applying in that period (including any objections or appeals there from in relation to that claim)
Litigation Claim Participants	holders of Litigation Claim Rights and Litigation Claim Units

12

GLOSSARY

Litigation Claim Right

a contractual right pursuant to which each recipient of the grant of such right is entitled to receive payments in accordance with the Collection Agent Deed Poll

Litigation Claim Right Holding Statement

a holding statement evidencing the grant of a Litigation Claim Right

Litigation Claim Unit

a unit in the issued capital of the Litigation Claim Unit Trust in respect of which each such unit entitles the holder to receive distributions in accordance with the terms of the Litigation Claim Unit Trust

Litigation Claim Unit Holding Statement

a holding statement relating to a Litigation Claim Unit

Litigation Claim Unit Trust

an unregistered unit trust, of which:

- the Unit Trustee is the trustee; and
- a term of the trust will require the Unit Trustee to promptly distribute any payments made to the Unit Trustee in accordance with the Litigation Management Deed arising from the conduct, and if applicable settlement, of the Litigation Claim

Litigation Claim Unit Trust Deed

the trust deed or constitution declared by the Unit Trustee on 7 July 2011 governing the Litigation Claim Unit Trust

Litigation Management Deed

the deed dated 5 July 2011 between Sportingbet, Sportingbet PLC, Centrebet, Centrebet SubCo, Collection Agent, Unit Trustee, Security Trustee, Con Kafataris and George Kafataris

Long Term Incentive Plan

the Centrebet long term incentive plan established by the Board on 31 May 2006, renewed by Shareholders on 25 November 2008 and amended by Shareholders on 24 November 2009 (the material terms of which are set out in Section 11.13)

LSE

London Stock Exchange

Material Adverse Change

any event, occurrence or matter which either individually or when aggregated with other like events, occurrences or matters, has had, or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Centrebet Group, taken as a whole, or to the status or terms of any material contract entered into by any Centrebet Group member, or to the status or terms of any Authorisation that is applicable to the Centrebet Group or its business, in each case where that change has either reduced or is reasonably likely to reduce:

- the recurring EBITDA of the Centrebet Group for any consecutive twelve month period, by at least \$2,300,000; or
- the Net Assets of the Centrebet Group, by at least \$12,000,000,

other than where any such event, occurrence or matter:

- results solely from changes in Centrebet's percentage wagering win rate;
- is required to be undertaken or procured by the Centrebet Group pursuant to the Scheme Implementation Agreement or the Schemes;
- all material details and particulars of which were known to the Sportingbet Group prior to the date of the Scheme Implementation Agreement;
- all material details and particulars of which were disclosed in writing by Centrebet to Sportingbet Group prior to the date of the Scheme Implementation Agreement;
- relates solely to Project Rocket based on Centrebet management's revenue, costs, operational and strategic initiatives and/or capital expenditure assumptions underpinning the guidance publicly disclosed by Centrebet or otherwise disclosed by Centrebet to Sportingbet;
- affects the wagering and gaming market (including, without limitation, matters of a regulatory, tax and fee nature), but excluding the wagering and gaming market of Australia;
- resulting from changes in general economic, political, financial, currency exchange, securities or commodities market conditions that occur after the date of the Scheme Implementation Agreement; or
- all details and particulars of which were announced to ASX by Centrebet prior to the date of the Scheme Implementation Agreement

Net Assets

net assets as calculated in accordance with generally accepted accounting principles, consistently applied by Centrebet

Official List

the Official List of the FSA pursuant to Part VI of the FSMA

One Investment Group

One Investment Group Pty Limited (ACN 136 507 241)

OIG

One Managed Investment Funds Limited (ACN 117 400 987; AFSL 297042)

Option

an option to subscribe for a Share in accordance with the Long Term Incentive Plan

Option Cancellation Deed

A deed between Sportingbet, Sportingbet PLC, Centrebet and each holder of an option, as more particularly referred to in Section 11.14

Optionholder

a registered holder of an Option

Payment Waterfall

means the payment regime for any proceeds arising from the Litigation Claim, if successful, as set out in clause 9.3

PE

permanent establishment

Performance Right

a right to acquire a Share in accordance with the Long Term Incentive Plan

12

GLOSSARY

Performance Right Register

the register of Performance Rightholders maintained by Centrebet

Performance Right Scheme

the scheme of arrangement under Part 5.1 of the Corporations Act between Centrebet and the Performance Right Scheme Participants in the form set out in Annexure C subject to any alterations made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Centrebet and Sportingbet

Performance Right Scheme Consideration

for each Performance Right:

- \$2.00 in cash;
- one Litigation Claim Right; and
- one Litigation Claim Unit

Performance Right Scheme Meeting

meeting of Performance Rightholders ordered by the Court under section 411(1) of the Corporations Act, to be convened for the purposes of the Performance Right Scheme and the notice for which is set out in Annexure H

Performance Right Scheme Meeting Notice

the notice of the Performance Right Scheme Meeting set out in Annexure H

Performance Right Scheme Participant

the holders of Performance Rights on the Record Date

Performance Right Scheme Proxy Form

the proxy form that accompanies the Performance Right Scheme Meeting Notice

Performance Right Scheme Resolution

the resolution or resolutions to be considered and voted upon at the Performance Right Scheme Meeting under the terms of which the Performance Rightholders approve the Performance Right Scheme, the text of which is set out in the Performance Right Scheme Meeting

Performance Rightholder

a registered holder of a Performance Right

Prescribed Occurrence

any of the occurrences set out in Schedule 3 of the Scheme Implementation Agreement

Project Rocket

Centrebet's 5 year strategic plan as announced to ASX on 9 November 2010

Pro-Rata Basis

in relation to a Litigation Claim Participant, is determined by dividing the number of Litigation Claim Rights or Litigation Claim Units (as the context requires) held by that Litigation Claim Participant by the total number of all Litigation Claim Rights or Litigation Claim Units on issue (as the context requires)

Proxy Form

the Share Scheme Proxy Form or Performance Right Scheme Proxy form (whatever the case may be)

Record Date

7.00 pm (Sydney time) on the date that is five Business Days after the Effective Date or any other date agreed with ASX to be the record date to determine entitlements to receive the consideration pursuant to the Schemes

Related Body Corporate

has the meaning given to that term in section 50 of the Corporations Act

relevant interest

has the meaning given to that term in sections 608 and 609 of the Corporations Act

Scheme Booklet

this document, including the Annexures

Scheme Conditions	the conditions of the Schemes as set out in Section 10.1, as provided for in clause 3.1 of the Scheme Implementation Agreement
Scheme Consideration	the Share Scheme Consideration and the Performance Right Scheme Consideration
Scheme Implementation Agreement	the agreement entitled 'Scheme Implementation Agreement' dated 26 May 2011 between Centrebet, Sportingbet and Sportingbet PLC (as amended by Amendment Deed dated 5 July 2011), a copy of which (excluding annexures) is set out in Annexure A
Scheme Meetings	the Share Scheme Meeting and the Performance Right Scheme Meeting
Scheme Participants	the Share Scheme Participants and the Performance Right Scheme Participants
Scheme Resolutions	Share Scheme Resolution and Performance Right Scheme Resolution
Schemes of Arrangement or Schemes	the Share Scheme and the Performance Right Scheme
Second Court Date	the day on which an application is made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme
Security	has the meaning given to that term in section 92(2) of the Corporations Act
Securityholders	Centrebet Shareholders and Performance Rightholders
Security Trust	trust established by the Security Trust Deed
Security Trust Deed	the deed dated 5 July 2011 so entitled relating to the terms of appointment of the Security Trustee executed by Centrebet and the Security Trustee
Security Trustee	P.T. Limited (ACN 004 546 666) acting as security trustee on behalf of each Litigation Claim Participant in accordance with the terms of the Security Trust Deed
Share	a fully paid ordinary share in the capital of Centrebet
Share Register	the Centrebet share register
Share Registry	Link Market Services Limited or any replacement provider of share registry services to Centrebet
Shareholder or Centrebet Shareholder	a registered holder of a Centrebet Share
Share Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Centrebet and Share Scheme Participants in the form set out in Annexure B subject to any alterations made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Centrebet and Sportingbet
Share Scheme Consideration	for each Centrebet Share: <ul style="list-style-type: none"> – \$2.00 in cash; – one Litigation Claim Right; and – one Litigation Claim Unit
Share Scheme Meeting	meeting of Shareholders ordered by the Court under section 411(1) of the Corporations Act, to be convened for the purposes of the Share Scheme and the notice for which is set out in Annexure G

12

GLOSSARY

Share Scheme Meeting Notice

the notice of the Share Scheme Meeting set out in Annexure G

Share Scheme Participants

the holders of Centrebet Shares as at the Record Date

Share Scheme Proxy Form

the proxy form that accompanies the Share Scheme Meeting Notice

Share Scheme Resolution

the resolution or resolutions to be considered and voted upon at the Share Scheme Meeting, the text of which is set out in the Share Scheme Meeting Notice

Sportingbet

Sbet Australia Pty Limited ACN 149 603 494

Sportingbet Capital Raising

the fund raising undertaken by Sportingbet PLC which raised approximately £130 million (and net proceeds of £118.5 million after the deduction of expenses), by way of a firm placing and placing and open offer and by way of a convertible bond issue, the ultimate purpose of which was to enable Sportingbet to pay, or otherwise procure the provision of, the Cash Component

Sportingbet Director

the directors of Sportingbet being, at the date of this Scheme Booklet, Michael Sullivan, Anthony Waller and James Wilkinson

Sportingbet Group

Sportingbet PLC and each of its subsidiaries

Sportingbet Information

the information contained in the answer to the questions in Section 2.1 "Who is the acquirer of Centrebet under the Schemes?" and "How will the Scheme Consideration be funded?", Sections 3.6 and 6 of the Scheme Booklet

Sportingbet PLC

Sportingbet plc (UK company number 03534726)

Sportingbet PLC Share

a voting share in the capital of Sportingbet PLC

Sportingbet PLC Shareholder Approval

the approval of holders of Sportingbet PLC Shares required under the Companies Act and the UKLA Listing Rules by Sportingbet PLC to undertake the Sportingbet Capital Raising and to implement the Sportingbet Proposal

Sportingbet PLC Shareholder Meeting

meeting of holders of Sportingbet PLC Shares to be convened for the purposes of obtaining the Sportingbet PLC Shareholder Approval

Sportingbet Proposal

the proposed acquisition by Sportingbet of all Centrebet Securities under the Schemes

Superior Proposal

a Competing Proposal which, in the opinion of the Centrebet Board acting in good faith and in accordance with its fiduciary and/or statutory duties (after having received written advice from Centrebet's legal and financial advisers) would, if completed substantially in accordance with its terms, result in a transaction more favourable to Securityholders than the Schemes, taking into account all the terms and conditions of the Competing Proposal

Target Claim Committee Members

members of the Claim Committee nominated by Centrebet

Trading Day

a day upon which ASX is open for trading

UKLA

the FSA in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of the FSMA

UKLA Listing Rules

the Listing Rules made by the FSA under Part VI of the FSMA

Unused Benefits

the value of:

- all cash refund amounts received as a result of the Litigation Claim;
- all carry forward losses received as a result of the Litigation Claim, as utilised to reduce an amount of GST that would otherwise be payable to the ATO;
- accrued interest on the value of any cash refund or utilised carry forward losses which has not been paid by Sportingbet within the time required in accordance with the Litigation Management Deed;
- any award to Centrebet SubCo for legal costs and expenses in connection with the Litigation Claim; and
- any credit balance available in the Costs Account at that time and any accrued interest on that amount,

which Sportingbet is required to pay in accordance with the Litigation Management Deed

Unit Trustee

OIG

VIP

Centrebet's very important customers

voting power

has the meaning given to that term in section 610 of the Corporations Act

VWAP

volume weighted average price



ANNEXURE A: SCHEME IMPLEMENTATION AGREEMENT

**C L I F F O R D
C H A N C E**

CLIFFORD CHANCE

Sbet Australia Pty Limited
- and -
Sportingbet PLC
- and -
Centrebet International Limited

SCHEME IMPLEMENTATION AGREEMENT

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

CONTENTS

Clause	Page
1. Definitions and interpretation	4
1.1 Definitions	4
1.2 Interpretation	14
1.3 Headings	15
1.4 Construction	15
1.5 Business Days	15
2. Obligations in relation to Acquisition	15
2.1 Best endeavours to implement Acquisition	15
2.2 Scheme Consideration	16
2.3 Payment of Cash Component	16
2.4 Timetable	17
2.5 Acknowledgements	17
2.6 Underwriting Agreement	17
3. Conditions precedent	18
3.1 Conditions	18
3.2 General obligations in relation to Conditions	20
3.3 Regulatory approvals and consents	20
3.4 Notice in relation to satisfaction of Conditions	21
3.5 Benefit and waiver of Conditions	21
3.6 Failure of Conditions	22
3.7 Alternative structure	22
4. Implementation of Acquisition	23
4.1 Schemes	23
4.2 Guarantor Shareholder Approval and Bidder Group Capital Raising	26
4.3 No amendment to Guarantor Shareholder Approval resolutions	28
4.4 Bidder Group Explanatory Memorandum Information	28
4.5 Transition Committee	29
4.6 Reconstitution of Target Group Members Boards	29
4.7 Consideration	29
5. Conduct of business and requests for access	29
5.1 Conduct of businesses of all Target Group Members	29
5.2 Requests for access	31
6. Announcements	32
6.1 No Announcement	32
6.2 Notice of Announcement	32
6.3 Agreed Announcement	32
7. Release	32
7.1 Target Released Party	32
7.2 Bidder Released Party	32
8. Representations, warranties and indemnities	33
8.1 Reliance on due diligence	33
8.2 Bidder representations and warranties	33
8.3 Bidder indemnity	34
8.4 Target representations and warranties	34
8.5 Target indemnity	35
8.6 Notifications	35
8.7 Status of representations and warranties	35
8.8 Status and enforcement of indemnities	36

9.	Lock up arrangements	36
9.1	No shop	36
9.2	No talk and no due diligence	36
9.3	Notification by Target	36
9.4	Bidder Reimbursement Fee	38
9.5	Target Reimbursement Fee	40
9.6	Compliance with law	41
10.	Termination	42
10.1	Termination by either party	42
10.2	Termination by Bidder	43
10.3	Termination by Target	43
10.4	Mutual termination	43
10.5	Effect of termination	43
11.	Confidentiality	43
12.	Parent Guarantee	44
13.	GST and VAT	45
13.1	Interpretation	45
13.2	Payments GST exclusive	45
13.3	Tax invoice	45
13.4	Adjustment events	45
13.5	VAT	45
13.6	Reimbursable amounts	46
13.7	Withholdings	46
14.	Expenses and stamp duty	46
14.1	Expenses	46
14.2	Stamp duty	46
15.	Notices	46
15.1	Form of notices	46
15.2	Address for notices	47
15.3	Service of notices	47
15.4	Process Agent	47
16.	Jurisdictional matters	48
16.1	Governing law	48
16.2	Submission to jurisdiction	48
16.3	Waiver of objection	48
17.	General	48
17.1	Agreements, approvals and consents	48
17.2	Partial exercise of rights	48
17.3	Failure to enforce	48
17.4	Waiver, variation or termination	48
17.5	Cumulative rights	48
17.6	Assignment	49
17.7	Prohibition and severance	49
17.8	Entire agreement	49
17.9	Further assurances	49
17.10	Counterparts	49
17.11	Attorneys	49
	Schedule 1 - Timetable	50
	Schedule 2 - Target Capital Structure	52
	Schedule 3 - Target Prescribed Occurrences	53
	Annexure A - Deed Poll	56

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

Annexure B - Share Scheme	57
Annexure C - Performance Right Scheme	58
Annexure D - Agreed Announcement	59
Annexure E - Litigation Claim Term Sheet	60

Scheme Implementation Agreement

Parties

Sbet Australia Pty Limited ACN 149 603 494 of Fannie Bay Racecourse, Dick Ward Avenue, Fannie Bay NT 0820, Australia (**Bidder**); and

Sportingbet PLC (UK company number 03534726) of 4th Floor, 45 Moorfields, London, EC2Y 9AE, United Kingdom (**Guarantor**); and

Centrebet International Limited ACN 066 441 067 of 110-116 Bourke Street, Alexandria, NSW 2015 Australia (**Target**).

(together the **parties** and each a **party**)

Background

- A. Bidder proposes to acquire all of the Shares and the Performance Rights for the Consideration pursuant to schemes of arrangement under section 411 of the Corporations Act.
- B. The Guarantor is the ultimate holding company of Bidder and has agreed to guarantee the performance of the obligations of Bidder as set out in this agreement and the Schemes.
- C. Target has agreed to propose the Schemes and issue the Explanatory Memorandum and Target and Bidder have agreed to implement the Schemes on the terms and conditions of this agreement.

Agreement

1. Definitions and interpretation

1.1 Definitions

In this agreement, unless the context requires otherwise:

Acquisition means the acquisition by Bidder of all the Shares and Performance Rights by way of the Schemes.

Admission means both Admission to Listing and Admission to Trading.

Admission to Listing means the admission of the New Guarantor Shares to the premium segment of the Official List maintained by the FSA.

Admission to Trading means admission of the New Guarantor Shares to trading on the LSE.

Agreed Announcement means the announcement to be made by Target to the ASX and by the Bidder Group to a Regulatory Information Service in the form set out in Schedule D (or in such other form as may be agreed by the parties in writing).

Announcement means any press release, announcement or other public notice or statement, but does not include an Explanatory Statement or supplementary Explanatory Statement required by the Corporations Act in respect of a Scheme.

ASIC means the Australian Securities and Investments Commission.

ASIC Regulatory Guides means the regulatory guides published by ASIC from time to time.

ASX means ASX Limited ABN 98 008 624 691.

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

Authorisation includes:

- (a) any consent, registration, filing, agreement, notice of non-objection, notarisation, certificate, licence, regulatory or other approval, permit, authority, waiver or exemption from, by or with a Government Body; and
- (b) any consent or authorisation regarded as given by a Government Body due to the expiry of a period specified by a statute within which the Government Body should have acted if it wished to proscribe or limit anything already lodged, registered or notified under that statute.

Bidder Group means:

- (a) Bidder;
- (b) Guarantor;
- (c) any Related Body Corporate of, or any other entity either directly or indirectly wholly-owned by, Bidder and/or Guarantor; and
- (d) any other entity that forms part of the same consolidated entity as Bidder and/or Guarantor for the purposes of the Companies Act,

and **Bidder Group Member** has a corresponding meaning.

Bidder Group Capital Raising means the capital raising to be undertaken by Guarantor by way of:

- (a) a proposed firm placing and placing and open offer of Guarantor ordinary shares; and
- (b) a proposed convertible bonds issue on the terms and conditions set out in the CB Subscription Agreement,

the material details of each of which are set out in the Bidder Group Prospectus and Circular, the ultimate purpose of which is to enable Bidder to pay or otherwise procure the provision of, the Cash Component from the net proceeds from that capital raising.

Bidder Group Capital Raising Satisfaction Date has the meaning given to that item in clause 3.2(b)(iii).

Bidder Group Explanatory Memorandum Information means all information regarding Bidder Group that is required by the Corporations Act and the ASIC Regulatory Guides to be included in the Explanatory Memorandum having regard to the legal requirements for the Explanatory Memorandum and, in particular, the standard of disclosure required by applicable laws and information that is typically provided in transactions contemplated by the Schemes.

Bidder Group Information means the Bidder Group Explanatory Memorandum Information, Bidder Group Prospectus and Circular Information and all information included in any Supplemental Document other than Target Supplemental Information.

Bidder Group Prospectus and Circular means the document so-entitled published by Guarantor and approved by the FSA on the date of this agreement.

Bidder Group Prospectus and Circular Information means all information included in the Bidder Group Prospectus and Circular, other than the Target Prospectus and Circular Information.

Bidder Warranties means the representations and warranties made by Bidder in clause 8.2.

Business Continuity Undertaking means any undertaking, obligation or representation referred to in clause 5.1.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks generally are open for business in Sydney (Australia) or London (United Kingdom).

Cash Component means that part of the Scheme Consideration that Bidder is required to pay in immediately available funds in accordance with the provisions of this agreement, the Deed Poll and the Schemes.

CBA Facilities means the facilities made available under a facility agreement dated 21 December, 2006 between Target and the Commonwealth Bank of Australia ACN 123 123 124.

CB Subscription Agreement means the Subscription Agreement entered into between ISM Capital LLP and Guarantor dated on or prior to the date of this agreement in relation to the proposed issue by Guarantor of convertible bonds with an expiration date of 2016 and an aggregate face value of up to £70,000,000.

Collection Agent means an entity (approved to in writing by both Bidder and Target) appointed to act as agent and bare trustee for each Litigation Claim Participant with respect to any and all proceeds received by it in connection with the Litigation Claim in the manner set out in the Litigation Management Deed (the material terms of which are set out in the Litigation Claim Term Sheet) and the Collection Agent Deed Poll.

Collection Agent Deed Poll means a deed poll proposed to be dated prior to the First Court Date under the terms of which the Collection Agent acknowledges to and in favour of all Litigation Claim Participants the provisions upon which it will hold and deal with any proceeds received by it in connection with the Litigation Claim.

Companies Act means the UK Companies Act 2006, as amended from time to time.

Competing Bidder means a person who makes or wishes to make a Competing Proposal, which the Target Board reasonably believes will be a Superior Proposal.

Competing Proposal means a transaction or arrangement pursuant to which a third party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- (a) directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in, all or a significant part of the business of the Target Group;
- (b) acquire a Relevant Interest in excess of 20% of the Shares;
- (c) acquire control of Target or the Target Group within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise directly or indirectly acquire, merge with, or acquire a significant holding of Shares or economic interest in Target or its businesses, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Target Group or other synthetic merger or any other transaction or arrangement.

Condition means a condition set out in clause 3.1.

Conditions Satisfaction Date means the date which is five (5) Business Days before the End Date or such later date agreed by the parties in writing.

Confidentiality Deed means the confidentiality deed between Target and Guarantor dated on or around 14 December 2009.

Consent Contract means any of the following contracts in existence or likely to be in existence and effect, at the Second Court Date:

- (a) the CBA Facilities;
- (b) the TAB Contract; and
- (c) the Playtech Contracts.

Corporations Act means the *Corporations Act 2001* (Cth).

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

Court means the Federal Court, New South Wales registry or such other court of competent jurisdiction as Target and Bidder may agree in writing.

CPI means the Consumer Price Index (eight capital cities all groups) published by the Australian Bureau of Statistics.

CREST means the relevant system (as defined in the UK Uncertificated Securities Regulations 2001, as amended from time to time).

Deed Poll means a deed poll to be executed by Bidder and Guarantor in favour of Scheme Participants, substantially in the form set out in Annexure A or in such other form as Target, Bidder and Guarantor agree in writing.

Disclosure and Transparency Rules means the disclosure and transparency rules produced by the FSA and forming part of the FSA Handbook of rules and guidance, as amended from time to time.

Disclosure Materials means any document or written information in any form (including tangible or electronic) relating to Target or any Target Group Member which has been made available to Bidder Group, or any of its Representatives, or to which any Bidder Group Member or any of its Representatives has had access by whatever means in respect of the due diligence investigations into the Target Group conducted by Bidder prior to the date of this agreement, including but not limited to:

- (a) all written information provided in all management presentations and/or sight visits by Target or any of its Representatives to any Bidder Group Member or to any of its Representatives;
- (b) all documents and information contained in the electronic online data room as at the date of this agreement;
- (c) all written answers and questions given as part of the answer and question process; and
- (d) all written information provided by Target or any of its Representatives to any Bidder Group Member (or its agents and advisers) up until the date of this agreement.

EBITDA means earnings before interest, tax, depreciation and amortisation as such amount is calculated in accordance with Generally Accepted Accounting Principles, consistently applied by Target.

Effective means, when used in relation to a Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme.

Effective Date means the date on which a Scheme becomes Effective.

EM Lodgement Date means the date of lodgement of the Explanatory Memorandum with ASIC in satisfaction of the Bidder's obligations under section 411(2) of the Corporations Act.

Encumbrance means an encumbrance or security interest, including a mortgage, a fixed charge, a floating charge, a pledge, lien, conditional sale agreement, hire or hire purchase agreement, option, restriction as to transfer, use or possession, easement, or a subordination to a right of a person, and **Encumber** has a corresponding meaning.

End Date means 31 October, 2011 or such later date agreed by the parties in writing.

English Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks generally are open for business in London (United Kingdom).

Enlarged Group means the combined Bidder Group and Target Group after the Implementation Date.

Explanatory Memorandum means the explanatory memorandum to be prepared by Target in respect of the Schemes in accordance with the terms of this agreement and to be despatched by Target to Target Shareholders and Performance Rightholders. For the sake of clarity, unless

expressly provided for otherwise in this agreement, reference to the Explanatory Memorandum will also mean and include a reference to the Explanatory Statement.

Explanatory Statement means an explanatory statement more particularly described in section 412(1)(a) of the Corporations Act.

First Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(1) of the Corporations Act convening the Scheme Meetings or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

FSA means the Financial Services Authority of the United Kingdom, in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of FSMA.

FSMA means the UK Financial Services and Markets Act 2000, as amended from time to time.

Gambling Licence means any one or more of the following, as applicable:

- (a) licence to operate the business of sports bookmaker granted to Target from the Northern Territory Racing Commission;
- (b) licence to conduct Internet gambling activities granted to Target from the Netherlands Antilles (now Curaçao);
- (c) licence to conduct remote betting granted to Target from the United Kingdom Gambling Commission;
- (d) letter of intent to grant a class 1 on 4 licence to Target from the Maltese Lottery and Gaming Authority; and
- (e) letter of intent to grant a class 3 on 4 licence to Target from the Maltese Lottery and Gaming Authority.

Generally Accepted Accounting Principles means accounting principles generally accepted in Australia including applicable:

- (a) framework requirements, accounting standards and interpretations of the Australian Accounting Standards Board;
- (b) international financial reporting standards; and
- (c) framework requirements, accounting standards and interpretations issued by the International Accounting Standards Board.

Government Body means:

- (a) any government of any jurisdiction, whether national, state, territorial, regional or local;
- (b) any supra-national government body (such as the European Union); and
- (c) any agency, authority, board, bureau, commission, council, court, department, panel, office, tribunal or other body exercising governmental, semi-governmental, administrative, regulatory, fiscal or judicial powers in any jurisdiction or across jurisdictions.

Guarantor Board means the board of directors of the Guarantor.

Guarantor General Meeting means the general meeting (including any adjournment thereof) of Guarantor Shareholders to be convened in order to seek and obtain the Guarantor Shareholder Approval.

Guarantor Shareholder means each person who is the registered holder of a voting share in the Guarantor.

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

Guarantor Shareholder Approval means the Guarantor Shareholder approval required under the Companies Act and the UKLA Listing Rules by Guarantor to undertake the Bidder Group Capital Raising and to approve the Acquisition, adopting the resolutions in the form set out in the Bidder Group Prospectus and Circular (with such alterations as may be agreed in writing between Bidder and Target from time to time).

Guarantor Shareholder Approval Satisfaction Date has the meaning given to that term in clause 3.2(b)(ii).

Implementation means the implementation of the Share Scheme and the Performance Right Scheme, each in accordance with their respective terms and conditions.

Implementation Date means the date which is 3 Business Days after the Record Date or such other date as Target and Bidder agree in writing.

Independent Expert means the independent expert to be engaged by Target to prepare the Independent Expert's Report.

Independent Expert's Report means the report from the Independent Expert commissioned by the Target Board for inclusion in the Explanatory Memorandum, and any updates to such report that the Independent Expert issues, stating whether or not in his or her opinion:

- (a) the Share Scheme is in the best interests of Target Shareholders; and
- (b) the Performance Right Scheme is in the best interests of the Performance Rightholders.

Listing Rules means the official listing rules of ASX, as amended from time to time.

Litigation Claim has the meaning given to that term in the Litigation Claim Term Sheet.

Litigation Claim Committee means the committee that is authorised by Target and SubCo under the provisions of the Litigation Management Deed to manage on behalf of Target and SubCo the conduct and, if applicable, the settlement, of the Litigation Claim, which material details of such authorisation are set out in the Litigation Claim Term Sheet.

Litigation Claim Right means all rights of each Litigation Claim Participant under the:

- (a) Litigation Management Deed (the material terms of which are set out in the Litigation Claim Term Sheet);
- (b) the Schemes; and
- (c) the Deed Poll,

to receive any and all proceeds which are proposed to be paid by Bidder to the Collection Agent, in accordance with the provisions of the Litigation Management Deed, arising from the conduct, and if applicable settlement, of the Litigation Claim.

Litigation Claim Participant means each;

- (a) Scheme Participant; and
- (b) person who is registered as a holder of an Option as at the Record Date

Litigation Claim Term Sheet means the term sheet set out in Annexure E of this agreement.

Litigation Claim Unit means a unit in the issued capital of the Litigation Claim Unit Trust in respect of which each such unit entitles the holder to receive distributions in accordance with the terms of the Litigation Claim Unit Trust.

Litigation Claim Unit Trust means a trust, proposed to be constituted by a trust deed dated on or before the First Court Date, of which:

- (a) the Unit Trustee is the trustee; and

- (b) a term of the trust will require the Unit Trustee to promptly distribute any payments made to the Unit Trustee in accordance with the Litigation Management Deed (the material terms of which are set out in the Litigation Claim Term Sheet) arising from the conduct, and if applicable settlement, of the Litigation Claim.

Litigation Management Deed means the deed proposed to be entered into on or before the First Court Date by each of Bidder, Guarantor, Target, SubCo, Collection Agent and Unit Trustee, the material terms of which are set out in the Litigation Claim Term Sheet.

Lock-up Period means the period commencing on the date of this agreement and ending on the earlier to occur of:

- (a) the date this agreement is terminated in accordance with its terms;
- (b) the Effective Date; and
- (c) the End Date.

LSE means the London Stock Exchange plc.

Net Assets means net assets as calculated in accordance with Generally Accepted Accounting Principles, consistently applied by Target.

New Guarantor Shares means 154,761,904 new ordinary shares in the share capital of Guarantor to be issued in connection with the Bidder Group Capital Raising.

Official List means the official list of the UKLA.

Option means an option to acquire a Share.

Performance Right means a right to receive a Share.

Performance Rightholder means a person who is registered in the Performance Right Register as a holder of Performance Rights.

Performance Right Register means Target's register of the holders of Performance Rights.

Performance Right Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Target and Performance Right Scheme Participants substantially in the form set out in Annexure C subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Target and Bidder or in such other form as Target and Bidder agree in writing.

Performance Right Scheme Consideration means the consideration to be provided to Performance Right Scheme Participants for the transfer to Bidder of each Performance Right under the terms of the Performance Right Scheme, being:

- (a) A\$2.00 in respect of each Performance Right;
- (b) one (1) Litigation Claim Right in respect of each Performance Right; and
- (c) one (1) Litigation Claim Unit in respect of each Performance Right,

held by a Performance Right Scheme Participant as at the Record Date.

Performance Right Scheme Meeting means the meeting of Performance Rightholders to be convened by the Court in relation to the Performance Right Scheme pursuant to section 411(1) of the Corporations Act.

Performance Right Scheme Participant means each person who is registered in the Performance Right Register as a holder of a Performance Right as at the Record Date.

Playtech Contracts means any one or more of the following agreements:

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (a) the Software Licence Agreement dated 4 November 2004 between Centrebet Gaming NV (subsequently assigned to Target) and Playtech Cyprus Limited (subsequently assigned to Playtech Software Limited) as amended;
- (b) the Poker Network Agreement dated 4 November 2004 between Centrebet Gaming NV (subsequently assigned to Target) and Game Park Trading Limited as amended;
- (c) the Class Four Services Agreement dated 12 May 2010 between Target and PT Games Limited as amended;
- (d) the Class Four Services Agreement – Annex A dated 12 May 2010 between Target and PT Games Limited as amended; and
- (e) any other agreement which replaces any of the agreements referred to in any of paragraphs (a) to (d) (inclusive) of this definition.

Project Rocket means Target's five year strategic plan disclosed by Target to the ASX on or around 9 November 2010.

Prospectus Rules means the rules referred to as such and expressed to relate to transferable securities in section 73A(4) of FSMA.

Record Date means 7.00pm (Sydney time) on the date which is 5 Business Days after the Effective Date, or any other date agreed by the parties to be the record date to determine entitlements to receive the Scheme Consideration under the Schemes.

Regulatory Approval means each Authorisation, consent, approval, clearance, decision, determination or other act by a Government Body necessary to effect the Schemes.

Regulatory Information Service means an information dissemination provider approved by the FSA and whose name is set out in a list maintained by the FSA.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Relevant Interest has the meaning given in section 9 of the Corporations Act.

Representative means in relation to a person:

- (a) for the purpose of clause 7, each director, officer, employee, advisor, agent or other representative of that person or of any Related Body Corporate of that person; and
- (b) for all other purposes, means:
 - (i) that person;
 - (ii) its Related Bodies Corporate; and
 - (iii) each director, officer, employee, advisor, agent or other representative of that person or any Related Body Corporate of that person.

Schemes means the Share Scheme and the Performance Right Scheme.

Scheme Consideration means the Share Scheme Consideration and the Performance Right Scheme Consideration.

Scheme Meetings means the Share Scheme Meeting and the Performance Right Scheme Meeting.

Scheme Notice means a notice of meeting of the convening and conduct of a Scheme Meeting, prepared in accordance with the requirements of the Corporations Act and the Listing Rules.

Scheme Participants means the Share Scheme Participants and the Performance Right Scheme Participants.

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Schemes or, if the hearing of

such application is adjourned or subject to appeal for any reason, means the first day on which the adjourned or appealed application is heard.

Security has the meaning given to that term in section 92(3) of the Corporations Act.

Security Trust Deed means a deed proposed to be dated prior to the First Court Date under the terms of which the Security Trustee acknowledges, to and in favour of all Litigation Claim Participants, the provisions upon which it will act as security trustee for and on behalf of each Litigation Claim Participant.

Security Trustee means an entity (approved to in writing by both Bidder and Target) appointed to act as security trustee for and behalf of each Litigation Claim Participant, in the manner set out in the Litigation Management Deed (the material terms of which are set out in the Litigation Claim Term Sheet) and the Security Trust Deed.

Share means each fully paid ordinary share in the issued capital of Target.

Share Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Share Scheme Participants substantially in the form set out in Annexure B subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Target and Bidder or in such other form as Target and Bidder agree in writing.

Share Scheme Consideration means the consideration to be provided to Share Scheme Participants for the transfer to Bidder of each Share under the terms of the Share Scheme, being:

- (a) A\$2.00 in respect of each Share;
- (b) one (1) Litigation Claim Right in respect of each Share; and
- (c) one (1) Litigation Claim Unit in respect of each Share,

held by a Share Scheme Participant as at the Record Date.

Share Scheme Meeting means the meeting of the Target Shareholders to be convened by the Court in relation to the Share Scheme pursuant to section 411(1) of the Corporations Act.

Share Scheme Participant means each person who is registered in the Target Share Register as a holder of a Share as at the Record Date.

SubCo means Centrebet Pty Limited (ACN 106 487 736).

Superior Proposal means a Competing Proposal which, in the opinion of the Target Board acting in good faith and in accordance with its fiduciary and/or statutory duties (after having received written advice from Target's legal and financial advisers) would, if completed substantially in accordance with its terms, result in a transaction more favourable to Target Shareholders and Performance Rightholders than the transactions contemplated by this agreement and the Schemes, taking into account all the terms and conditions of the Competing Proposal.

Supplemental Circular means any circular to be dispatched by Bidder in respect of the Acquisition after the posting of the Bidder Group Prospectus and Circular.

Supplemental Document means a Supplemental Circular or a Supplemental Prospectus.

Supplemental Prospectus means any supplemental prospectus or prospectus equivalent document which is required by Section 87G of the Prospectus Rules, which is approved by the FSA in accordance with the UKLA Listing Rules, which is prepared by Bidder Group in connection with Admission.

TAB Contract means the management services agreement dated on or about 16 February 2009 between TOTE Tasmania Pty Ltd, ACTTAB Limited and Racing and Wagering Western Australia and Target as amended.

Target Board means the board of directors of Target.

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

Target Explanatory Memorandum Information means all information included in the Explanatory Memorandum, other than the Bidder Group Explanatory Memorandum Information and the Independent Expert's Report.

Target Group means:

- (a) Target;
- (b) any Related Body Corporate of, or any other entity either directly or indirectly wholly-owned by, Target; and
- (c) any other entity that forms part of the same consolidated entity as Target for the purposes of the Corporations Act,

and **Target Group Member** has a corresponding meaning.

Target Material Adverse Change means any event, occurrence or matter which either individually or when aggregated with other like events, occurrences or matters, has had, or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Target Group, taken as a whole, or to the status or terms of any material contract entered into by any Target Group Member, or to the status or terms of any Authorisation that is applicable to the Target Group or its business, in each case where that change has either reduced or is reasonably likely to reduce:

- (a) the recurring EBITDA of the Target Group for any consecutive twelve month period, by at least A\$2,300,000; or
- (b) the Net Assets of the Target Group, by at least A\$12,000,000,

other than where any such event, occurrence or matter:

- (a) results solely from changes in Target's percentage wagering win rate;
- (b) is required to be undertaken or procured by the Target Group pursuant to this agreement or the Schemes;
- (c) all material details and particulars of which were known to Bidder Group prior to the date of this agreement;
- (d) all material details and particulars of which were disclosed in writing by Target to Bidder Group prior to the date of this agreement (including, without limitation, as part of the Disclosure Materials);
- (e) relates solely to Project Rocket based on Target management's revenue, costs, operational and strategic initiatives and/or capital expenditure assumptions underpinning the guidance publicly disclosed by Target or otherwise disclosed by Target to Bidder;
- (f) affects the wagering and gaming market (including, without limitation, matters of a regulatory, tax and fee nature), but excluding the wagering and gaming market of Australia;
- (g) resulting from changes in general economic, political, financial, currency exchange, securities or commodities market conditions that occur after the date of this agreement; or
- (h) all details and particulars of which were announced to ASX by Target prior to the date of this agreement.

Target Prescribed Occurrence means any of the occurrences set out in Schedule 3.

Target Prospectus and Circular Information means all information regarding Target Group and all Target Group Members that is required to be included in the Bidder Group Prospectus and Circular having regard to the legal and regulatory requirements for the Bidder Group Prospectus and Circular and, in particular, the standard of disclosure required by applicable laws and regulations and information that is typically provided in transactions in the nature of the Schemes and the Bidder Group Capital Raising.

Target Shareholder means each person who is registered in the Target Share Register as a holder of a Share.

Target Share Register means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

Target Share Registry means Link Market Services Limited ACN 083 214 537 of Level 12, 600 George Street, Sydney NSW 2000.

Target Supplemental Information means all information relating to Target and its Related Bodies Corporate which may be required under the Companies Act, UKLA Listing Rules, FSMA, Prospectus Rules and all other applicable laws and regulations for inclusion in a Supplemental Document.

Target Warranties means the representations and warranties made by Target in clause 8.4.

Timetable means the indicative timetable in relation to the Bidder Group Capital Raising, the Schemes, the Guarantor Shareholder Approval, the Scheme Meetings, the First Court Date and the Second Court Date and all other related matters or actions as set out in Schedule 1, or such other indicative timetable as may be agreed in writing by the parties.

UK Insolvency Act means the UK Insolvency Act 1986, as amended from time to time.

UKLA means the UK Listing Authority.

UKLA Disclosure Rules means the rules relating to the disclosure of information made in accordance with section 73A(3) of the FSMA, as amended from time to time.

UKLA Listing Rules means the Listing Rules made by the FSA under Part VI of the FSMA, as amended from time to time.

Underwriting Agreement means the Sponsor and Placing and Open Offer Underwriting Agreement entered into between Oriel Securities Limited, Bidder and Guarantor dated on or prior to the date of this agreement.

Unit Trustee means an entity approved in writing by each of Bidder and Target to be the trustee of the Litigation Claim Unit Trust.

voting share has the meaning given to that term in Section 9 of the Corporations Act.

1.2 Interpretation

In this agreement, unless the context requires otherwise:

- (a) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (b) singular words include the plural and vice versa;
- (c) words referring to a particular gender include all other genders;
- (d) words referring to a person include any type of entity;
- (e) where a list of items is concluded by a general word or phrase, that general word or phrase is not to be read as being limited to items similar to those in the list;
- (f) where one or more examples are given of items covered by a general word or phrase, that is not to be read as limiting the meaning of that general word or phrase to those examples or similar items;
- (g) the word “including” is to be read as if the words “but not limited to” were inserted immediately after it;

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (h) a reference to a clause, paragraph, Schedule or Annexure is to a clause, paragraph, Schedule or Annexure of or to this agreement and a reference to this agreement includes any schedules and annexures;
- (i) a reference to a document (including this agreement) includes that document as amended, novated or replaced from time to time;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it, and all regulations and statutory instruments issued under it;
- (k) a reference to a group of persons or things includes any two or more of them jointly and each of them individually;
- (l) a reference to a party means a party to this agreement and includes that party's executors, administrators, substitutes, successors and permitted assigns;
- (m) a reference to \$, A\$, dollars, ¢ or cents is to the currency of the Commonwealth of Australia;
- (n) a reference to the 'knowledge' of Target is a reference to the knowledge of Mr Con Kafataris (Director), Mr Michael McRitchie (Managing Director) and Mr Robert Bannon (Chief Operating Officer);
- (o) any reference to time in this agreement will be and be treated as a reference to that time as at Australian Eastern Standard Time (AEST) unless expressly provided for otherwise in this agreement.

1.3 Headings

Headings are for ease of reference only and do not affect the meaning of this agreement.

1.4 Construction

This agreement is to be construed to give effect to the commercial intent of the parties and the common law rule that the construction of an agreement least favourable to the party who was responsible for its preparation or who seeks to rely on it should be preferred, is expressly excluded.

1.5 Business Days

Where something is required by this agreement to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

2. Obligations in relation to Acquisition

2.1 Best endeavours to implement Acquisition

- (a) The parties agree to implement both of the Schemes in accordance with the terms of this agreement and use their respective best endeavours to give effect to both of the Schemes on and subject to the terms of this agreement.
- (b) Bidder agrees to use its best endeavours to obtain Guarantor Shareholder Approval by no later than the Guarantor Shareholder Approval Satisfaction Date and successfully raise sufficient funds by way of the Bidder Group Capital Raising by no later than the Bidder Group Capital Raising Satisfaction Date to enable it to pay in full the Cash Component in accordance with the requirements of the Schemes.
- (c) Without limitation to the provisions of clause 4.5 or the role of the Transition Committee therein referred to, each of the parties agrees to procure to the extent it is able that its Representatives work in good faith and in a timely and co-operative fashion with the other party's Representatives (including by attending meetings and by providing sufficient and relevant information).

2.2 Scheme Consideration

Subject to the provisions of the Deed Poll, Bidder covenants in favour of Target that, in consideration for the transfer to Bidder of:

- (a) all Shares under the terms of the Share Scheme, Bidder will:
 - (i) provide at least 1 Business Day prior to the Implementation Date, the Cash Component of the Share Scheme Consideration to Target to hold on trust for, and subsequently provide to, Share Scheme Participants in accordance with the terms of the Share Scheme and this agreement;
 - (ii) on the Implementation Date, transfer, or procure the issue and allotment of, the Litigation Claim Units and the creation of the Litigation Claim Rights to Share Scheme Participants, each in accordance with the terms of the Share Scheme, Deed Poll, Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet) and this agreement; and
 - (iii) at any time following the Implementation Date, procure Target to pay to the Collection Agent and/or the Unit Trustee any and all monies Target is required to pay or procure the payment of, to the Collection Agent and/or the Unit Trustee in accordance with the terms of the Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet); and
- (b) all Performance Rights under the terms of the Performance Right Scheme, Bidder will:
 - (i) provide at least 1 Business Day prior to the Implementation Date, the Cash Component of the Performance Right Scheme Consideration to Target to hold on trust for, and subsequently provide to, Performance Right Scheme Participants in accordance with the terms of the Performance Right Scheme and this agreement;
 - (ii) on the Implementation Date, transfer, or procure the issue and allotment of, the Litigation Claim Units and the creation of the Litigation Claim Rights to the Performance Right Scheme Participants, each in accordance with the terms of the Performance Right Scheme, Deed Poll, Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet) and this agreement; and
 - (iii) at any time following the Implementation Date, procure Target to pay to the Collection Agent and/or the Unit Trustee any and all monies Target is required to pay or procure the payment of, to the Collection Agent and/or the Unit Trustee in accordance with the terms of the Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet).

Bidder represents and warrants to Target that on Implementation there will be no other Litigation Claim Units nor Litigation Claim Rights, other than those Litigation Claim Units and Litigation Claim Rights transferred to, issued and allotted to or otherwise created for Litigation Claim Participants in accordance with the terms of the Schemes, Deed Poll, Litigation Management Deed and this agreement.

2.3 Payment of Cash Component

Subject to Bidder complying with its obligations under clause 2.2 and the Deed Poll, Target acknowledges that it is and will remain bound to pay the Cash Component of:

- (a) the Share Scheme Consideration to each of the Share Scheme Participants in accordance with the terms of the Share Scheme and this agreement; and
- (b) the Performance Right Scheme Consideration to each of the Performance Right Scheme Participants in accordance with the terms of the Performance Right Scheme and this agreement,

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

in each case, by no later than 4.00pm on the Business Day immediately following the Implementation Date.

2.4 Timetable

Bidder and Target acknowledge that:

- (a) the Timetable is indicative; and
- (b) they each must co-operate with each other and all relevant Government Bodies with a view to expediting the Implementation Date.

For the sake of clarity, the provisions of this clause 2.4 do not in any way limit the obligations of the Guarantor to use its best endeavours to satisfy:

- (c) the Condition set out in clause 3.1(i) (Guarantor Shareholder Approval) on or before the Guarantor Shareholder Approval Satisfaction Date; and
- (d) the Conditions set out in clause 3.1(k) (Admission) and clause 3.1(n) (Bidder Group Capital Raising) on or before the Bidder Group Capital Raising Satisfaction Date.

2.5 Acknowledgements

Bidder, Guarantor and Target each acknowledge that:

- (a) subject to paragraphs (b) and (c) of this clause 2.5, they are and will remain obliged to enter into the Litigation Management Deed prior to the First Court Date;
- (b) for the period from and including the date of this agreement to and including the first date on which all parties to the Litigation Management Deed have signed the Litigation Management Deed, the directors of Target will be entitled to conduct, and if applicable settle, the Litigation Claim, at their discretion but subject to the Litigation Claim being conducted pursuant to the provisions of the Litigation Claim Term Sheet and provided that Target will procure that those directors will advise Bidder of all material actions proposed to be taken, or that have been taken, in connection with the conduct of the Litigation Claim;
- (c) Target intends to lodge the originating process for the Litigation Claim with the relevant court prior to the Scheme Meetings being convened;
- (d) the provisions of any or all of the Deed Poll, Share Scheme, Performance Right Scheme and the Litigation Claim Term Sheet may need to be varied, after signing this agreement, and notwithstanding the provisions of any of those documents in the form set out in any annexure to this agreement, as a result of changes required or sought to any of those documents, by any of:
 - (i) the Unit Trustee;
 - (ii) the Collection Agent
 - (iii) ASIC and/or;
 - (iv) the Court.

2.6 Underwriting Agreement

Neither this agreement nor the Underwriting Agreement will come into force or be of any effect unless and until both agreements have been duly executed by each of the respective parties thereto and dated, and, if either agreement is signed by all of its respective parties thereto and dated prior to the other agreement being duly signed and dated by all of its respective parties thereto, that first mentioned agreement will be held in escrow until the latter mentioned agreement has been duly signed by all its respective parties thereto and dated.

3. Conditions precedent

3.1 Conditions

Each of the Schemes is wholly conditional upon and must not be implemented or given effect until each of the following conditions has been fulfilled or waived in accordance with clause 3.5:

- (a) **(Independent Expert's Report)** the Independent Expert's Report concludes that:
 - (i) the Share Scheme is in the best interests of Target Shareholders; and
 - (ii) the Performance Right Scheme is in the best interests of Performance Rightholders;
- (b) **(Regulatory Approvals):**
 - (i) **(ASIC and ASX)** ASIC and ASX issue or provide such consents or approvals or do such other acts which are necessary or desirable to implement the Schemes. If such consents, approvals or doing of other acts are subject to conditions, those conditions must be acceptable to both Target and Bidder, each acting reasonably and in good faith;
 - (ii) **(ACCC)** ACCC provides such consents or approvals or does such other acts which are necessary or desirable to implement the Schemes. If such consents, approvals or doing of other acts are subject to conditions, those conditions must be acceptable to both Target and Bidder, each acting reasonably and in good faith; and
 - (iii) **(Licences)** such consents or approvals which are necessary to implement the Schemes are obtained from the relevant Government Body in respect of the licences referred to in paragraphs (a) and (b) only in the defined term Gambling Licences;
- (c) **(Court Orders)** the Court orders that the Scheme Meetings be convened and approves the Schemes in accordance with section 411(4)(b) of the Corporations Act;
- (d) **(Target Shareholder Approval)** Target Shareholders approve the Share Scheme by the majorities required under section 411(4)(a) of the Corporations Act at the Share Scheme Meeting convened by the Court;
- (e) **(Performance Rightholder Approval)** Performance Rightholders approve the Performance Right Scheme by the majorities required under section 411(4)(a) of the Corporations Act at the Performance Right Meeting convened by the Court;
- (f) **(Target Material Adverse Change)** no Target Material Adverse Change occurs (unless it is capable of being remedied, and is so remedied by Target within 20 Business Days of the date of receipt by Target of a written notice from Bidder setting out the relevant circumstances and stating an intention to terminate this agreement, but if the Second Court Date occurs before the end of the abovementioned 20 Business Day period, then remedied by Target by 8.00 am on the Second Court Date) at any time after the date of this agreement and before 8.00 am on the Second Court Date;
- (g) **(Target Prescribed Occurrence)** no Target Prescribed Occurrence occurs (unless it is capable of being remedied, and is so remedied by Target within 20 Business Days of the date of receipt by Target of a written notice from Bidder setting out the relevant circumstances and stating an intention to terminate this agreement, but if the Second Court Date occurs before the end of the abovementioned 20 Business Day period, then remedied by Target by 8.00 am on the Second Court Date) at any time after the date of this agreement and before 8.00 am on the Second Court Date;
- (h) **(Regulatory Prohibition)** no Government Body has:

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (i) undertaken a judicial proceeding seeking to enjoin, restrain or otherwise prohibit or impose conditions on either or both of the Schemes which remains in effect at 8.00 am on the Second Court Date;
- (ii) issued an order, decree or ruling prohibiting or imposing conditions on either or both of the Schemes which remains in effect at 8.00 am on the Second Court Date; or
- (iii) failed or declined to issue, by 8.00 am on the Second Court Date, an order, decree, ruling, notification or communication that is required for either or both of the Schemes to be implemented in accordance with this agreement;
- (i) **(Guarantor Shareholder Approval)** the Guarantor Shareholders having approved the Bidder Group Capital Raising and the Acquisition in accordance with the Guarantor Shareholder Approval on or before the Guarantor Shareholder Approval Satisfaction Date;
- (j) **(No Options)** all holders of Options having agreed with Target and Bidder in writing, subject to and simultaneously upon the Schemes becoming Effective and otherwise on terms and conditions acceptable to Bidder, to cancel or transfer (as the case may be) all their Options for consideration per Option not exceeding the aggregate of:
- (i) the difference between the Cash Component per Share and the exercise price of such Option;
- (ii) a Litigation Claim Right; and
- (iii) a Litigation Claim Unit;
- (k) **(Admission)** Admission having become effective on or before the Bidder Group Capital Raising Satisfaction Date;
- (l) **(Contract Approvals)** all counterparties to the TAB Contracts having consented to the Acquisition in accordance with the provisions of each such TAB Contract;
- (m) **(Litigation Claim)** prior to the First Court Date:
- (i) the Litigation Management Deed having been entered into by Bidder, Guarantor, Target, SubCo, Collection Agent and Unit Trustee;
- (ii) the Collection Agent having been appointed and the Collection Agent having executed the Collection Agent Deed Poll;
- (iii) the Litigation Claim Unit Trust having been established and the Unit Trustee having been appointed as the trustee of the Litigation Claim Unit Trust;
- (iv) the Security Trust Deed having been entered into by the Security Trustee, Bidder, Target, SubCo, Collection Agent and Unit Trustee,
- in each case, on terms reflecting the principles and provisions set out in the Litigation Claim Term Sheet and otherwise on terms acceptable to Bidder and Target; and
- (n) **(Bidder Group Capital Raising)** on or before the Bidder Group Capital Raising Satisfaction Date, Bidder having provided Target with evidence that it has received net proceeds from the Bidder Group Capital Raising that are at least equal to the Cash Component, such evidence to take the form of a screen shot of a bank account or bank accounts in the name of Guarantor and/or in the name of an escrow agent on Guarantor's behalf showing such amount of net proceeds standing to the credit of such account or accounts accompanied by a confirmation in writing that the aggregate amount in such account or accounts represents the net proceeds of the Bidder Group Capital Raising and which net proceeds amount will be used to satisfy the Cash Component, or such other form of evidence as shall be satisfactory to, and agreed in advance in writing with, Target.

3.2 General obligations in relation to Conditions

Without prejudice to any other obligations of the parties under this agreement:

- (a) Target must use:
 - (i) its reasonable endeavours to ensure that each of the Conditions set out in clauses 3.1(a) (Independent Expert's Report), 3.1(b)(i) (Regulatory Approvals) (ASIC and ASX), 3.1(d) (Target Shareholder Approval), 3.1(e) (Performance Rightholder Approval) 3.1(j) (No Options) and 3.1(l) (Contract Approvals), are satisfied prior to 8.00 am on the Second Court Date; and
 - (ii) its best endeavours to ensure that each of the Conditions set out in clauses 3.1(f) (Target Material Adverse Change) and 3.1(g) (Target Prescribed Occurrence), is satisfied at all times until 8.00 am on the Second Court Date;
- (b) Bidder must use its best endeavours to ensure that:
 - (i) each of the Conditions set out in clauses 3.1(b)(ii) (Regulatory Approvals) (ACCC) and 3.1(b)(iii) (Regulatory Approvals) (Licences) is satisfied prior to 8.00 am on the Second Court Date;
 - (ii) the Condition set out in clause 3.1(i) (Guarantor Shareholder Approval) is satisfied within 21 calendar days from the date of execution of this agreement (**Guarantor Shareholder Approval Satisfaction Date**);
 - (iii) the Conditions set out in clause 3.1(k) (Admission) and clause 3.1(n) (Bidder Group Capital Raising) each having been satisfied on or before 21 June 2011 (or such later date as Target may agree) (**Bidder Group Capital Raising Satisfaction Date**);
- (c) all parties must use best endeavours to ensure that the Condition set out in clause 3.1(m) (Litigation Claim) is satisfied prior to the First Court Date; and
- (d) if Guarantor has received proceeds from the Bidder Group Capital Raising that are at least equal to the Cash Component, Target undertakes to Bidder that Target will not despatch the Explanatory Memorandum to any Target Shareholder or Performance Rightholder without the prior written consent of Bidder provided that such consent will be granted if:
 - (i) Admission to Listing has occurred on or prior to the Bidder Group Capital Raising Satisfaction Date; and
 - (ii) the Explanatory Memorandum has been prepared in accordance with the provisions of clause 4.1(a).

3.3 Regulatory approvals and consents

- (a) Bidder must:
 - (i) with such assistance from Target as is reasonably required by Bidder, and which Target will be obliged to provide in a timely manner, promptly apply for all Authorisations set out in clauses 3.1(b)(ii) (Regulatory Approvals) (ACCC) and 3.1(b)(iii) (Regulatory Approvals) (Licences); and
 - (ii) use its best endeavours to take all such steps as are necessary to obtain the Authorisations set out in clauses 3.1(b)(ii) (Regulatory Approvals) (ACCC) and 3.1(b)(iii) (Regulatory Approvals) (Licences), including promptly responding to requests for information from ACCC and any other relevant Government Body.
- (b) Target must use its best endeavours to assist Bidder in order to ensure that the Conditions set out in clauses 3.1(b)(ii) (Regulatory Approvals) (ACCC) and 3.1(b)(iii) (Regulatory Approvals) (Licences) are satisfied in full on or before 8.00 am on the Second Court Date.

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (c) Without limitation to the provisions of clause 4.5 or the role of the Transition Committee therein referred to, each party must use its best endeavours to consult with each other party in advance in relation to all material communications with any Government Body relating to any regulatory approval and consent required under either or both of the Schemes to be obtained.

3.4 Notice in relation to satisfaction of Conditions

Without limitation to the provisions of clause 4.5 or the role of the Transition Committee therein referred to, each of Bidder and Target must:

- (a) keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions; and
- (b) in relation to any Condition, promptly notify the other party in writing upon becoming aware of:
 - (i) the satisfaction of that Condition, in which case the notifying party must also provide reasonable evidence to the effect that that Condition has been satisfied; and
 - (ii) any fact or circumstance which results in that Condition becoming incapable of satisfaction or may result in that Condition not being satisfied in accordance with its terms.
- (c) Bidder and Target must each:
 - (i) give the other a draft of its certificate by 5pm on the Business Day prior to the Second Court Date (by reference to the relevant party's knowledge of the status of the satisfaction or waiver of the Conditions as at that time); and
 - (ii) give the Court on the Second Court Date a certificate (in respect of the matters within its knowledge) whether or not the Conditions (other than the Condition set out in clause 3.1(c) (Court Orders)) have been satisfied or waived.

3.5 Benefit and waiver of Conditions

- (a) The Conditions in clauses 3.1(f) (Target Material Adverse Change), 3.1(g) (Target Prescribed Occurrence), 3.1(j) (No Options) and 3.1(l) (Contract Approvals) are for the benefit of Bidder and may, to the extent legally permissible, only be waived by Bidder by notice in writing to Target.
- (b) The Conditions in clauses 3.1(a) (Independent Expert's Report), 3.1(b) (Regulatory Approvals), 3.1(c) (Court Orders), 3.1(d) (Target Shareholder Approval), 3.1(e) (Performance Rightholder Approval), 3.1(h) (Regulatory Prohibition), 3.1(i) (Guarantor Shareholder Approval), 3.1(k) (Admission), 3.1(m) (Litigation Claim) and 3.1(n) (Bidder Group Capital Raising) are for the benefit of both parties and may not be waived.
- (c) A party entitled to waive a Condition under this clause 3.5 may do so in its absolute discretion.
- (d) If a waiver by a party of a Condition is itself expressed to be conditional and the other party does not accept the conditions thereto, the relevant Condition has not been waived.
- (e) If a party waives the breach or non-fulfilment of any of the Conditions, that waiver does not prevent it from suing the other party for any breach of this agreement that resulted in the breach or non-fulfilment of the Condition.
- (f) Waiver of a breach or non-fulfilment in respect of one Condition does not constitute:
 - (i) a waiver of breach or non-fulfilment of any other Condition resulting from the same event; or

- (ii) a waiver of breach or non-fulfilment of that Condition resulting from any other event.

3.6 Failure of Conditions

- (a) If:

- (i) any Condition (other than the Conditions set out in clauses 3.1(i) (Guarantor Shareholder Approval), 3.1(k) (Admission) and 3.1(m) (Bidder Group Capital Raising) that is stated in clause 3.5 to be for the benefit of a party (in this clause 3.6, the **first party**) (whether or not the Condition is also stated to be for the benefit of the other party):

- (A) becomes incapable of satisfaction; or

- (B) has not been satisfied or waived in accordance with clause 3.5 before the Conditions Satisfaction Date,

the first party may serve notice on the other party requiring it to consult in good faith with a view to considering whether the Schemes, or either of them, may proceed by way of alternative means or methods or extending the date for satisfaction of the relevant Condition, or adjourning or changing the date of the application to the Court for an order pursuant to section 411(4)(b) of the Corporations Act.

- (b) If the parties are unable to reach agreement under clause 3.6(a) within 10 Business Days after the delivery of the notice under that clause, the first party may terminate this agreement by notice in writing to the other party, provided that the first party shall not be permitted to terminate this agreement in respect of the relevant Condition becoming incapable of satisfaction, or not being satisfied before the End Date, if a failure by such party to comply with its obligations under this agreement directly and materially contributed to the relevant Condition becoming incapable of satisfaction or not being satisfied.

- (c) If:

- (i) any Condition set out in clauses 3.1(i) (Guarantor Shareholder Approval), 3.1(k) (Admission) and 3.1(m) (Bidder Group Capital Raising):

- (A) becomes incapable of satisfaction; or

- (B) has not been satisfied:

- (1) in the case of the Condition set out in clause 3.1(i) (Guarantor Shareholder Approval), on or before the Guarantor Shareholder Approval Satisfaction Date; and

- (2) in the case of the Conditions set out in clause 3.1(k) (Admission) and 3.1(n) (Bidder Group Capital Raising), on or before the Bidder Group Capital Raising Satisfaction Date, or

- (ii) the Underwriting Agreement and/or the CB Subscription Agreement is validly terminated in accordance with its provisions without the prior consent of Target on or before the Bidder Group Capital Raising Satisfaction Date,

Target may terminate this agreement by notice in writing to Bidder.

3.7 Alternative structure

Without limiting, and at all times subject to, clause 3.6(a), clause 3.6(b) and clause 3.6(c), if an event occurs which indicates that an alternative transaction structure may be more appropriate than the Schemes or either of them, the parties must discuss with each other in good faith possible alternative transaction structures and, if a more appropriate transaction structure is agreed, if relevant:

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (a) promptly amend this agreement to reflect that alternative transaction structure or enter into a replacement implementation agreement reflecting that alternative transaction structure and incorporating the commercial terms set out in this deed which do not conflict with that alternative transaction structure;
- (b) make such amendments to the Schemes, or either of them, as are reasonable in the circumstances; and/or
- (c) withdraw the Schemes, or either of them.

4. Implementation of Acquisition

4.1 Schemes

(a) Target's obligations

Target must take all steps reasonably necessary to implement the Schemes as soon as is reasonably practicable after the date of this agreement and so as to complete the Acquisition in accordance with the Timetable. In particular Target must:

- (i) prepare the Explanatory Memorandum in accordance with the requirements of the Corporations Act and the ASIC Regulatory Guides;
- (ii) provide a draft and successive revised drafts, as the case may be, of the Explanatory Memorandum to Bidder and the Representatives of Bidder and provide Bidder and its Representatives with a reasonable opportunity to provide suggested amendments to that draft Explanatory Memorandum prior to the provision of a draft to ASIC under clause 4.1(a)(vi)(A);
- (iii) if such suggested amendments relate to the Bidder Group Explanatory Memorandum Information, Target must consider in good faith such suggested amendments and include the same in the Explanatory Memorandum unless either such suggested amendments would:
 - (A) render the Explanatory Memorandum misleading or deceptive; or
 - (B) in the opinion of Target, acting promptly, reasonably and in good faith and after consultation with Bidder, would otherwise be considered to be detrimental to Target;
- (iv) ensure that the Explanatory Memorandum contains a unanimous recommendation from the Target Board that Target Shareholders and Performance Rightholders vote in favour of the Share Scheme and the Performance Right Scheme (respectively):
 - (A) in the absence of a Superior Proposal being received by the Target Board and disclosed to Bidder; and
 - (B) subject to the Independent Expert opining that:
 - (1) the Share Scheme is in the best interests of Target Shareholders; and
 - (2) the Performance Right Scheme is in the best interests of the Performance Rightholders;
- (v) promptly following Target signing this agreement, appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report for inclusion in the Explanatory Memorandum;
- (vi) as soon as reasonably practicable but no later than 14 days before the First Court Date, provide an advanced draft of the Explanatory Memorandum to:

- (A) ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act; and
 - (B) Bidder;
- (vii) apply to ASIC for the production of statements in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to either of the Schemes;
- (viii) lodge all documents with the Court and take all other reasonable steps to ensure that an application is heard by the Court for an order under section 411(1) of the Corporations Act directing Target to convene the Scheme Meetings;
- (ix) request ASIC to register the Explanatory Statement included in or accompanying the Explanatory Memorandum in relation to the Schemes in accordance with section 412(6) of the Corporations Act;
- (x) take all reasonable steps necessary to comply with the orders of the Court including, as required, dispatching the Explanatory Memorandum, the Explanatory Statement and Scheme Notices to the Target Shareholders and Performance Rightholders and convening and holding the Scheme Meetings;
- (xi) if the resolutions submitted to the Scheme Meetings in relation to the Schemes are passed by the majorities required under section 411(4)(a) of the Corporations Act, apply to the Court for orders approving the Schemes;
- (xii) if the Schemes are approved by the Court under section 411(4)(b) of the Corporations Act:
 - (A) promptly lodge with ASIC an office copy of the orders of the Court approving the Schemes in accordance with section 411(10) of the Corporations Act;
 - (B) close the Target Share Register and Performance Right Register as at the Record Date and determine entitlements to the Scheme Consideration in accordance with the Schemes;
 - (C) promptly register all transfers of Shares and Performance Rights to Bidder in accordance with the Schemes; and
 - (D) promptly do all other things contemplated by or necessary to give effect to the Schemes and the orders of the Court approving the Schemes; and
- (xiii) from the First Court Date until the Implementation Date, promptly inform Bidder if it becomes aware that the Explanatory Memorandum or the Explanatory Statement contains a statement which is misleading or deceptive in a material respect or contains a material omission.

(b) **Bidder's obligations**

Bidder must take all steps reasonably necessary to assist Target to implement the Schemes as soon as is reasonably practicable and so as to complete the Acquisition substantially in accordance with the Timetable and in particular Bidder must:

- (i) do everything reasonably required to:
 - (A) convene a meeting (including the preparation and distribution of all required documentation in relation to that meeting) of its members to obtain the Guarantor Shareholder Approval by the Guarantor Shareholder Approval Satisfaction Date; and
 - (B) raise sufficient funds by way of the Bidder Group Capital Raising on or before the Bidder Group Capital Raising Satisfaction Date to enable it to

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

pay in full the Cash Component in accordance with the provisions of the Schemes;

- (ii) provide to Target the Bidder Group Explanatory Memorandum Information in a form appropriate for inclusion in the Explanatory Memorandum;
- (iii) promptly provide copies of all Bidder Group Explanatory Memorandum Information, Bidder Group Prospectus and Circular Information and any explanations in relation thereto that is reasonably requested by the Independent Expert to enable it to prepare its Independent Expert's Report for inclusion in the Explanatory Memorandum;
- (iv) keep Target fully informed of any matters raised by any Government Body in relation to the Schemes and use all reasonable endeavours and co-operate with Target to resolve any such matters;
- (v) generally use its reasonable endeavours to obtain all Authorisations that it is required or able to obtain, in order to effect the Schemes (including any required foreign investment approvals, ASIC or ASX relief or waivers) and keep Target informed of progress in obtaining such Authorisations;
- (vi) as soon as reasonably practicable after receipt from Target of a draft of the Explanatory Memorandum in accordance with clause 4.1(a)(i) provide any suggested changes to the Bidder Group Explanatory Memorandum Information in that draft;
- (vii) as soon as reasonably practicable after receipt from Target of the draft of the Explanatory Memorandum provided in accordance with clause 4.1(a)(vi)(B), either:
 - (A) confirm in writing to Target that the Bidder Group Explanatory Memorandum Information in the form and context in which it appears in the Explanatory Memorandum is not misleading or deceptive in any material respect and does not contain any material omission; and/or
 - (B) provide to Target the changes required to ensure that the Bidder Group Explanatory Memorandum Information in the form and context in which it appears in the Explanatory Memorandum will not be misleading or deceptive and will not contain any material omission;
- (viii) provide to Target all such further or new information of which Bidder becomes aware after the Explanatory Memorandum has been despatched until the date of the Scheme Meetings that is required to ensure that the Bidder Group Explanatory Memorandum Information in the form and context in which it appears in the Explanatory Memorandum is not misleading or deceptive in any material respect and does not contain any material omission;
- (ix) prior to the First Court Date, duly execute the Deed Poll and deliver the duly executed Deed Poll to Target;
- (x) procure that it is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel, Bidder will undertake (if requested by the Court) to do all such things and take all such steps within its power as may be reasonably necessary in order to ensure the fulfilment of its obligations under this agreement and the Schemes;
- (xi) not act in a manner inconsistent with obtaining Court approval for the Schemes;
- (xii) if the Schemes become Effective:
 - (A) provide the Cash Component on the Implementation Date in accordance with the provisions of the Schemes;

- (B) on the Implementation Date, transfer, or procure the issue and allotment of, the Litigation Claim Units and the creation of the Litigation Claim Rights, each in accordance with the terms of the Schemes, Deed Poll, Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet) and this agreement; and
- (C) at any time following the Implementation Date, procure Target to pay to the Collection Agent and/or the Unit Trustee any and all monies Target is required to pay or procure the payment of, to the Collection Agent and/or the Unit Trustee in accordance with the terms of the Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet); and

- (xiii) comply with the Timetable to the extent reasonably practicable and consult with Target in relation to any actual or desired departures from the Timetable.

(c) **Bidder consents**

- (i) For the purpose of effecting the entry of Bidder's name in the Target Share Register in the manner contemplated in clause 3.2(b) of the Share Scheme, Bidder hereby gives its consent to that entry and also to becoming a member of Target.
- (ii) For the purpose of effecting the entry of Bidder's name in the Performance Right Register in the manner contemplated in clause 3.2(b) of the Performance Right Scheme, Bidder hereby gives its consent to that entry and also to becoming a Performance Rightholder.

4.2 **Guarantor Shareholder Approval and Bidder Group Capital Raising**

(a) **Bidder's obligations**

Without prejudice to clause 4.1(b)(i), Bidder must take all steps reasonably necessary to raise sufficient funds by way of the Bidder Group Capital Raising (or such other means) to enable it to pay in full the Cash Component and to obtain the Guarantor Shareholder Approval on or before the Bidder Group Capital Raising Satisfaction Date so as to complete the Acquisition substantially in accordance with the Timetable, and in particular Bidder must:

- (i) consult with the FSA to the extent reasonably necessary in order to implement the Bidder Group Capital Raising and/or the Schemes and obtain the approval of the FSA, or the confirmation of no objection by the FSA, to the Bidder Group Prospectus and Circular, and be in a position to publish the Bidder Group Prospectus and Circular and post the same to Guarantor Shareholders. Bidder must also ensure that Target is provided with:
 - (A) reasonable opportunity to review and comment on any written submission to the FSA; and
 - (B) copies of the final version of any written submissions made to the FSA,
 in each case, in so far as these relate to the Bidder Group Capital Raising and/or the Schemes and, to the extent that it is permitted, Bidder shall keep Target informed of all material discussions which it has with the FSA;
- (ii) at all times comply with its obligations under the Underwriting Agreement and the CB Subscription Agreement and unless Target has received the evidence referred to in clause 3.1(n), not amend any material term of the Underwriting Agreement or the CB Subscription Agreement without the prior written consent of Target, such consent not to be unreasonably withheld or delayed;
- (iii) if, after the publication and despatch of the Bidder Group Prospectus and Circular to all Guarantor Shareholders, any new factor or circumstance or any mistake or inaccuracy is noted or arises which would or is reasonably likely to result in a

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

requirement to publish or post a Supplemental Document or make an announcement under the Companies Act, Listing Rules, Prospectus Rules, FSMA or Disclosure and Transparency Rules or any other applicable laws and regulations:

- (A) prepare such Supplemental Document or announcement in consultation with Target and provide Target with a reasonable opportunity to comment on drafts of the same; and
- (B) in good faith consider, and if felt appropriate or required, include in any Supplemental Document, any comments or amendments to the Supplemental Document that Bidder receives in writing from Target;
- (iv) convene the Guarantor General Meeting to obtain the Guarantor Shareholder Approval in respect of the resolutions set out in the Bidder Group Prospectus and Circular and to hold such meeting in accordance with the Timetable, and if necessary to reconvene the Guarantor General Meeting and any other necessary Guarantor Shareholder meeting on such dates and at such times as may be approved by Target and as nearly as practicable on a date consistent with the Timetable;
- (v) keep Target informed in writing, on a regular basis and daily on each of the five Business Days immediately preceding the Guarantor General Meeting, of the number of proxy votes received in respect of the resolutions to be proposed at the Guarantor General Meeting;
- (vi) execute or procure the execution of all necessary documents, forms and instruments which may be required by the FSA, LSE, CREST or any other regulatory authority in relation to Admission and pay all fees and costs and otherwise do all acts or things which may be requested by, or may be necessary to comply with the requirements of, FSA, LSE, CREST or any other regulatory authority in relation to Admission; and
- (vii) first apply the net proceeds of the Bidder Group Capital Raising to fund the Cash Component and not for any other purpose.
- (b) **Bidder's Acknowledgement and Warranty**
 - (i) **Bidder's Acknowledgement**

Bidder acknowledges and agrees that:

 - (A) the Bidder Group Prospectus and Circular is the sole responsibility of Bidder and its officers;
 - (B) Bidder must also ensure that the Bidder Group Prospectus and Circular contains an unqualified unanimous recommendation from the Guarantor Board that Guarantor Shareholders vote in favour of all resolutions required to provide the Guarantor Shareholder Approval; and
 - (C) Bidder must procure that the Guarantor Board does not, subject to their right at all times to act in compliance with their fiduciary duties to Guarantor and Guarantor Shareholders, withdraw, qualify or adversely modify such recommendation.
 - (ii) **Bidder's Warranty**

Bidder represents and warrants to Target on each date from the date of this agreement until and including the date of despatch of the Bidder Group Prospectus and Circular to Guarantor Shareholders that, without limiting clause 4.2(a)(iii):

- (A) the Bidder Group Prospectus and Circular that is despatched to Guarantor Shareholders is in the same form as the Bidder Group Prospectus and Circular as was reviewed by Target on or immediately prior to the date of the agreement; and
- (B) it has prepared the Bidder Group Prospectus and Circular in accordance with the requirements of the Companies Act, UKLA Listing Rules, Prospectus Rules, FSMA and all other applicable laws and regulations.

(c) **Target's obligations**

Target must take all steps reasonably necessary to provide Bidder with the Target Prospectus and Circular Information as soon as is reasonably practicable after the date of this agreement and so as to complete the Acquisition substantially in accordance with the Timetable, and in particular must provide to Bidder and Bidder's Representatives, as nominated by Bidder, all such further or new information and details of any significant new matter, event or occurrence of which Target becomes aware after the Bidder Group Prospectus and Circular has been despatched until the date of the Admission to Listing that is required to ensure that the Target Prospectus and Circular Information and any Target Supplemental Information, in the form and context in which it appears in the Bidder Group Prospectus and Circular or any Supplemental Document, is not misleading or deceptive in any material respect and does not contain any material omission.

4.3 No amendment to Guarantor Shareholder Approval resolutions

- (a) Bidder shall ensure that the resolutions to be proposed at the Guarantor General Meeting in order to obtain the Guarantor Shareholder Approval shall be in the form of the resolutions set out in the Bidder Group Prospectus and Circular, and shall not amend the form of the resolutions or the notice of the Guarantor General Meeting, or propose any further resolutions for consideration at the Guarantor General Meeting or adjourn the Guarantor General Meeting or any other general meeting referred to in clause 4.2(a)(iv) except (subject to the provisions of clause 4.3(b)(i)) with the prior written consent of Target (such consent not to be unreasonably withheld or delayed) or at the reasonable request of Target.
- (b) In the absence of a Superior Proposal being received by the Target Board or the occurrence of a Target Material Adverse Change:
 - (i) Target shall be obliged to give its consent to any matter referred to in this clause 4.3 unless the giving of such consent would be likely to frustrate, hinder or delay implementation of, or otherwise be detrimental to, the Bidder Group Capital Raising and/or the Schemes; and
 - (ii) neither Guarantor nor Bidder shall, at the Guarantor General Meeting or any other general meeting of Guarantor or Bidder (and any adjournment thereof) to be held prior to the Implementation Date, propose or amend any resolution, the effect of which if passed, would be likely to preclude, impede, delay or prejudice the implementation of the Bidder Group Capital Raising and/or the Schemes.

4.4 Bidder Group Explanatory Memorandum Information

Bidder:

- (a) consents to the inclusion of the Bidder Group Explanatory Memorandum Information in the Explanatory Memorandum; and
- (b) acknowledges that:
 - (i) subject to Target complying with and performing its obligations under clause 4.1(a)(ii) and clause 4.1(a)(iii), it Bidder is responsible for ensuring that the Bidder Group Explanatory Memorandum Information is not misleading or deceptive in any material respect (whether by omission or otherwise), in the form

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

and context in which it was provided to Target, and that Target will not verify or audit that information;

- (ii) Target will disclaim responsibility for the Bidder Group Explanatory Memorandum Information that is contained in the Explanatory Memorandum; and
- (iii) the Explanatory Memorandum will state that Bidder is responsible for the Bidder Group Explanatory Memorandum Information, in the form and context in which it appears in the Explanatory Memorandum.

4.5 Transition Committee

- (a) As soon as practicable after the date of this agreement, the parties will establish a committee (**Transition Committee**) comprising two appropriately qualified representatives of each of Target and Bidder.
- (b) The Transition Committee's role will be to meet on at least a fortnightly basis (but more frequently if required) until the earlier of the termination of this agreement and the Implementation Date to facilitate the exchange of information between the parties as may be reasonably necessary for the purpose of implementing the Schemes. Each party will cooperate with the other in good faith and in a timely manner to assist the Transition Committee to perform its role.

4.6 Reconstitution of Target Group Members Boards

As soon as practicable after the implementation of the Schemes, Target will use its best endeavours to:

- (a) take all actions necessary to procure that any director of each Target Group Member as designated by Bidder in writing and each director of Target in office on the Implementation Date, resigns their office on terms and conditions acceptable to Bidder, acting reasonably; and
- (b) cause the appointment to the Target Board and to the boards of each Target Group Member of such persons as nominated by Bidder, subject to those persons having provided a consent to act as a directors of each relevant company.

4.7 Consideration

Bidder agrees that, subject to the Schemes becoming Effective, in consideration of the transfer to Bidder of each Share and each Performance Right held by each Scheme Participant under the Schemes, Bidder will provide at least 1 Business Day prior to the Implementation Date, the Cash Component to Target to hold on trust for, and subsequently provide to, each Scheme Participant for each Share and/or Performance Right held by them in accordance with the Schemes.

5. Conduct of business and requests for access

5.1 Conduct of businesses of all Target Group Members

- (a) Subject always to the provisions of clause 5.1(c), from the date of this agreement until the Implementation Date, Target must procure that each Target Group Member conducts its business or each of its businesses in the ordinary course of business.
- (b) Subject always to the provisions of clause 5.1(c), no Target Group Member may:
 - (i) at any time prior to the date of publication of the financial result for the year ended 30 June 2011 in respect of the Target Group (which is expected by Target to occur no later than 23 August 2011), or such later date that the parties may agree to, declare, pay or distribute any dividend, bonus or other share of its profits or assets other than to its wholly owned subsidiary or to another Target Group Member;

- (ii) at any time between the date of this agreement and the Implementation Date, both dates inclusive, amend or purport to amend the terms of its constitution;
- (iii) at any time between the date of this agreement and the Implementation Date, both dates inclusive, enter into any contract or commitment requiring any payment or payments by any Target Group Member that in aggregate is in excess of A\$500,000, other than any contract or commitment which is solely in relation to the implementation of Project Rocket and in respect of which such contract or commitment is in accordance with the plan to implement Project Rocket as approved from time-to-time by the Target Board;
- (iv) at any time between the date of this agreement and the Implementation Date, both dates inclusive, terminate, breach or vary a material provision of, a Consent Contract or a Gambling Licence without the prior written consent of Bidder where such termination, breach or variation would result in a Target Material Adverse Change;
- (v) at any time between the date of this agreement and the Implementation Date, both dates inclusive, waive any material claims or material rights under, or waive the benefit of, any provisions of any Consent Contract where any such waiver would result in a Target Material Adverse Change;
- (vi) without the prior written consent of Bidder, at any time between the date of this agreement and the Implementation Date, both dates inclusive, fail to respond within the period of time prescribed by the relevant Government Body or by law, or if not prescribed, within a reasonable period of time, to any correspondence received from a Government Body relating to a Gambling Licence to which it is required or obliged to respond where such failure to respond would, or would be likely to, have a material adverse impact on the relevant Gambling Licence;
- (vii) at any time between the date of this agreement and the Implementation Date, both dates inclusive, cease the whole or substantial part of its business without the prior written consent of Bidder;
- (viii) at any time prior to 31 August, 2011 increase, or agree to increase, the salary, remuneration or any other benefits of any of its directors, officers, employees or contractors (**Employees**) by a percentage that is in excess of the prevailing CPI, other than:
 - (A) pursuant to a binding contractual obligation that was in existence prior to the date of this agreement and all the material terms of which formed part of the Disclosure Materials; or
 - (B) where it is in relation to an Employee whose total salary, remuneration and other benefits (**Remuneration Package**) is less than A\$200,000 per annum and provided that the increase does not, without the prior written consent of Bidder, result in any Employee's Remuneration Package either:
 - (1) exceeding A\$200,000 per annum; or
 - (2) being increased by more than twenty per cent. (20%) above the aggregate dollar value of an Employee's Remuneration Package as at the date of this agreement;
- (ix) at any time between the date of this agreement and the Implementation Date, both dates inclusive, introduce any employee, executive or contractor scheme that entitles or will entitle any person to be issued or allotted with any share, option or other form of Security in the capital of any Target Group Member; and
- (x) at any time between the date of this agreement and the Implementation Date, both dates inclusive, create, agree to create or permit or authorise the creation of, a new

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

Encumbrance securing an amount in excess of A\$1,000,000 over any of its assets other than:

- (A) pursuant to a binding contractual obligation that was in existence prior to the date of this agreement and all the material terms of which formed part of the Disclosure Materials;
 - (B) by operation of law; or
 - (C) where the creation, or agreement to create, a new Encumbrance is in connection with putting in place a new facility the purpose of which is to replace (in whole or in part) the existing CBA Facility (**New Facility**) provided that:
 - (1) the Target Board considers (acting in good faith) that the New Facility is on or around what is current arms length market terms; and
 - (2) Bidder has provided its consent to the terms of the New Facility and each related Encumbrance, prior to the creation, or making of the agreement to create, such Encumbrance, such consent not to be unreasonably withheld or delayed. The obligation of Target to obtain the consent of the Bidder as referred to in this clause 5.1(b)(x)(C)(2) will expire at 5.00 pm on 1 August, 2011.
- (c) Any restriction on conduct which is imposed by this clause 5.1 does not apply if the conduct, or intention to carry out the conduct:
- (i) is required or contemplated by this agreement or the Schemes or the Bidder Group Prospectus and Circular or otherwise by law (including the fiduciary and statutory duties of the Target Board);
 - (ii) is undertaken with the prior written approval of Bidder, such approval not to be unreasonably withheld or delayed; or
 - (iii) was disclosed in the Disclosure Materials.

5.2 Requests for access

- (a) Subject to clause 5.2(b), from the date of this agreement until the Implementation Date, Target will in good faith, on request from Bidder and Bidder's Representatives, as nominated by Bidder, and for the sole purpose of implementing the Schemes and the Bidder Group Capital Raising, promptly after receiving such request, provide to Bidder and Bidder's Representatives, as nominated by Bidder, access at reasonable times to:
 - (i) members of Target executive committee and to such other personnel as are reasonably approved by the executive committee;
 - (ii) records and premises of the Target Group, unless the provision of any such access is prohibited by law; and
 - (iii) other Target Group business sites and locations, unless the provision of such access is prohibited by law.
- (b) Target is not required to provide access to Bidder under clause 5.2(a) where any information is considered by Target acting reasonably as being commercially sensitive to Target or which is the subject of third party confidentiality.

6. Announcements

6.1 No Announcement

No party may make an Announcement relating to the subject matter of this agreement or its variation or termination or make public this agreement (or any of its terms) unless the Announcement or publication:

- (a) is required by this agreement;
- (b) has the prior approval of the other party; or
- (c) is required to be made by any applicable law, regulation or the listing and disclosure rules applicable to a party.

6.2 Notice of Announcement

If any party is required to make an Announcement it must, to the extent practicable without breaching any of the applicable provisions of the Corporations Act, Listing Rules and relevant ASIC Regulatory Guides, the Companies Act, UKLA Listing Rules, UKLA Disclosure Rules, Prospectus Rules and FSMA and all other applicable laws and regulations, give to the other:

- (a) such notice as is reasonable in the circumstances of its intention to make the Announcement; and
- (b) a draft of the Announcement and an opportunity, which is reasonable in the circumstances, to comment on the contents of the draft Announcement (but it is under no obligation to incorporate any comments so provided).

6.3 Agreed Announcement

Immediately after the execution of this agreement, Target must issue the Agreed Announcement to the ASX and Bidder must issue the Agreed Announcement to a Regulatory Information Service.

7. Release

7.1 Target Released Party

- (a) Bidder hereby releases its rights and agrees with Target that it will not make a claim against any Representative of any Target Group Member (each a **Target Released Party**) in connection with:
 - (i) any breach of any representations, covenants and warranties of Target in this agreement; or
 - (ii) any disclosures (including, without limitation, the Explanatory Memorandum and/or the Bidder Group Prospectus and Circular) containing any statement which is false or misleading whether in content or by omission,

except where the Target Released Party has not acted in good faith or has engaged in wilful misconduct.

- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (c) Target receives and holds the benefit of this clause 7.1 to the extent it relates to each Target Released Party as trustee for them.

7.2 Bidder Released Party

- (a) Target hereby releases its rights and agrees with Bidder and Guarantor that it will not make a claim against any Representative of any Bidder Group Member (each a **Bidder Released Party**) in connection with:

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (i) any breach of any representations, covenants and warranties of Bidder or Guarantor in this agreement; or
- (ii) any disclosure (including, without limitation, the Explanatory Memorandum and/or the Bidder Group Prospectus and Circular) containing any statement which is false or misleading whether in content or by omission,

except where the Bidder Released Party has not acted in good faith or has engaged in wilful misconduct.

- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (c) Bidder receives and holds the benefit of this clause 7.2 to the extent it relates to each Bidder Released Party as trustee for them.

8. Representations, warranties and indemnities

8.1 Reliance on due diligence

- (a) Without limiting the effect of the representations and warranties provided by Target, Bidder acknowledges that:
 - (i) prior to entry into this agreement, it has undertaken and concluded its own due diligence enquiries and investigations of Target's business; and
 - (ii) it has relied on its own due diligence and upon publicly available information about the Target Group.
- (b) Target is not liable (whether by way of damages or otherwise) in respect of a breach of any Target Warranty nor can Bidder rely on clause 10.2 to the extent that the alleged breach of the Target Warranty:
 - (i) was disclosed in this agreement;
 - (ii) was disclosed in the Disclosure Material;
 - (iii) which in relation to any alleged breach of a Target Warranty being given:
 - (A) as at the date of this agreement, is within the actual knowledge of Bidder or any of its Related Bodies Corporate or any of their respective Representatives; and
 - (B) after the date of this agreement, is as at such relevant date, within the actual knowledge of Bidder or any of its Related Bodies Corporate or any of their respective Representatives.

8.2 Bidder representations and warranties

Bidder represents and warrants to Target (on its own behalf and separately as trustee for each of Target's Representatives) on each date from the date of this agreement and until (and including) 8.00 am on the Second Court Date that:

- (a) **(Corporate capacity)**
 - (i) Bidder is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery of this agreement by Bidder has been properly authorised by all necessary corporate action and Bidder has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement; and

- (iii) this agreement constitutes legal, valid and binding obligations on Bidder and this agreement does not conflict with or result in a breach of or default under:
 - (A) the constitution of Bidder or any Bidder subsidiary; or
 - (B) any writ, order or injunction, judgment, law, rule or regulation to which Bidder and/or any of its Related Bodies Corporate are a party or by which they are bound by;
- (b) **(Bidder Group Information):**
 - (i) on the understanding that Target and its Representatives will rely on the information referred to in sub-paragraphs (A) and (B) of this clause 8.2(b)(i) for the purposes of preparing the Explanatory Memorandum and for the purposes of considering, formulating and providing to Bidder and Bidder's Representatives, the Target Prospectus and Circular Information to be included in the Bidder Group Prospectus and Circular:
 - (A) subject to Target complying with and performing its obligations under clause 4.1(a)(ii) and clause 4.1(a)(iii), the Bidder Group Explanatory Memorandum Information has been prepared in good faith and submitted to Target and Target's Representatives for inclusion in the Explanatory Memorandum; and
 - (B) the Bidder Group Prospectus and Circular Information will be included in the Bidder Group Prospectus and Circular;
 - (ii) subject to Target complying with and performing its obligations under clause 4.1(a)(ii) and clause 4.1(a)(iii), the Bidder Group Information, in the form as disclosed or provided by Bidder or Bidder's Representatives to Target and Target's Representatives, does not contain a statement which is misleading or deceptive in any material respect and does not contain any material omission (other than a statement or omission which has been rectified by Bidder or Bidder's Representatives to the Court's satisfaction by the Second Court Date); and
 - (iii) the Bidder Group Prospectus and Circular Information, in the form as disclosed or provided by Bidder or Bidder's Representatives to Target and Target's Representatives, includes all particulars and information required by and complies in all material respects with the Companies Act, UKLA Listing Rules, Prospectus Rules, FSMA and all other applicable laws and regulations; and
- (c) **(Scheme Consideration)** subject to the satisfaction of the Conditions, Bidder has or will have sufficient cash to pay the Cash Component at the time required by clauses 2.2 and 4.7.

8.3 Bidder indemnity

- (a) Bidder acknowledges that in entering into this agreement, Target and each Representative of Target have relied on the Bidder Warranties.
- (b) Bidder indemnifies Target (on its own behalf and separately as trustee for each Representative of Target) against any loss suffered or incurred by reason of any breach of any of the Bidder Warranties.

8.4 Target representations and warranties

Target represents and warrants to Bidder (on its own behalf and separately as trustee for each of Bidder's Representatives) on each date from the date of this agreement and until (and including) 8.00am on the Second Court Date that:

- (a) **(Corporate capacity):**
 - (i) Target is a validly existing corporation registered under the laws of its place of incorporation;

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (ii) the execution and delivery of this agreement by Target has been properly authorised by all necessary corporate action and Target has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement; and
- (iii) this agreement constitutes legal, valid and binding obligations on Target and this agreement does not conflict with or result in a breach of or default under:
 - (A) the constitution of Target or any Target subsidiary; or
 - (B) any writ, order or injunction, judgment, law, rule or regulation to which Target and/or any of its Related Bodies Corporate is party or by which they are bound;
- (b) **(Target Explanatory Memorandum Information):**
 - (i) the Target Explanatory Memorandum Information has been and will be prepared in good faith and on the understanding that Bidder and its Representatives will rely on that information for the purposes of considering and approving the Bidder Group Explanatory Memorandum Information to be included in the Explanatory Memorandum;
 - (ii) the Target Explanatory Memorandum Information does not contain a statement which is misleading or deceptive in any material respect and does not contain any material omission (other than a statement or omission which has been rectified by Target to the Court's satisfaction by the Second Court Date); and
 - (iii) the Target Explanatory Memorandum Information includes all particulars and information required by and complies in all material respects with relevant laws (including the Corporations Act, Listing Rules and relevant ASIC Regulatory Guides);
- (c) **(Continuous disclosure)** Target is not in breach of its continuous disclosure obligations and is not, in relation to information which has been withheld from Bidder prior to the date of this agreement, relying on the carve-out in ASX Listing Rule 3.1A to withhold any information from disclosure other than as disclosed in writing to Bidder prior to the date of this agreement;
- (d) **(Cessation of discussions)** as at the date of this agreement, Target and its Representatives have ceased to participate in any discussions and/or negotiations with any third party that concern, or that could reasonably be expected to lead to, a Competing Proposal from that third party;
- (e) **(Capital structure)** Target's capital structure as at the date of this agreement is set out in Schedule 2.

8.5 Target indemnity

- (a) Target acknowledges that in entering into this agreement, Bidder and each of its Representatives have relied on the Target Warranties.
- (b) Target indemnifies Bidder (on its own behalf and separately as trustee for each of Bidder's Representatives) against any loss suffered or incurred by reason of any breach of any of the Target Warranties.

8.6 Notifications

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance which constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 8.

8.7 Status of representations and warranties

Each representation and warranty in this clause 8:

- (a) is severable;
- (b) will survive the termination of this agreement; and
- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this agreement.

8.8 Status and enforcement of indemnities

- (a) Each indemnity in this agreement:
 - (i) is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, completion or expiration of this agreement; and
 - (ii) is given to the party to which it is expressed to be given, and as trustee for each Representative of that party, and a reference to a loss in an indemnity given to a party includes a loss suffered or incurred by a Representative of that party.
- (b) It is not necessary for a party to incur expense or to make any payment before enforcing a right of indemnity conferred by this agreement.

9. Lock up arrangements

9.1 No shop

During the Lock-up Period, Target must not, and must ensure that its Representatives do not, except with the prior written consent of Bidder, solicit or invite any Competing Proposal or expression of interest or offer which may lead to a Competing Proposal, or initiate discussions with any third party which may reasonably be expected to lead to a Competing Proposal. Nothing in the foregoing prevents Target or its Representatives from making normal presentations to, and responding to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Schemes or its business generally.

9.2 No talk and no due diligence

During the Lock-up Period, Target must not, and must ensure that its Representatives do not, except with the prior written consent of Bidder:

- (a) participate in any negotiations in relation to a Competing Proposal;
- (b) provide any information to a third party for the purposes of enabling that person to make a Competing Proposal or an expression of interest, offer or proposal which may reasonably be expected to lead to a Competing Proposal; or
- (c) enter into any deed, arrangement or understanding in relation to a Competing Proposal, unless the Target Board acting in good faith and after having received written advice from its legal advisers, determines that:
 - (d) the Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal; and
 - (e) not to undertake any of the acts referred to in clause 9.2(a) to clause 9.2(c) (inclusive) in relation to the Competing Proposal would be likely to constitute a breach of the statutory and fiduciary duties owed by any member of the Target Board.

9.3 Notification by Target

- (a) During the Lock-up Period, Target must promptly notify Bidder if it:
 - (i) is approached, directly or indirectly, by any third party to undertake any act of a kind referred to in clause 9.2(a), (b) or (c); or
 - (ii) proposes to undertake any act of a kind referred to in clause 9.2(a), (b) or (c).

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (b) If Target receives a Competing Proposal, Target must ensure that no member of the Target Board nor the Target Board publicly recommends against, qualifies his or its support of or withdraws his or its recommendation of either or both of the Schemes, makes a public statement indicating that he or it no longer supports either or both of the Schemes, or endorses, supports or recommends a Competing Proposal, unless the Target Board, acting in good faith, determines that the Competing Proposal is a Superior Proposal, and Target has first:
- (i) given Bidder three (3) English Business Days prior written notice of the proposed adverse recommendation, qualification of support, withdrawal of recommendation or statement; and
 - (ii) provided to Bidder with the notice referred to in clause 9.3(b)(i):
 - (A) all material terms of the Competing Proposal, including details of the proposed price or implied value (including details of any consideration not in cash), conditions (including, without limitation, certainty of funding), timing and break fee (if any);
 - (B) copies of any material confidential information concerning the Target Group's operations provided to any person associated with the Competing Proposal not previously provided to Bidder; and
 - (C) the name of the person who has made the Competing Proposal (**Competing Bidder**) and any other identifying details which may identify the Competing Bidder (**Identifying Details**), provided that Target must request the Competing Bidder's consent to the Identifying Details being provided to Bidder. If such consent is refused, Target may only withhold the Identifying Details from Bidder if the Target Board, acting in good faith and after having received written advice from its legal advisers, determines that providing the Identifying Details to Bidder would be likely to constitute a breach of the statutory and fiduciary duties owed by any member of the Target Board. Target must notify Bidder if any Identifying Details are withheld.
- (c) Any information provided to Bidder under clause 9.3(b)(ii) will be provided subject to the terms of the Confidentiality Deed.
- (d) During the period of three (3) English Business Days referred to in clause 9.3(b)(i), Bidder has the right to offer to amend the terms of either or both of the Schemes or to propose an alternative transaction (**Bidder Counterproposal**) which provides at least an equivalent outcome for the Target Shareholders and the Performance Rightholders as the Competing Proposal.
- (e) Target must procure that the Target Board considers any Bidder Counterproposal and if the Target Board, acting in good faith, determines that:
- (i) the Bidder Counterproposal would provide at least an equivalent outcome for the Target Shareholders and the Performance Rightholders as the Competing Proposal; and
 - (ii) the other terms and conditions of the Bidder Counterproposal taken as a whole are not less favourable than those of the Competing Proposal,
- then Target and Bidder must use their best endeavours to:
- (iii) agree the amendments to this agreement and the Schemes that are reasonably necessary to reflect the Bidder Counterproposal;
 - (iv) enter into one or more appropriate amendment agreements to effect to those amendments; and
 - (v) implement the Bidder Counterproposal,

in each case as soon as reasonably practicable, and Target must procure that each member of the Target Board recommends the Bidder Counterproposal and not the Competing Proposal to Target Shareholders and Performance Rightholders.

- (f) Any material modification to any Competing Proposal (which will include any modification relating to the price or value of any Competing Proposal) will be taken to render that proposal a new Competing Proposal in respect of which Target must comply with its obligations under this clause 9.3.
- (g) Notwithstanding anything in this clause 9.3, each obligation of Target under this clause 9.3 does not apply to the extent that the Target Board, acting in good faith and after having taken advice from its legal advisers, determines that complying with such obligation would be likely to involve a breach of the fiduciary or statutory duties owed by any Target Director.
- (h) Notwithstanding anything in this clause 9.3, in the event that Bidder has not satisfied:
 - (i) the Condition set out in clause 3.1(i) (Guarantor Shareholder Approval) by the Guarantor Shareholder Approval Satisfaction Date; and/or
 - (ii) the Conditions set out in clauses 3.1(k) (Admission) and 3.1(n) (Bidder Group Capital Raising) by the Bidder Group Capital Raising Satisfaction Date,

this clause 9.3 will cease to apply until such time that Bidder has satisfied the Conditions set out in clauses 3.1(i) (Guarantor Shareholder Approval), 3.1(k) (Admission) and 3.1(n) (Bidder Group Capital Raising).

9.4 Bidder Reimbursement Fee

- (a) Subject to this clause 9.4 and clause 9.6, Target must pay Bidder an amount equal to one per cent. (1%) of the Cash Component, whether or not the Cash Component or any part or parts thereof ever becomes payable under either or both of the Schemes (**Bidder Reimbursement Fee**), in accordance with clause 9.4(b) without withholding or set off, if either or both of the Schemes do not proceed and any of the following events occur:
 - (i) any Target director fails to recommend or any Target director recommends against, qualifies their support of or withdraws his recommendation of either or both of the Schemes, makes a public statement indicating that he or she no longer supports either or both of the Schemes or endorses, or supports or recommends a Competing Proposal, except where the reason for the failure to recommend or change in recommendation or public statement is that the Independent Expert has concluded that either or both of the Schemes are not in the best interests of Target Shareholders and Performance Rightholders;
 - (ii) a material breach by Target of its obligations under this agreement and that breach is not remedied within 20 Business Days (or such shorter period ending on the Second Court Date) from the date on which written notification of the breach is first sent to Target. For the sake of clarity, any breach of a Business Continuity Undertaking will constitute a material breach of the abovementioned obligations for the purposes of this clause 9.4;
 - (iii) the Court fails (taking into account all appeals) to approve either or both of the Schemes for the purpose of section 411(1)(b) of the Corporations Act solely as a result of a material non-compliance by Target with any of its obligations under this agreement;
 - (iv) the Effective Date of either or both of the Schemes has not occurred prior to the End Date as a consequence of:
 - (A) non-compliance by Target with any of its obligations under this agreement; or

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (B) without limiting clause 9.4(a)(iv)(A), either or both of the Scheme Meetings not being held in a reasonably expeditious manner due to Target delaying either or both of the Scheme Meetings as a result of a Competing Proposal; or
- (v) a Target Prescribed Occurrence occurs.
- (b) Target must pay Bidder the Bidder Reimbursement Fee within 10 Business Days after receiving a written notice from Bidder setting out the relevant circumstances and requiring payment of the Bidder Reimbursement Fee.
- (c) Despite any other term of this agreement, the Bidder Reimbursement Fee:
- (i) is only payable once;
- (ii) will not be payable to Bidder if Target is entitled to terminate this agreement under clauses 10.1 and 10.3; and
- (iii) will not be payable if, but without limitation to the provisions of clause 9.4(a)(iii):
- (A) a Government Body acts or makes any determination or pronouncement that has the effect of preventing the implementation of either or both of the Schemes in accordance with their respective terms or such other terms as the parties may agree to acting reasonably; or
- (B) Bidder fails (taking into account all appeals and entitlements to seek judicial review) to obtain the necessary approvals or confirmations of a Government Body required by this agreement.
- (d) The payment of the Bidder Reimbursement Fee by Target to Bidder is to compensate Bidder and Guarantor for:
- (i) advisory costs, legal costs (on a solicitor to own client basis), costs of management and directors' time;
- (ii) out of pocket expenses incurred in implementing the Schemes;
- (iii) reasonable opportunity costs incurred in pursuing the Schemes or not pursuing other alternative transactions or strategic initiatives; and
- (iv) damage to Bidder's and Guarantor's reputation associated with a failed transaction and the implication of those damages,
- in each case incurred by Bidder or Guarantor (as the case may be) as a result of it having entered into this agreement, making the Agreed Announcement or pursuing the Schemes.
- (e) The Bidder Reimbursement Fee is a genuine pre-estimate of the costs and losses which Bidder and/or Guarantor is expected to incur in connection with the Schemes and it is not a pre-condition to Bidder being paid the Bidder Reimbursement Fee that it or Guarantor has actually incurred those costs or losses or that it or Guarantor is able to prove that it or Guarantor has done so.
- (f) Target acknowledges and agrees that:
- (i) the Bidder Reimbursement Fee is reasonable in the context of the Schemes;
- (ii) benefits will flow to Target and the Share Scheme Participants and the Performance Right Scheme Participants from Bidder proposing and implementing the Schemes; and
- (iii) Target entering into this agreement and performing its obligations hereunder is necessary to induce Bidder to propose and implement the Schemes and otherwise complete the Acquisition; and

- (g) Target and Bidder agree that the Bidder Reimbursement Fee has been determined and agreed between the parties after Target and its Representatives have conducted a competitive and comprehensive process designed to elicit proposals the intent and effect of which would be to effect the acquisition by any proposing party of all the Shares and Performance Rights.

9.5 Target Reimbursement Fee

- (a) Subject to the provisions of this clause 9.5 and clause 9.6, Bidder must pay Target an amount equal to one per cent. (1%) of the Cash Component, whether or not the Cash Component or any part or parts thereof ever becomes payable under either or both of the Schemes (**Target Reimbursement Fee**) in accordance with 9.5(b) without withholding or set off, if either or both of the Schemes do not proceed and any of the following events occur:
- (i) any Guarantor director fails to recommend or any Guarantor director recommends against, qualifies their support of or withdraws their recommendation of the Bidder Group Capital Raising and/or the Acquisition, or makes a public statement indicating that he or she no longer supports the Bidder Group Capital Raising and/or the Acquisition, except where the reason for the failure to recommend or change in recommendation or public statement is that the Independent Expert has concluded that either or both of the Schemes are not in the best interests of Target Shareholders and Performance Rightholders;
 - (ii) a material breach by Bidder of its obligations under this agreement and that breach is not remedied within 20 Business Days (or such other shorter period ending on the Second Court Date) from the date on which written notification of the breach is first sent to Bidder;
 - (iii) the Effective Date of either or both of the Schemes has not occurred prior to the End Date as a consequence of non-compliance by Bidder with any of its obligations under this agreement and/or non-compliance by Guarantor with any of its obligations under the Underwriting Agreement and/or the CB Subscription Agreement;
 - (iv) the Condition in clause 3.1(b)(iii) (Regulatory Approvals) (Licences) is not satisfied in respect of obtaining any consent or approval from a Government Body in the Northern Territory and in the Netherlands Antilles, on or before the Conditions Satisfaction Date;
 - (v) the Condition in clause 3.1(i) (Guarantor Shareholder Approval) is not satisfied but only to the extent that such Condition requires to be satisfied in order to permit, under the Companies Act and the UKLA Listing Rules, Bidder and Guarantor to carry out and complete the Acquisition, on or before the Guarantor Shareholder Approval Satisfaction Date;
 - (vi) the Conditions set out in clauses 3.1(k) (Admission) and 3.1(n) (Bidder Group Capital Raising) are not satisfied on or before the Bidder Group Capital Raising Satisfaction Date; or
 - (vii) the Underwriting Agreement and/or the CB Subscription Agreement has been terminated or amended in a manner that Target regards as material and adverse to the likelihood of the Bidder Group Capital Raising succeeding in accordance with its terms, without the prior written consent of Target, on or before the Bidder Group Capital Raising Satisfaction Date, unless Bidder has first satisfied the Conditions set out in clauses 3.1(k) (Admission) and 3.1(n) (Bidder Group Capital Raising).
- (b) Bidder must pay Target the Target Reimbursement Fee within 10 Business Days after receiving a written notice from Target setting out the relevant circumstances and requiring payment of the Target Reimbursement Fee.

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (c) Despite any other term of this agreement, the Target Reimbursement Fee:
- (i) is only payable once;
 - (ii) will not be payable to Target if Bidder is entitled to terminate this agreement under clause 10.1 or clause 10.2; and
 - (iii) will not be payable if, but without limiting the provisions of clause 9.5(a)(iv), a Government Body acts or makes any determination or pronouncement that has the effect of preventing the implementation of either or both of the Schemes in accordance with their respective terms or such other terms as the parties may agree to acting reasonably.
- (d) The payment of the Target Reimbursement Fee by Bidder to Target is to compensate Target for:
- (i) advisory costs, legal costs (on a solicitor to own client basis), costs of management and directors' time;
 - (ii) out of pocket expenses incurred in implementing the Schemes;
 - (iii) reasonable opportunity costs incurred in pursuing the Schemes or not pursuing other alternative transactions or strategic initiatives; and
 - (iv) damage to Target's reputation associated with a failed transaction and the implication of those damages,
- in each case incurred by Target as a result of it having entered into the agreement or pursuing the Schemes.
- (e) The Target Reimbursement Fee is a genuine pre-estimate of the costs and losses which Target is expected to incur in connection with the Schemes and it is not a pre-condition to Target being paid the Target Reimbursement Fee that it has actually incurred those costs or losses or that it is able to prove that it has done so.
- (f) Bidder acknowledges and agrees that:
- (i) the Target Reimbursement Fee is reasonable in the context of the Schemes;
 - (ii) benefits will flow to Bidder, Guarantor and Guarantor Shareholders from Target proposing and implementing the Schemes; and
 - (iii) Bidder entering into this agreement and performing its obligations hereunder is necessary to induce Target to propose and implement the Schemes and otherwise complete the Acquisition.
- (g) Target acknowledges that under no circumstances, will the Target Reimbursement Fee be greater than, at the time it is due to be paid, one per cent (1%) of the market capitalisation of the Guarantor at that time.

9.6 Compliance with law

- (a) If a court, the Takeovers Panel or UKLA determines that the Bidder Reimbursement Fee or the payment of the Bidder Reimbursement Fee, or any part thereof:
- (i) constitutes, or would if performed, constitute:
 - (A) a breach of fiduciary or statutory duties of the Target Board; or
 - (B) unacceptable circumstances within the meaning of the Corporations Act; or
 - (ii) exceeds the level or limit set out in rule 10.2.7(1)(b) of the UKLA Listing Rules (**Bidder Limit**); or

- (iii) is unenforceable or would, if paid, be unlawful for any reason,

then Target is not obliged to pay the Bidder Reimbursement Fee or the relevant part thereof and, if the Bidder Reimbursement Fee has already been paid, then Bidder must within 5 Business Days after receiving written demand from Target refund the Bidder Reimbursement Fee or the relevant part thereof to Target provided that in the event of a determination in accordance with clause 9.6(b)(ii), the provisions of this clause 9.6(b) shall only apply to the relevant part of the Bidder Reimbursement Fee that exceeds the Bidder Limit.

- (b) If a court, the Takeovers Panel or the UKLA determines that the Target Reimbursement Fee or the payment of the Target Reimbursement Fee, or any part thereof:

- (i) constitutes, or would if performed constitute:

- (A) a breach of fiduciary or statutory duties of the Target Board; or
(B) unacceptable circumstances within the meaning of the Corporations Act;

- (ii) exceeds the level or limit set out in rule 10.2.7(1)(b) of the UKLA Listing Rules (Target Limit); or

- (iii) is unenforceable or would, if paid, be unlawful for any reason,

then Bidder is not obliged to pay the Target Reimbursement Fee or the relevant part thereof and, if the Target Reimbursement Fee has already been paid, then Target must within 5 Business Days after receiving written demand from Bidder refund the Target Reimbursement Fee or the relevant part thereof to Bidder, provided that in the event of a determination in accordance with clause 9.6(b)(ii), the provisions of this clause 9.6(b) shall only apply to the relevant part of the Target Reimbursement Fee that exceeds the Target Limit.

10. Termination

10.1 Termination by either party

Either Bidder or Target may terminate this agreement (in this clause 10.1, the terminating party is referred to as the **Terminating Party**) at any time before 8.00 am on the Second Court Date by notice in writing to the other party if:

- (a) either or both of the Schemes is or are not Effective by the End Date provided that the Terminating Party may not terminate this agreement under this clause if either or both of the Schemes is or are not Effective by the End Date as a result of a breach by the Terminating Party of its obligations under this agreement;
- (b) the other party (in this clause 10.1(b), the **breaching party**) is in material breach of any material obligation of it under this agreement before 8.00 am on the Second Court Date provided that the Terminating Party is only entitled to terminate this agreement if it has given notice to the breaching party setting out the relevant circumstances of the breach and stating an intention to terminate this agreement and the breach has continued to exist 20 Business Days (or any shorter period ending at 5.00 pm on the day before the Second Court Date) from the time such notice is first received by the breaching party; or
- (c) one of the Conditions in clause 3.1 for that party's benefit (including if that Condition is for both parties benefit) is not satisfied in accordance with its terms (including, for sake of clarity, its time for satisfaction).

For the sake of clarity, any breach of a Business Continuity Undertaking will constitute a material breach of any material obligation for the purposes of clause 10.1(b).

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

10.2 Termination by Bidder

Bidder may terminate this agreement at any time before 8.00 am on the Second Court Date by notice in writing to Target if:

- (a) a Target Warranty is breached;
- (b) that breach cannot be remedied, or is not remedied, before 8.00 am on the Second Court Date; and
- (c) that breach of Target Warranty amounts to a Target Material Adverse Change.

10.3 Termination by Target

Target may terminate this agreement at any time before 8.00 am on the Second Court Date by notice in writing to Bidder, if:

- (a) a Bidder Warranty is breached and the breach cannot be remedied before 8.00 am on the Second Court Date;
- (b) Bidder has not on or before the Bidder Group Capital Raising Satisfaction Date raised sufficient funds to enable it to pay in full the Cash Component in accordance with the provisions of the Schemes; or
- (c) the Target Board has changed its recommendation to approve either or both of the Schemes prior to the Scheme Meetings where the Target Board has made a determination in accordance with the provisions of both clause 9.2(d) and clause 9.2(e).

10.4 Mutual termination

Bidder and Target agree that if:

- (a) the Court, in the course of granting the approval referred to in clause 3.1(c), orders that such approval is or be conditional upon a condition or conditions;
- (b) both Target and Bidder, notify in writing to each other, no later than one (1) Business Day after the Second Court Date, that all or any of those conditions are unacceptable,

then upon the mutual exchange of such written notification between Bidder and Target:

- (c) this agreement will be deemed to have been terminated and, subject to clause 10.5, of no further force or effect;
- (d) Target will not be required to pay the Bidder Reimbursement Fee; and
- (e) Bidder will not be required to pay the Target Reimbursement Fee.

10.5 Effect of termination

In the event of termination of this agreement by either Target or Bidder pursuant to this clause 10, this agreement will become void and have no effect, other than:

- (a) clauses 1, 7, 8, 9.4, 9.5, 9.6, 10, 11, 12, 15, 16 and 17 which shall survive such termination; and
- (b) in respect of any liability for an antecedent breach of this agreement.

11. Confidentiality

- (a) No party may disclose the existence or contents of this agreement except:
 - (i) in the Agreed Announcement;
 - (ii) in the Explanatory Memorandum or the Bidder Group Prospectus and Circular;

- (iii) to that party's professional advisers or such of its Representatives as is reasonably required to effect the Bidder Group Capital Raising and/or the Schemes and implement the provisions of this agreement; or
- (iv) to the extent required by law or the rules of any stock exchange (provided the disclosing party consults with the other party as to the form and content of any disclosure required and uses its best endeavours to minimise the extent of such disclosure).
- (b) Nothing in this agreement amends the Confidentiality Deed, which remains in full force and effect notwithstanding this clause.
- (c) To the extent of any inconsistency between the provisions of this clause 11 and the Confidentiality Deed, the former shall prevail.

12. Parent Guarantee

- (a) The Guarantor hereby unconditionally and irrevocably guarantees to Target the performance of all the obligations and duties, and discharge of all the liabilities (including, without limitation, the payment of the Cash Component and the Target Reimbursement Fee), of Bidder in accordance with the provisions of this agreement and the Schemes (collectively the **Guaranteed Obligations**).
- (b) If any Guaranteed Obligation is not performed or discharged when it is due to be so performed or discharged in accordance with the provisions of this agreement and the Schemes, the Guarantor must immediately on demand from Target perform or discharge any such Guaranteed Obligation.
- (c) The Guarantor indemnifies Target against any claim, loss, liability, cost or expense which Target pays or is liable as a direct result of the failure of:
 - (i) Bidder to perform an obligation under this agreement; or
 - (ii) Guarantor to cause Bidder to perform an obligation under this agreement.
- (d) Target acknowledges and agrees that the Guarantor will not be or become liable to Target for any indirect or consequential claim, loss, liability, cost or expense which Target:
 - (i) pays or incurs;
 - (ii) is, or claims to be, liable to pay; or
 - (iii) will, or claims it will, incur,
 as a result of any non-performance referred to in clause 12(b) or any failure referred to in clause 12(c).
- (e) This clause 12 applies and the obligations of the Guarantor remains unaffected despite an increase in the amount of the Cash Component or the Target Reimbursement Fee or the extent of Bidder's other obligations under this agreement.
- (f) This clause 12 is:
 - (i) a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation; and
 - (ii) independent of and not in substitution for or affected by any other guarantee or other document or agreement which Target may hold concerning the Guaranteed Obligation or another obligation of Bidder.
- (g) The Target may enforce this clause 12 against the Guarantor:
 - (i) whether or not the Cash Component or the Target Reimbursement Fee is due;

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

- (ii) whether or not it has first given notice, made a demand or taken steps against Bidder or any other person.
- (h) The guarantee under this clause 12 remains in force until:
 - (i) the Cash Component or the Target Reimbursement Fee has been paid in accordance with the provisions of this agreement; and
 - (ii) the other obligations of Bidder under this agreement have been performed.

13. GST and VAT

13.1 Interpretation

In this agreement:

- (a) **GST** and **GST Law** have the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth);
- (b) **VAT** means value added tax in the United Kingdom under the Value Added Tax Act 1994; and
- (c) terms defined in the GST Law have the same meaning when used in this clause.

13.2 Payments GST exclusive

Unless otherwise stated in this agreement, all payments to be made, and other consideration to be provided, for supplies made under this agreement exclude GST.

13.3 Tax invoice

If GST is payable on a supply made under this agreement:

- (a) the supplier must provide to the recipient a tax invoice for the supply complying with the GST Law;
- (b) despite any other provision of this agreement, the recipient will not be obliged to pay for the supply unless and until the recipient has received the tax invoice; and
- (c) when the recipient is obliged to pay for the supply, the recipient must also pay to the supplier an amount equal to the GST payable by the supplier on the supply.

13.4 Adjustment events

If:

- (a) there is an adjustment event in relation to a supply; or
- (b) the Commissioner of Taxation lawfully adjusts the value of a supply for the purpose of calculating GST,

and that results in the amount of GST payable by the supplier on the supply being different from the amount of GST previously recovered by the supplier from the recipient under clause 13.3, the supplier must promptly provide to the recipient an adjustment note for the amount in question and:

- (c) if there has been an increasing adjustment, the recipient must within a reasonable period of receiving the adjustment note pay to the supplier the amount of the increase; or
- (d) if there has been a decreasing adjustment, the supplier must promptly refund to the recipient the amount of the decrease.

13.5 VAT

- (a) Unless otherwise stated in this agreement, all payments to be made and other consideration to be provided, under this agreement is exclusive of VAT.

- (b) One party shall only account to another party under this agreement for VAT on supplies made to the first party where that other party has to account for that VAT to HM Revenue & Customs and has issued a valid VAT invoice to the first party.

13.6 Reimbursable amounts

If a party is required under this agreement to reimburse another party for any loss or expense incurred by the other party, the amount to be reimbursed will be the sum of:

- (a) the amount of the loss or expense, net of any input tax credits to which the other party may be entitled in respect of the loss or expense; and
- (b) if the receipt of the reimbursement is itself a taxable supply, any GST payable in respect of that supply.

13.7 Withholdings

If the supplier has not provided its ABN to the recipient, the recipient may withhold from any payment due to the supplier under this agreement any amount it is required to withhold by law because of that fact.

14. Expenses and stamp duty

14.1 Expenses

Except as otherwise provided in this agreement, each party must pay the legal and other expenses it incurs in connection with negotiating, preparing, executing and performing this agreement.

14.2 Stamp duty

Bidder and Target agree that, as between Bidder and Target, Bidder:

- (a) must pay all stamp duty and any related fines and penalties in respect of this agreement, the performance of this agreement and each transaction effected by or made or to be effected or made under this agreement;
- (b) indemnify Target against any liability arising from failure to comply with this clause 14.2(a); and
- (c) is authorised to apply for and retain the proceeds of any refund due in respect of stamp duty paid under clause 14.2(a).

15. Notices

15.1 Form of notices

Any notice or other communication (including any request, demand, approval or consent) under this agreement to or by a party:

- (a) must be in legible writing and in English;
- (b) must be signed by the sender or on its behalf by a director, secretary, attorney, solicitor or other authorised agent;
- (c) must be hand delivered or sent by prepaid post, electronic mail or facsimile to the intended recipient's address or facsimile number set out in clause 15.2 or such other address or facsimile number as the intended recipient may have notified to the sender by notice;
- (d) if posted internationally, must be sent by airmail; and
- (e) if sent by email, must be in the form of an attached pdf or other scanned image of an original communication that includes a handwritten signature and the accompanying email must state that the attachment is a communication under this agreement.

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

15.2 Address for notices

The parties' addresses and facsimile numbers for service of notices and other communications under this agreement are:

Bidder:

Address: Fannie Bay Racecourse, Dick Ward Avenue, Fannie Bay NT 0820, Australia
 Email: Jim.Wilkinson@sportingbet.com & Anthonyw@sportingbet.com.au
 Facsimile: +44 (0)207 184 1810
 Attention: Jim Wilkinson & Anthony Waller

Guarantor

Address: 4th Floor, 45 Moorfields, London EC2Y 9AE, United Kingdom
 Email: Jim.Wilkinson@sportingbet.com & Daniel.Talisman@sportingbet.com
 Facsimile: +44 (0)207 184 1810
 Attention: Jim Wilkinson & Daniel Talisman

Target:

Address: 110-116 Bourke Road, Alexandria NSW 2015, Australia
 Email: Michael.McRitchie@centrebet.com
 Facsimile: +61 8 89555750
 Attention: Michael McRitchie

With a copy to:

Email: lance.sacks@cliffordchance.com
 Facsimile: +61 2 8922 8088
 Attention: Lance Sacks, Partner, Clifford Chance

15.3 Service of notices

A notice is to be regarded as having been given by the sender and received by the intended recipient:

- (a) if hand delivered, on delivery;
- (b) if sent by post:
 - (i) from within the same country as the recipients address, two (2) Business Days after the date of posting; or
 - (ii) internationally by airmail, five (5) Business Days after the date of posting;
- (c) if sent by electronic mail, when transmitted by the sender unless the sender receives a message from its internet service provider or the recipient's mail server indicating that it has not been successfully transmitted; or
- (d) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the total number of pages of the notice,

but if the delivery or receipt is after 5pm on a Business Day or on a day which is not a Business Day in the place where the notice is sent to the intended recipient, the notice is to be taken as having been received at 9am on the next Business Day in that place.

15.4 Process Agent

- (a) Without preventing any other mode of service, any document in any action (including any writ, summons or originating process or any third or other party notice) may be served on Bidder or Guarantor by being delivered to or left for that party at the address appearing at the commencement of this document or with its process agent.

- (b) Bidder and Guarantor appoints Addisons Lawyers (Sydney Office) as its agent to receive and accept service of any document referred to in clause 15.4(a).
- (c) Addisons Lawyers (Sydney Office) will remain as Bidder's and Guarantor's process agent until Bidder or Guarantor, as the case may be, notifies Target of the appointment of a replacement process agent.

16. Jurisdictional matters

16.1 Governing law

This agreement is governed by the law applicable in New South Wales.

16.2 Submission to jurisdiction

Each party submits to the non-exclusive jurisdiction of the courts in New South Wales and the courts that may hear appeals from them.

16.3 Waiver of objection

Each party waives any right it has to object to an action being brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

17. General

17.1 Agreements, approvals and consents

Where something requires the agreement, approval or consent of a party under this agreement, unless this agreement expressly provides otherwise, the party may:

- (a) give that agreement, approval or consent conditionally or unconditionally; or
- (b) withhold that agreement, approval or consent,

in its absolute discretion and without giving any reasons for doing so.

17.2 Partial exercise of rights

The fact that a party does not exercise a right fully or at a given time will not prevent the party from exercising it later.

17.3 Failure to enforce

The failure of a party to require performance of any obligation under this agreement is not a waiver of that party's right:

- (a) to insist on performance of, or to claim damages for breach of, that obligation unless that party acknowledges in writing that the failure is a waiver; or
- (b) to require performance of that or any other obligation under this agreement.

17.4 Waiver, variation or termination

A provision of this agreement or a right created under it may not be waived, varied or terminated except in writing, signed by the party or parties to be bound.

17.5 Cumulative rights

The rights arising out of or under this agreement are cumulative and additional to any rights provided in law or equity.

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

17.6 Assignment

A party must not transfer, assign, novate or otherwise dispose of any of its rights or obligations under this agreement without the prior written consent of the other party.

17.7 Prohibition and severance

- (a) Any provision of this agreement which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.
- (b) If a provision of this agreement is illegal, void or unenforceable in any jurisdiction, that fact does not affect the legality, validity or enforceability of:
 - (i) the remaining provisions in that or any other jurisdiction; or
 - (ii) that provision in any other jurisdiction.
- (c) Any provision of this agreement that is illegal, void or unenforceable may be severed from this agreement and the remaining provisions continue in force unless this would materially change the intended effect of this agreement.

17.8 Entire agreement

This agreement and the Confidentiality Deed:

- (a) represent the entire agreement between the parties as to its subject matter; and
- (b) supersede all prior agreements, arrangements, understandings and negotiations between the parties on that subject matter.

17.9 Further assurances

Each party must:

- (a) do all things reasonably necessary to give full effect to this agreement and the transactions contemplated by it (including signing any other documents needed to do that);
- (b) not do anything that might hinder performance of this agreement; and
- (c) use all reasonable endeavours to cause relevant third parties to do likewise.

17.10 Counterparts

This agreement may consist of a number of copies, each signed by one or more parties to the agreement. If so, the signed copies are treated as making up the one agreement.

17.11 Attorneys

Each person who executes this agreement on behalf of a party under a power of attorney declares that they are not aware of any fact or circumstance that might affect their authority to do so under the power of attorney.

Schedule 1 - Timetable

Event	Date
Scheme Implementation Agreement signed (in Sydney)	Thursday, 26 May 2011
Underwriting Agreement signed (in London)	Thursday, 26 May 2011
Agreed Announcement	Thursday, 26 May 2011
Despatch Bidder Group Prospectus and Circular	Friday, 27 May 2011
Convertible bonds issued pursuant to the CB Subscription Agreement	Wednesday, 8 June 2011
Guarantor General Meeting (resolutions sought to approve Bidder Group Capital Raising and Class 1 transaction)	Monday, 13 June 2011
Admission to Listing	Thursday, 16 June 2011
Bidder Group Capital Raising Satisfaction Date	Tuesday, 21 June 2011
Signing of Litigation Management Deed, Collection Agent Deed Poll and Litigation Claim Unit Trust	Monday, 27 June 2011
Lodgement of draft Explanatory Memorandum with ASIC	Monday, 27 June 2011
First Court Date	Tuesday, 12 July 2011
Registration of Explanatory Memorandum at ASIC; commence despatch of Explanatory Memorandum	Wednesday, 13 July 2011
Despatch of Explanatory Memorandum completed	Monday, 18 July 2011
Scheme Meetings	Wednesday, 17 August 2011
Second Court Date	Monday, 22 August 2011
Effective Date	Tuesday, 23 August 2011

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

Record Date	Tuesday, 30 August 2011
Implementation Date	Wednesday, 31 August 2011

Schedule 2 - Target Capital Structure

<u>Securities</u>	<u>Number on issue at the date of this agreement</u>
Ordinary shares (fully paid)	87,764,414
Options	1,163,215
Performance Rights	3,742,904

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

Schedule 3 - Target Prescribed Occurrences

Target Prescribed Occurrence means the occurrence of any of the following:

- (a) Target converting all or any of its shares into a larger or smaller number of shares.
- (b) Any Target Group Member resolving to reduce its share capital in any way.
- (c) Any Target Group Member:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act.
- (d) Any Target Group Member issues any Security, or agrees to issue any Security, other than any Security that:
 - (i) the Target Group Member is at the time of signing the agreement, legally obliged to issue; and
 - (ii) the details of that obligation form part of the Disclosure Materials.
- (e) At any time before 1 July 2011, any Target Group Member issues Performance Rights or grants an option over any Security, or agrees to make such an issue of Performance Rights or grant such an option, other than Performance Rights or options over any Security that:
 - (i) that Target Group Member is, at the time of Target signing this agreement, legally obliged to issue or grant; and
 - (ii) the details of that obligation form part of the Disclosure Materials.
- (f) At any time on or after 1 July 2011, any Target Group Member issues Performance Rights or grants an option over any Security, or agrees to make such an issue of Performance Rights or grant such an option, other than Performance Rights or options over any Security that the Target Board considers is consistent with recent policies and procedures or published performance criteria applicable to the proposed recipient of such Performance Right and/or option.
- (g) Any Target Group Member issues, or agrees to issue, convertible notes.
- (h) Any Target Group Member disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property.
- (i) Any Target Group Member Encumbers, or agrees to Encumber, the whole, or a substantial part, of its business or property.
- (j) Any Target Group Member resolves to be wound up.
- (k) A liquidator or provisional liquidator of any Target Group Member is appointed.
- (l) A court makes an order for the winding up any Target Group Member.
- (m) An administrator of any Target Group Member is appointed under section 436A, 436B or 436C of the Corporations Act.
- (n) Any Target Group Member executes a deed of company arrangement.
- (o) A receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any Target Group Member.

- (p) Any Consent Contract or any Gambling Licence ceasing to be in full force and effect, other than as a result of an act or omission of Bidder and the effect of such cessation is, or is reasonably likely to be, a reduction in:
- (i) the recurring EBITDA of the Target Group for any consecutive twelve month period by at least A\$2,300,000; or
 - (ii) 16.2 the Net Assets of the Target Group, by at least A\$12,000,000.
- (q) Any Target Group Member is or becomes, or receives a credible threat that it will become, the subject of any claim, dispute, investigation or litigation that:
- (i) has the reasonable prospect of causing that Target Group Member to experience a Target Material Adverse Change; and
 - (ii) that credible threat, claim, dispute, investigation or litigation was not known or disclosed to any Bidder Group Member prior to the date of this agreement.
- (r) On or after the date of this agreement, any person acquires, or is granted the right to acquire (whether or not conditional), Relevant Interest in more than twenty per cent. (20.0%) of the Shares.
- (s) On or after the date of this agreement, the Target Board consents to the transfer of any Performance Right or Option.

ANNEXURE A

SCHEME IMPLEMENTATION AGREEMENT

Signed by the parties [please date and sign where marked (X)]

Dated: (X).....

Signed by
SBET AUSTRALIA PTY LIMITED

(X).....
Director/Company Secretary* sign here

(X).....
Director sign here

(X).....
Director/Company Secretary* print name here
(* Cross-out whichever does not apply)

(X).....
Director print name

Signed by
CENTREBET INTERNATIONAL LIMITED

(X).....
Director/Company Secretary* sign here

(X).....
Director sign here

(X).....
Director/Company Secretary* print name here
(* Cross-out whichever does not apply)

(X).....
Director print name

Signed by
SPORTINGBET PLC

(X).....
Director/Company Secretary* sign here

(X).....
Director sign here

(X).....
Director/Company Secretary* print name here
(* Cross-out whichever does not apply)

(X).....
Director print name



ANNEXURE B: SHARE SCHEME OF ARRANGEMENT

ANNEXURE B

SHARE SCHEME OF ARRANGEMENT

Share Scheme of Arrangement made under section 411 of the Corporations Act 2001 (Cth)

PARTIES: Centrebet International Limited (ABN 55 066 441 067) of 110 – 116 Bourke Road, Alexandria, New South Wales 2015, Australia (**Target**)

Each Share Scheme Participant

Background

- A.** Target is:
- (i) a public company incorporated in New South Wales; and
 - (ii) is admitted to the Official List of ASX.
- B.** The Shares are quoted on the stock market conducted by ASX.
- C.** Target has:
- (i) 87,764,414 Shares on issue;
 - (ii) 3,742,903 Performance Rights on issue; and
 - (iii) 1,163,215 Options on issue.
- D.** Target, Bidder and Guarantor have entered into the Scheme Implementation Agreement dated 26 May 2011 (**Scheme Implementation Agreement**) pursuant to which, among other things, Target has agreed to propose and (subject to the satisfaction of certain conditions as therein stated) implement this Share Scheme.
- E.** If this Share Scheme becomes Effective, then in accordance with the provisions of this Share Scheme and the Scheme Implementation Agreement:
- (a) the Shares will be transferred to Bidder; and
 - (b) in respect of each Share registered in the Target Share Register as being held by a Share Scheme Participant on the Record Date:
 - (i) Bidder must provide or procure the payment of the Cash Component in respect of that Share;
 - (ii) Bidder must grant one Litigation Claim Right in respect of that Share;
 - (iii) Bidder must transfer or procure the issue and allotment of one Litigation Claim Unit in respect of that Share.
- F.** Bidder has entered into the Deed Poll for the purpose of covenanting in favour of the Share Scheme Participants to perform its obligations under this Share Scheme and the Scheme Implementation Agreement.
- G.** Guarantor is the ultimate holding company of Bidder and has entered into the Deed Poll to guarantee the obligations of Bidder under this Share Scheme and the Scheme Implementation Agreement.

Agreement

1. Definitions and interpretation

1.1 Definitions

Terms not defined in this Share Scheme have the same meaning as in the Scheme Implementation Agreement. In addition, in this Share Scheme:

Aggregate Cash Component means the aggregate of the Cash Component to be paid by Bidder to all Share Scheme Participants.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of the settlement facility of ASX Settlement for the purposes of the Corporations Act.

ATO means, collectively, the Australian Taxation Office and the Commissioner of Taxation, and any representative, delegate or agent thereof.

Bidder means Sbet Australia Pty Limited ACN 149 603 494.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks generally are open for business in Sydney (Australia) or London (United Kingdom).

Cash Component means that part of the Share Scheme Consideration that Bidder is required to pay in immediately available funds in accordance with the provisions of the Scheme Implementation Agreement, the Deed Poll and this Share Scheme.

CHESS means the Clearing House Electronic Sub-register System.

Collection Agent means One Managed Investment Funds Limited ACN 117 400 987.

Collection Agent Deed Poll means the deed poll dated 5 July 2011 under the terms of which the Collection Agent acknowledges to and in favour of all Litigation Claim Participants the provisions upon which it will hold and deal with any proceeds received by it in connection with the Litigation Claim.

Condition means a condition set out in clause 3.1 of the Scheme Implementation Agreement.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Federal Court, New South Wales registry or such other court of competent jurisdiction as Target and Bidder may agree in writing.

Deed Poll means the deed poll executed by Bidder and Guarantor in favour of Scheme Participants.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Share Scheme.

Effective Date means the date on which the Share Scheme becomes Effective.

End Date means 31 October, 2011 or such later date agreed by Bidder, Guarantor and Target in writing.

GST has the meaning given to that term in the GST Act.

GST Act means the A New Tax System (Goods and Services Tax) Act 1999 (Cth) (as amended).

Guarantor means Sportingbet PLC (UK company number 03534726).

ANNEXURE B

SHARE SCHEME OF ARRANGEMENT

Implementation Date means the date which is 3 Business Days after the Record Date or such other date as Target and Bidder agree in writing

Litigation Claim means the claim by SubCo against ATO for a GST refund and carry forward loss on the basis that the amount of GST accounted for by SubCo in the period ended on and including 31 March, 2010 was in excess of what SubCo was legally required to account for having regard to the relevant law applying in that period (including any objections or appeals therefrom).

Litigation Claim Participant means each;

- (a) Scheme Participant; and
- (b) person who is registered as a holder of an Option as at the Record Date.

Litigation Claim Right means all rights of each Litigation Claim Participant under the:

- (a) Litigation Management Deed;
- (b) the Schemes; and
- (c) the Deed Poll,

to receive any and all proceeds which are proposed to be paid by Bidder to the Collection Agent, in accordance with the provisions of the Litigation Management Deed, arising from the conduct, and if applicable settlement, of the Litigation Claim.

Litigation Claim Unit means a unit in the issued capital of the Litigation Claim Unit Trust in respect of which each such unit entitles the holder to receive distributions in accordance with the terms of the Litigation Claim Unit Trust.

Litigation Claim Unit Trust means a trust constituted by a trust deed dated 7 July 2011 of which:

- (a) the Unit Trustee is the trustee; and
- (b) a term of the trust requires the Unit Trustee to promptly distribute any payments made to the Unit Trustee in accordance with the Litigation Management Deed arising from the conduct, and if applicable settlement, of the Litigation Claim.

Litigation Management Deed means the deed dated 5 July 2011 between Bidder, Guarantor, Target, SubCo, Collection Agent, Unit Trustee, Security Trustee, Con Kafataris and George Kafataris.

Option means an option to acquire a Share.

Optionholder means a holder of one or more Options.

Performance Right means a right to receive a Share.

Performance Rightholder means a person who is registered in the Performance Right Register as a holder of Performance Rights.

Performance Right Register means Target's register of the holders of Performance Rights.

Performance Right Scheme means a scheme of arrangement between Target and each Performance Right Scheme Participant and as implemented in accordance with the Scheme Implementation Agreement but subject to any alterations or conditions made or required by the Court under section 411 of the Corporations Act and consented to by Target and Bidder.

Performance Right Scheme Participant means each person who is registered in the Performance Right Register as a holder of a Performance Right as at the Record Date.

Record Date means 7.00pm (Sydney time) on the date which is 5 Business Days after the Effective Date, or any other date agreed by Target, Bidder and Guarantor to be the record date to determine entitlements to receive the Share Scheme Consideration under the Share Scheme.

Scheme Implementation Agreement means the agreement entitled 'Scheme Implementation Agreement' dated 26 May 2011 between Target, Bidder and Guarantor (as amended).

Scheme Participants means the Share Scheme Participants and the Performance Right Scheme Participants.

Schemes means the Share Scheme and the Performance Right Scheme

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Share Scheme or, if the hearing of such application is adjourned or subject to appeal for any reason, means the first day on which the adjourned or appealed application is heard.

Security Trust Deed means a deed entered into by Bidder, Target, SubCo, Collection Agent, Unit Trustee and Security Trustee dated 5 July 2011, the terms of which will include an acknowledgement from the Security Trustee to and in favour of all Litigation Claim Participants that it will act as security trustee for and on behalf of each Litigation Claim Participant on the terms of that deed.

Security Trustee means P.T. Limited ACN 004 546 666.

Share means each fully paid ordinary share in the issued capital of Target.

Share Scheme means a scheme of arrangement between Target and each Share Scheme Participant as set out in this document, and as implemented in accordance with the Scheme Implementation Agreement but subject to any alterations or conditions made or required by the Court under section 411 of the Corporations Act and consented to by Target and Bidder.

Share Scheme Consideration means the consideration to be provided to Share Scheme Participants for the transfer to Bidder of each Share under the terms of the Share Scheme, being:

- (a) A\$2.00 in respect of each Share;
- (b) one (1) Litigation Claim Right in respect of each Share; and
- (c) one (1) Litigation Claim Unit in respect of each Share,

held by a Share Scheme Participant as at the Record Date.

Share Scheme Participant means each person who is registered in the Target Share Register as a holder of a Share as at the Record Date.

Share Scheme Transfer means, in respect of each Share Scheme Participant, a duly completed and executed and otherwise proper instrument of transfer of the Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all of the Shares.

SubCo means Centrebet Pty Limited (ACN 106 487 736).

Target means Centrebet International Limited ACN 066 441 067.

Target Share Register means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

Target Trust Account means the bank account more particularly referred to in clause 3.3(a).

ANNEXURE B

SHARE SCHEME OF ARRANGEMENT

Unit Trustee means One Managed Investment Funds Limited ACN 117 400 987.

1.2 Rules for interpreting this Share Scheme

The rules specified in clause 1.2 of the Scheme Implementation Agreement apply in interpreting this Share Scheme unless the context makes it clear that a rule is not intended to apply.

1.3 Headings

Headings are for ease of reference only and do not affect the meaning of this Share Scheme.

1.4 Business Days

Where something is required by this Share Scheme to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

2. Conditions to this Share Scheme

2.1 Conditions precedent to this Share Scheme

- (a) This Share Scheme is conditional on:
 - (i) each Condition having been satisfied or, subject to the terms of the Scheme Implementation Agreement, having been waived or taken to have been waived; and
 - (ii) as at 8.00am on the Second Court Date, the Scheme Implementation Agreement having not been terminated.
- (b) The satisfaction of each of the Conditions is a condition precedent to the operation of the remainder of this Share Scheme.
- (c) If the Effective Date does not occur on or before the End Date or any later date that Bidder and Target agree:
 - (i) this Share Scheme will lapse and be of no further force or effect; and
 - (ii) Target, Bidder and Guarantor will thereupon be released from:
 - (A) any further obligation to take any steps to implement this Share Scheme; and
 - (B) any liability with respect to this Share Scheme.

2.2 Certificate in relation to conditions

Target must provide, and must procure that Bidder provides, to the Court on the Second Court Date, a certificate stating, to the best of its knowledge, whether or not each of the Conditions (other than the Condition stated in clause 3.1(c) (Court Orders) of the Scheme Implementation Agreement) have been satisfied, waived or taken to be waived. The certificates provided by Target and Bidder will constitute conclusive evidence that such Conditions are satisfied, waived or taken to be waived.

3. Share Scheme

3.1 Lodgement of Court orders

- (a) Target must use its best endeavours to lodge with ASIC copies of the Court order under section 411(4)(b) of the Corporations Act approving this Share Scheme by no later than 5.00 pm on the first Business Day after the day on which the Court approves this Share Scheme.

- (b) The Court order under section 411(4)(b) of the Corporations Act approving this Share Scheme is taken to have effect on and from the date of lodgement of the order with ASIC or such other date as is specified in the order.

3.2 Transfer of Shares

- (a) On the Implementation Date, in consideration for and subject to:
 - (i) Bidder depositing the Aggregate Cash Component into the Target Trust Account at least 1 Business Day prior to the Implementation Date;
 - (ii) Bidder granting the Litigation Claim Rights to the Share Scheme Participants in accordance with clause 3.3(c)(i);
 - (iii) Bidder establishing the Litigation Claim Unit Trust in accordance with the Litigation Management Deed; and
 - (iv) Bidder transferring or procuring the issuance and allotment of the Litigation Claim Units to the Share Scheme Participants in accordance with clause 3.3(c)(ii) and the Litigation Management Deed,

the Shares, together with all rights and entitlements attaching to the Shares as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Share Scheme Participant (other than acts performed by Target as attorney and agent for Share Scheme Participants under clause 7) by:

- (v) Target executing and delivering to Bidder as attorney for all Share Scheme Participants, the Share Scheme Transfer to transfer all Shares to Bidder, without the need for any further act by Share Scheme Participants; and
 - (vi) Bidder duly executing the Share Scheme Transfer, attending to the stamping of the Share Scheme Transfer (if required) and delivering it to Target for registration.
- (b) Immediately after receipt by Target of the Share Scheme Transfer pursuant to clause 3.2(a)(vi), Target must enter the name of Bidder in the Target Share Register in respect of all the Shares that are the subject to the Share Scheme Transfer.

3.3 Payment or provision of Share Scheme Consideration

- (a) At least 1 Business Day prior to the Implementation Date, Target must procure that Bidder, in accordance with its obligation contained in clause 4.7 of the Scheme Implementation Agreement, deposits in cleared funds an amount equal to the Aggregate Cash Component into an Australian dollar denominated trust account, operated by Target as trustee for the Share Scheme Participants, to be held on trust for the Share Scheme Participants for the sole and exclusive purpose of paying the Cash Component to each Share Scheme Participant (in respect of each Share that that Share Scheme Participant holds on the Record Date), except that any interest on the amounts deposited (less bank fees and other charges) shall be held on trust by Target for and on behalf of Bidder.
- (b) By no later than 4.00pm on the Business Day immediately following the Implementation Date and subject to Bidder having complied with its obligation contained in clause 4.7 of the Scheme Implementation Agreement, Target must pay or procure the payment from the Target Trust Account of the Cash Component to each Share Scheme Participant entitled to such Cash Component in respect of each Share that the Share Scheme Participant holds on the Record Date.
- (c) On the Implementation Date, Target will procure that Bidder:

ANNEXURE B

SHARE SCHEME OF ARRANGEMENT

- (i) grants to each Share Scheme Participant one Litigation Claim Right in respect of each Share that the Share Scheme Participant holds on the Record Date; and
 - (ii) transfers or procures the issue and allotment to each Share Scheme Participant one Litigation Claim Unit in respect of each Share that the Share Scheme Participant holds on the Record Date.
- (d) The obligations of Target under clause 3.3(b) will be satisfied by Target completing the following actions by no later than 4.00pm on the Business Day immediately following the Implementation Date:
- (i) dispatching, or procuring the dispatch of, a cheque to each Share Scheme Participant by prepaid post to their address recorded in the Target Share Register (as at the Record Date), such cheque being drawn in the name of the Share Scheme Participant (or, in the case of joint Share Scheme Participants, in accordance with the procedure set out in clause 3.3(g)); or
 - (ii) making a deposit in an account with any ADI (as defined in the Banking Act 1959 (Cth)) in Australia notified by the Share Scheme Participant as at the Record Date (including any account notified by the Share Scheme Participant to Target for the purpose of payment of dividends),
- for the relevant amount, with that amount being denominated in Australian dollars.
- (e) The obligations of Target under clause 3.3(c) will be satisfied by Target procuring Bidder to take the following actions:
- (i) on the Implementation Date, registering, or procuring the registration of, each Share Scheme Participant as the holder of the Litigation Claim Rights and the Litigation Claim Units which that Share Scheme Participant is entitled to; and
 - (ii) by no later than 4.00pm on the Business Day immediately following the Implementation Date, dispatching, or procuring the dispatch of, a certificate or holding statement for the Litigation Claim Rights and a certificate or holding statement for the Litigation Claim Units to each Share Scheme Participant which that Share Scheme Participant is entitled to.
- (f) To the extent that there is a surplus in the amount held in the Target Trust Account, that surplus must be paid by Target to Bidder following the satisfaction of Target's obligations under clause 3.3(d).
- (g) In the case of joint Share Scheme Participants, the cheque will be forwarded to the Share Scheme Participant whose name appears first in the Target Share Register on the Record Date.

4. Dealings in Shares

- (a) For the purpose of establishing who is a Share Scheme Participant, dealings in Shares will only be recognised by Target if:
 - (i) the transferee is registered in the Target Share Register as the holder of the relevant Shares on the Record Date; and
 - (ii) in all other cases, a registrable transmission application or transfer in respect of all other dealings in any Shares is received on or before the Record Date at the place where the Target Share Register is maintained.
- (b) If this Share Scheme becomes Effective, a holder or joint holders of Shares (and any person claiming through that holder or those joint holders) must not dispose of or purport to agree to dispose of any Shares or any interest in them after the Record Date.

- (c) Target will:
- (i) not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date (except for a transfer of Shares to Bidder pursuant to this Share Scheme and any subsequent transfer by Bidder);
 - (ii) register registrable transmission applications or transfers of the kind referred to in clause 4(a)(ii) on or before the Record Date; and
 - (iii) accept and recognise any notice of exercise of a Performance Right or Option which is received on or before the Record Date at the place where the Performance Right Register is maintained, and:
 - (A) issue and allot to the relevant Performance Rightholder or Optionholder that number of Shares as that Performance Rightholder or Optionholder is entitled to on exercise of that Performance Right or Option (as the case may be); and
 - (B) register that Performance Rightholder or Optionholder in the Target Share Register on or before the Record Date as a holder of the Shares issued and allotted to that Performance Rightholder or Optionholder as referred to in clause 4(c)(iii)(A).
- (d) For the purpose of determining entitlements to the Share Scheme Consideration, Target must maintain the Target Share Register in accordance with the provisions of this clause 4 until the Cash Component has been paid, the Litigation Claim Rights have been issued and allotted and the Litigation Claim Units have been transferred, or issued and allotted, to all the Share Scheme Participants. The Target Share Register in this form will solely determine entitlements to the Share Scheme Consideration.
- (e) All statements of holding for Shares will cease to have effect from the Record Date as documents of title in respect of those Shares (other than statements of holding for Shares in favour of Bidder) and, as from that date, each entry current at that date on the Target Share Register (other than entries in respect of Bidder) will cease to have effect except as evidence of entitlement to the Share Scheme Consideration in respect of the Shares relating to that entry.
- (f) As soon as possible after the Record Date, Target will ensure that details of the names, registered addresses and holdings of Shares for each Share Scheme Participant as shown in the Target Share Register on the Record Date are available to Bidder in the form Bidder reasonably requires.

5. Quotation of Shares

- (a) Target will apply for, and is expected to be granted, the suspension in trading of Shares to take effect on and from the close of trading on the day on which Target notifies ASX that the Court has approved this Share Scheme under section 411(4)(b) of the Corporations Act.
- (b) On a date after the Implementation Date to be determined by Bidder, Target will make an announcement to ASX and apply:
 - (i) for termination of official quotation of Shares on ASX; and
 - (ii) to have itself removed from the official list on ASX.

ANNEXURE B

SHARE SCHEME OF ARRANGEMENT

6. Share Scheme provisions

6.1 Consent to Share Scheme amendments

If the Court proposes to approve this Share Scheme subject to any alterations or conditions to this Share Scheme, Target may by its counsel or solicitor consent on behalf of all Share Scheme Participants and all other persons concerned, to those alterations or conditions to which Bidder has consented.

6.2 Share Scheme Participants' agreements and representations

- (a) The Share Scheme Participants agree, and Target agrees for and on behalf of all Share Scheme Participants, to the transfer of all of their Shares in accordance with this Share Scheme.
- (b) Each Share Scheme Participant is taken to have represented and warranted to Bidder and Target that at the date of transfer of all the Shares (including any rights and entitlements attaching to the Shares) that are, or are to be, transferred to Bidder under this Share Scheme:
 - (i) that Share Scheme Participant will transfer to Bidder and otherwise in accordance with this Share Scheme, all its legal and beneficial right, title and interest in each of the Shares that are registered in the Target Share Register in its name on the Record Date;
 - (ii) each Share referred to in clause 6.2(b)(i) will be fully paid and free from all mortgages, charges, liens, encumbrances, security interests and other interests of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
 - (iii) it has full power and capacity to sell and to transfer all and each of its Shares together with any rights and entitlements attaching to those Shares to Bidder under this Share Scheme.

6.3 Title to and rights in Shares

On and from the Implementation Date, Bidder will be legally and beneficially entitled to the Shares transferred to it under this Share Scheme pending registration by Target of Bidder in the Target Share Register as the holder of the Shares.

6.4 Effect of this Share Scheme

This Share Scheme binds Target and all Share Scheme Participants from time to time and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Target.

6.5 Enforcement of Deed Poll

Target undertakes in favour of each Share Scheme Participant to enforce the Deed Poll against Bidder and Guarantor on behalf of and as agent and attorney for the Share Scheme Participants.

6.6 Agreement to become member of Litigation Claim Unit Trust and to hold Litigation Claim Right

Each Share Scheme Participant irrevocably agrees to:

- (a) accept the Litigation Claim Rights and Litigation Claim Units granted, issued or transferred to it pursuant to this Share Scheme;
- (b) become a holder of the Litigation Claim Units issued or transferred to it pursuant to this Share Scheme, become a member of the Litigation Claim Unit Trust, have its name and address entered in the register of the Litigation Claim Units and be

bound by the trust deed of the Litigation Claim Unit Trust as in force from time to time;

- (c) become a holder of Litigation Claim Rights; and
- (d) be bound by the Collection Agent Deed Poll and the Security Trust Deed as in force from time to time,

without the need for any further act by that Share Scheme Participant.

7. Power of attorney

7.1 Power of attorney

- (a) Each Share Scheme Participant will be deemed to have authorised Target to do and execute all acts, matters, things and documents on the part of the Share Scheme Participant necessary or desirable to implement this Share Scheme, including (without limitation), as its agent and attorney, or where necessary or appropriate as its corporate representative:
 - (i) executing:
 - (A) any share transfer or transfers in relation to Shares as contemplated by clause 7.1(b); and
 - (B) any form of application (including any necessary consent) required for the Litigation Claim Rights or Litigation Claim Units to be issued or transferred to that Share Scheme Participant in accordance with this Share Scheme; and
 - (ii) enforcing the Deed Poll against Bidder and Guarantor.
- (b) For the purpose of transferring the Shares to Bidder in accordance with clause 3.2, each Share Scheme Participant irrevocably appoints Target and each of its officers, severally, in accordance with this clause 7.1 as its true and lawful attorney, or where necessary or appropriate as its corporate representative, with effect from the Effective Date, with power:
 - (i) in the case of Shares in a CHESS Holding:
 - (A) to cause a message to be transmitted to ASX Settlement in accordance with ASX Settlement Operating Rules so as to transfer to Bidder the Shares held by that Share Scheme Participant from the CHESS sub-register of Target to the issuer sponsored sub-register operated by Target notwithstanding that, at the time of such transfer, the Share Scheme Consideration which is due under this Share Scheme has not been provided to or received by that Share Scheme Participant; or
 - (B) to complete and sign on behalf of that Share Scheme Participant any required form of transfer to Bidder of such Shares (which may be effected by a master transfer of all Shares);
 - (ii) in the case of Shares that are registered in the issuer sponsored sub-register of the Target Share Register, to complete and sign on behalf of that Share Scheme Participant any required form for the transfer to Bidder of such Shares (which may be effected by a master transfer of all Shares); and
 - (iii) in the case of all Shares, subject to Bidder doing the acts contemplated in clauses 3.2(a)(i) to (iv) inclusive, to exercise all powers and rights which that Share Scheme Participant could lawfully exercise as the registered holder of the Shares or any of them including without limitation attending

ANNEXURE B

SHARE SCHEME OF ARRANGEMENT

and voting at any meeting of Target (which meeting that Share Scheme Participant undertakes not to otherwise attend or vote at in person or by proxy or other representative), requisitioning any meeting of Share Scheme Participants and doing all things incidental and ancillary to any of the foregoing and it is acknowledged and agreed that in exercising such powers, the attorney may act in the interests of Bidder as the intended registered holder of those Shares.

8. General

8.1 Notices

Each communication (including each notice, consent, approval, request and demand) to Target under or in connection with this Share Scheme:

- (a) must be in writing;
- (b) must be addressed as follows (or as otherwise notified by Target from time to time):

TARGET

Name: Centrebet International Limited
 Attention: Company Secretary
 Address: 110 – 116 Bourke Road, Alexandria, New South Wales 2015, Australia
 Facsimile: +61 8 8955 5750

- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;
- (d) must be delivered by hand or posted by prepaid post to the address, sent by electronic mail, or sent by fax to the number, of the addressee in accordance with clause 8.1(b);
- (e) if sent by email, must be in a form of an attached pdf or other scanned image of an original communication that includes a handwritten signature and the accompanying email must state that the attachment is a communication under this Share Scheme;
- (f) will be taken to be received by the address:
 - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
 - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;
 - (iii) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent;
 - (iv) (in the case of delivery by hand) on delivery; and
 - (v) (in the case of electronic mail) when transmitted by the sender unless the sender receives a message from its internet service provider or the recipient's mail server indicating that it has not been successfully transmitted.

8.2 Stamp duty

Bidder will pay all stamp duty payable in connection with the transfer of the Shares to Bidder.

8.3 Consent

- (a) Each Share Scheme Participant consents to Target doing all things necessary or incidental to the implementation of this Share Scheme.
- (b) Each Share Scheme Participant acknowledges that this Share Scheme binds Target and all Share Scheme Participants (including those who do not attend the Share Scheme Meeting, do not vote at the Share Scheme Meeting or vote against this Share Scheme at the Share Scheme Meeting) in accordance with the provisions of this Share Scheme.

8.4 Governing law

- (a) The law of New South Wales governs this Share Scheme.
- (b) Target and the Share Scheme Participants submit to the non-exclusive jurisdiction of the courts of New South Wales.

8.5 Further action to be taken by Target

Target must do all things and execute all documents necessary or expedient to give full effect to, and perform its obligations under or in relation to, this Share Scheme and the transactions contemplated by it.

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ANNEXURE C: PERFORMANCE RIGHT SCHEME OF ARRANGEMENT

**Performance Right Scheme of Arrangement
made under section 411 of the Corporations Act 2001 (Cth)**

PARTIES: Centrebet International Limited (ABN 55 066 441 067) of 110 – 116 Bourke Road, Alexandria, New South Wales 2015, Australia (**Target**)

Each Performance Right Scheme Participant

Background

- A.** Target is:
 - (i) a public company incorporated in New South Wales; and
 - (ii) is admitted to the Official List of ASX.
- B.** The Shares are quoted on the stock market conducted by ASX.
- C.** Target has:
 - (a) 87,764,414 Shares on issue; and
 - (b) 3,742,903 Performance Rights on issue.
- D.** Target, Bidder and Guarantor have entered into the Scheme Implementation Agreement dated 26 May 2011 (**Scheme Implementation Agreement**) pursuant to which, among other things, Target has agreed to propose and (subject to the satisfaction of certain conditions as therein stated) implement this Performance Right Scheme.
- E.** If this Performance Right Scheme becomes Effective, then in accordance with the provisions of this Performance Right Scheme and the Scheme Implementation Agreement:
 - (a) the Performance Rights will be transferred to Bidder; and
 - (b) in respect of each Performance Right registered in the Performance Right Register as being held by a Performance Right Scheme Participant on the Record Date:
 - (i) Bidder must provide or procure the payment of the Cash Component in respect of that Performance Right;
 - (ii) Bidder must grant one Litigation Claim Right in respect of that Performance Right;
 - (iii) Bidder must transfer or procure the issue and allotment of one Litigation Claim Unit in respect of that Performance Right.
- F.** Bidder has entered into the Deed Poll for the purpose of covenanting in favour of the Performance Right Scheme Participants to perform its obligations under this Performance Right Scheme and the Scheme Implementation Agreement.
- G.** Guarantor is the ultimate holding company of Bidder and has entered into the Deed Poll to guarantee the obligations of Bidder under this Performance Right Scheme and the Scheme Implementation Agreement.

ANNEXURE C

PERFORMANCE RIGHT SCHEME

OF ARRANGEMENT

Agreement

1. Definitions and interpretation

1.1 Definitions

Terms not defined in this Performance Right Scheme have the same meaning as in the Scheme Implementation Agreement. In addition, in this Performance Right Scheme:

Aggregate Cash Component means the aggregate of the Cash Component to be paid by Bidder to all Performance Right Scheme Participants.

ATO means, collectively, the Australian Taxation Office and the Commissioner of Taxation, and any representative, delegate or agent thereof.

Bidder means Sbet Australia Pty Limited ACN 149 603 494.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks generally are open for business in Sydney (Australia) or London (United Kingdom).

Cash Component means that part of the Performance Right Scheme Consideration that Bidder is required to pay in immediately available funds in accordance with the provisions of the Scheme Implementation Agreement, the Deed Poll and this Performance Right Scheme.

Collection Agent means One Managed Investment Funds Limited ACN 117 400 987.

Collection Agent Deed Poll means the deed poll dated 5 July 2011 under the terms of which the Collection Agent acknowledges to and in favour of all Litigation Claim Participants the provisions upon which it will hold and deal with any proceeds received by it in connection with the Litigation Claim.

Condition means a condition set out in clause 3.1 of the Scheme Implementation Agreement.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Federal Court, New South Wales registry or such other court of competent jurisdiction as Target and Bidder may agree in writing.

Deed Poll means the deed poll executed by Bidder and Guarantor in favour of Scheme Participants.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Performance Right Scheme.

Effective Date means the date on which the Performance Right Scheme becomes Effective.

End Date means 31 October, 2011 or such later date agreed by Bidder, Guarantor and Target in writing.

GST has the meaning given to that term in the GST Act.

GST Act means the A New Tax System (Goods and Services Tax) Act 1999 (Cth) (as amended).

Guarantor means Sportingbet PLC (UK company number 03534726).

Implementation Date means the date which is 3 Business Days after the Record Date or such other date as Target and Bidder agree in writing

Litigation Claim means the claim by SubCo against ATO for a GST refund and carry forward loss on the basis that the amount of GST accounted for by SubCo in the period

ended on and including 31 March, 2010 was in excess of what SubCo was legally required to account for having regard to the relevant law applying in that period (including any objections or appeals therefrom).

Litigation Claim Participant means each;

- (a) Scheme Participant; and
- (b) person who is registered as a holder of an Option as at the Record Date.

Litigation Claim Right means all rights of each Litigation Claim Participant under the:

- (a) Litigation Management Deed;
- (b) the Schemes; and
- (c) the Deed Poll,

to receive any and all proceeds which are proposed to be paid by Bidder to the Collection Agent, in accordance with the provisions of the Litigation Management Deed, arising from the conduct, and if applicable settlement, of the Litigation Claim.

Litigation Claim Unit means a unit in the issued capital of the Litigation Claim Unit Trust in respect of which each such unit entitles the holder to receive distributions in accordance with the terms of the Litigation Claim Unit Trust.

Litigation Claim Unit Trust means a trust constituted by a trust deed dated 7 July 2011 of which:

- (a) the Unit Trustee is the trustee; and
- (b) a term of the trust requires the Unit Trustee to promptly distribute any payments made to the Unit Trustee in accordance with the Litigation Management Deed arising from the conduct, and if applicable settlement, of the Litigation Claim.

Litigation Management Deed means the deed dated 5 July 2011 between Bidder, Guarantor, Target, SubCo, Collection Agent, Unit Trustee, Security Trustee, Con Kafataris and George Kafataris.

LTIP Rules means the rules of the Centrebet International Limited Long Term Incentive Plan, as applicable from time to time.

Option means an option to acquire a Share.

Performance Right means a right to receive a Share.

Performance Rightholder means a person who is registered in the Performance Right Register as a holder of Performance Rights.

Performance Right Register means Target's register of the holders of Performance Rights.

Performance Right Scheme means a scheme of arrangement between Target and each Performance Right Scheme Participant as set out in this document, and as implemented in accordance with the Scheme Implementation Agreement but subject to any alterations or conditions made or required by the Court under section 411 of the Corporations Act and consented to by Target and Bidder.

Performance Right Scheme Consideration means the consideration to be provided to Performance Right Scheme Participants for the transfer to Bidder of each Performance Right under the terms of the Performance Right Scheme, being:

- (a) A\$2.00 in respect of each Performance Right;
- (b) one (1) Litigation Claim Right in respect of each Performance Right; and

ANNEXURE C

PERFORMANCE RIGHT SCHEME

OF ARRANGEMENT

(c) one (1) Litigation Claim Unit in respect of each Performance Right, held by a Performance Right Scheme Participant as at the Record Date.

Performance Right Scheme Participant means each person who is registered in the Performance Right Register as a holder of a Performance Right as at the Record Date.

Performance Right Scheme Transfer means, in respect of each Performance Right Scheme Participant, a duly completed and executed and otherwise proper instrument of transfer of the Performance Rights for the purposes of regulation 7.11.11 of the *Corporations Regulations 2001* (Cth), which may be a master transfer of all of the Performance Rights.

Record Date means 7.00pm (Sydney time) on the date which is 5 Business Days after the Effective Date, or any other date agreed by Target, Bidder and Guarantor to be the record date to determine entitlements to receive the Performance Right Scheme Consideration under the Performance Right Scheme.

Scheme Implementation Agreement means the agreement entitled 'Scheme Implementation Agreement' dated 26 May 2011 between Target, Bidder and Guarantor (as amended).

Scheme Participants means the Share Scheme Participants and the Performance Right Scheme Participants.

Schemes means the Share Scheme and the Performance Right Scheme

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Performance Right Scheme or, if the hearing of such application is adjourned or subject to appeal for any reason, means the first day on which the adjourned or appealed application is heard.

Security Trust Deed means a deed entered into by Bidder, Target, SubCo, Collection Agent, Unit Trustee and Security Trustee dated 5 July 2011, the terms of which will include an acknowledgement from the Security Trustee to and in favour of all Litigation Claim Participants that it will act as security trustee for and on behalf of each Litigation Claim Participant on the terms of that deed.

Security Trustee means P.T. Limited ACN 004 546 666.

Share means each fully paid ordinary share in the issued capital of Target.

Share Scheme means a scheme of arrangement between Target and each Share Scheme Participant and as implemented in accordance with the Scheme Implementation Agreement but subject to any alterations or conditions made or required by the Court under section 411 of the Corporations Act and consented to by Target and Bidder.

Share Scheme Participant means each person who is registered in the Target Share Register as a holder of a Share as at the Record Date.

SubCo means Centrebet Pty Limited (ACN 106 487 736).

Target means Centrebet International Limited ACN 066 441 067.

Target Share Register means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

Target Trust Account means the bank account more particularly referred to in clause 3.3(a).

Unit Trustee means One Managed Investment Funds Limited ACN 117 400 987.

1.2 Rules for interpreting this Performance Right Scheme

The rules specified in clause 1.2 of the Scheme Implementation Agreement apply in interpreting this Performance Right Scheme unless the context makes it clear that a rule is not intended to apply.

1.3 Headings

Headings are for ease of reference only and do not affect the meaning of this Performance Right Scheme.

1.4 Business Days

Where something is required by this Performance Right Scheme to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

2. Conditions to this Performance Right Scheme

2.1 Conditions precedent to this Performance Right Scheme

- (a) This Performance Right Scheme is conditional on:
 - (i) each Condition having been satisfied or, subject to the terms of the Scheme Implementation Agreement, having been waived or taken to have been waived; and
 - (ii) as at 8.00am on the Second Court Date, the Scheme Implementation Agreement having not been terminated.
- (b) The satisfaction of each of the Conditions is a condition precedent to the operation of the remainder of this Performance Right Scheme.
- (c) If the Effective Date does not occur on or before the End Date or any later date that Bidder and Target agree:
 - (i) this Performance Right Scheme will lapse and be of no further force or effect; and
 - (ii) Target, Bidder and Guarantor will thereupon be released from:
 - (A) any further obligation to take any steps to implement this Performance Right Scheme; and
 - (B) any liability with respect to this Performance Right Scheme.

2.2 Certificate in relation to conditions

Target must provide, and must procure that Bidder provides, to the Court on the Second Court Date, a certificate stating, to the best of its knowledge, whether or not each of the Conditions (other than the Condition stated in clause 3.1(c) (Court Orders) of the Scheme Implementation Agreement) have been satisfied, waived or taken to be waived. The certificates provided by Target and Bidder hereinbefore referred to will constitute conclusive evidence that such Conditions are satisfied, waived or taken to be waived.

3. Performance Right Scheme

3.1 Lodgement of Court orders

- (a) Target must use its best endeavours to lodge with ASIC copies of the Court order under section 411(4)(b) of the Corporations Act approving the Performance Right Scheme by no later than 5.00 pm on the first Business Day after the day on which the Court approves the Performance Right Scheme.

ANNEXURE C

PERFORMANCE RIGHT SCHEME

OF ARRANGEMENT

- (b) The Court order under section 411(4)(b) of the Corporations Act approving the Performance Right Scheme is taken to have effect on and from the date of lodgement of the order with ASIC or such other date as is specified in the order.

3.2 Transfer of Performance Rights

- (a) On the Implementation Date, in consideration for and subject to:
 - (i) Bidder depositing the Aggregate Cash Component into the Target Trust Account at least 1 Business Day prior to the Implementation Date;
 - (ii) Bidder granting the Litigation Claim Rights to the Performance Right Scheme Participants in accordance with clause 3.3(c)(i);
 - (iii) Bidder establishing the Litigation Claim Unit Trust in accordance with the Litigation Management Deed; and
 - (iv) Bidder transferring or procuring the issuance and allotment of the Litigation Claim Units to the Performance Right Scheme Participants in accordance with clause 3.3(c)(ii) and the Litigation Management Deed,

the Performance Rights, together with all rights and entitlements attaching to the Performance Rights as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Performance Right Scheme Participant (other than acts performed by Target as attorney and agent for Performance Right Scheme Participants under clause 6) by:

- (v) Target executing and delivering to Bidder as attorney for all Performance Right Scheme Participants, the Performance Right Scheme Transfer to transfer all Performance Rights to Bidder, without the need for any further act by Performance Right Scheme Participants; and
- (vi) Bidder duly executing the Performance Right Scheme Transfer, attending to the stamping of the Performance Right Scheme Transfer (if required) and delivering it to Target for registration.
- (b) Immediately after receipt by Target of the Performance Right Scheme Transfer pursuant to clause 3.2(a)(vi), Target must enter the name of Bidder in the Performance Right Register in respect of all the Performance Rights that are the subject to the Performance Right Scheme Transfer.

3.3 Payment or provision of Performance Right Scheme Consideration

- (a) At least 1 Business Day prior to the Implementation Date, Target must procure that Bidder, in accordance with its obligation contained in clause 4.7 of the Scheme Implementation Agreement, deposits in cleared funds an amount equal to the Aggregate Cash Component into an Australian dollar denominated trust account, operated by Target as trustee for the Performance Right Scheme Participants, to be held on trust for the Performance Right Scheme Participants for the sole and exclusive purpose of paying the Cash Component to each Performance Right Scheme Participant (in respect of each Performance Right that that Performance Right Scheme Participant holds on the Record Date), except that any interest on the amounts deposited (less bank fees and other charges) shall be held on trust by Target for and on behalf of Bidder.
- (b) By no later than 4.00pm on the Business Day immediately following the Implementation Date and subject to Bidder having complied with its obligation contained in clause 4.7 of the Scheme Implementation Agreement, Target must pay or procure the payment from the Target Trust Account of the Cash Component to each Performance Right Scheme Participant entitled to such Cash Component in respect of each Performance Right that the Performance Right Scheme Participant holds on the Record Date.

- (c) On the Implementation Date, Target will procure that Bidder:
- (i) grants to each Performance Right Scheme Participant one Litigation Claim Right in respect of each Performance Right that the Performance Right Scheme Participant holds on the Record Date; and
 - (ii) transfers or procures the issue and allotment to each Performance Right Scheme Participant one Litigation Claim Unit in respect of each Performance Right that the Performance Right Scheme Participant holds on the Record Date.
- (d) The obligations of Target under clause 3.3(b) will be satisfied by Target completing the following actions by no later than 4.00pm on the Business Day immediately following the Implementation Date:
- (i) dispatching, or procuring the dispatch of, a cheque to each Performance Right Scheme Participant by prepaid post to their address recorded in the Performance Right Register (as at the Record Date), such cheque being drawn in the name of the Performance Right Scheme Participant (or, in the case of joint Performance Right Scheme Participants, in accordance with the procedure set out in clause 3.3(g)); or
 - (ii) making a deposit in an account with any ADI (as defined in the Banking Act 1959 (Cth)) in Australia notified by the Performance Right Scheme Participant as at the Record Date (including any account notified by the Performance Right Scheme Participant to Target for the purpose of payment of salary),
- for the relevant amount, with that amount being denominated in Australian dollars.
- (e) The obligations of Target under clause 3.3(c) will be satisfied by Target procuring Bidder to take the following actions:
- (i) on the Implementation Date, registering, or procuring the registration of, each Performance Right Scheme Participant as the holder of the Litigation Claim Rights and the Litigation Claim Units which that Performance Right Scheme Participant is entitled to; and
 - (ii) by no later than 4.00pm on the Business Day immediately following the Implementation Date, dispatching, or procuring the dispatch of, a certificate or holding statement for the Litigation Claim Rights and a certificate or holding statement for the Litigation Claim Units to each Performance Right Scheme Participant which that Performance Right Scheme Participant is entitled to.
- (f) To the extent that there is a surplus in the amount held in the Target Trust Account, that surplus must be paid by Target to Bidder following the satisfaction of Target's obligations under clause 3.3(d).
- (g) In the case of joint Performance Right Scheme Participants, the cheque will be forwarded to the Performance Right Scheme Participant whose name appears first in the Performance Right Register on the Record Date.

4. Dealings in Performance Rights

- (a) For the purpose of establishing who is a Performance Right Scheme Participant::
- (i) each unvested Performance Right registered in the Performance Right Register will automatically vest on the Effective Date of the Performance Right Scheme;
 - (ii) dealings in Performance Rights will only be recognised by Target if such dealings are in accordance with the LTIP Rules and:

ANNEXURE C

PERFORMANCE RIGHT SCHEME

OF ARRANGEMENT

- (A) the transferee is registered in the Performance Right Register as the holder of the relevant Performance Rights on the Record Date; and
 - (B) in all other cases, a registrable transmission application or transfer in respect of all other dealings in any Performance Rights is received on or before the Record Date at the place where the Performance Right Register is maintained; and
- (iii) any exercise of a Performance Right will only be recognised by Target if the notice of such exercise is received on or before the Record Date at the place where the Performance Right Register is maintained.
- (b) If the Performance Right Scheme becomes Effective, a holder or joint holders of Performance Rights (and any person claiming through that holder or those joint holders) must not dispose of or exercise, or purport to agree to dispose of or to exercise, any Performance Rights or any interest in them after the Record Date.
- (c) Target will:
 - (i) not accept for registration or recognise for any purpose any transmission application or transfer in respect of Performance Rights received after the Record Date (except for a transfer of Performance Rights to Bidder pursuant to the Performance Right Scheme and any subsequent transfer by Bidder);
 - (ii) not accept or recognise any notice of exercise or purported exercise of a Performance Right which is received after the Record Date;
 - (iii) register registrable transmission applications or transfers of the kind referred to in clause 4(a)(ii)(B) on or before the Record Date; and
 - (iv) in relation to the exercise of a Performance Right in accordance with clause 4(a)(iii), on or before the Record Date:
 - (A) register the relevant Performance Rightholder as the holder of any Shares that Performance Rightholder is entitled to receive on exercise of the Performance Right; and
 - (B) remove the name of the relevant Performance Rightholder from the Performance Right Register as the holder of each Performance Right so exercised.
- (d) For the purpose of determining entitlements to the Performance Right Scheme Consideration, Target must maintain the Performance Right Register in accordance with the provisions of this clause 4 until the Cash Component has been paid, the Litigation Claim Rights have been issued and allotted and the Litigation Claim Units have been transferred, or issued and allotted, to all the Performance Right Scheme Participants. The Performance Right Register in this form will solely determine entitlements to the Performance Right Scheme Consideration.
- (e) All statements of holding for Performance Rights will cease to have effect from the Record Date as documents of title in respect of those Performance Rights (other than statements of holding for Performance Rights in favour of Bidder) and, as from that date, each entry current at that date on the Performance Right Register (other than entries in respect of Bidder) will cease to have effect except as evidence of entitlement to the Performance Right Scheme Consideration in respect of the Performance Rights relating to that entry.
- (f) As soon as possible after the Record Date, Target will ensure that details of the names, registered addresses and holdings of Performance Rights for each Performance Right Scheme Participant as shown in the Performance Right

Register on the Record Date are available to Bidder in the form Bidder reasonably requires.

5. Performance Right Scheme provisions

5.1 Consent to Performance Right Scheme amendments

If the Court proposes to approve this Performance Right Scheme subject to any alterations or conditions to this Performance Right Scheme, Target may by its counsel or solicitor consent on behalf of all Performance Right Scheme Participants and all other persons concerned, to those alterations or conditions to which Bidder has consented.

5.2 Performance Right Scheme Participants' agreements and representations

- (a) The Performance Right Scheme Participants agree, and Target agrees for and on behalf of all Performance Right Scheme Participants, to the transfer of all of their Performance Rights in accordance with this Performance Right Scheme.
- (b) Each Performance Right Scheme Participant is taken to have represented and warranted to Bidder and Target that at the date of transfer of all the Performance Rights (including any rights and entitlements attaching to the Performance Rights) that are, or are to be, transferred to Bidder under this Performance Right Scheme:
 - (i) that Performance Right Scheme Participant will transfer to Bidder and otherwise in accordance with this Performance Right Scheme, all its legal and beneficial right, title and interest in each of the Performance Rights that are registered in the Performance Right Register in its name on the Record Date;
 - (ii) each Performance Right referred to in clause 5.2(b)(i) will be fully paid and free from all mortgages, charges, liens, encumbrances, security interests and other interests of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
 - (iii) it has full power and capacity to sell and to transfer all and each of its Performance Rights together with any rights and entitlements attaching to those Performance Rights to Bidder under this Performance Right Scheme.

5.3 Title to and rights in Performance Rights

On and from the Implementation Date, Bidder will be legally and beneficially entitled to the Performance Rights transferred to it under this Performance Right Scheme pending registration by Target of Bidder in the Performance Right Register as the holder of the Performance Rights.

5.4 Effect of this Performance Right Scheme

This Performance Right Scheme binds Target and all Performance Right Scheme Participants from time to time and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Target, the LTIP Rules and any other terms of issue of any of the Performance Rights.

5.5 Enforcement of Deed Poll

Target undertakes in favour of each Performance Right Scheme Participant to enforce the Deed Poll against Bidder and Guarantor on behalf of and as agent and attorney for the Performance Right Scheme Participants.

5.6 Agreement to become member of Litigation Claim Unit Trust and to hold Litigation Claim Right

Each Performance Right Scheme Participant irrevocably agrees to:

ANNEXURE C

PERFORMANCE RIGHT SCHEME

OF ARRANGEMENT

- (a) accept the Litigation Claim Rights and Litigation Claim Units granted, issued or transferred to it pursuant to this Performance Right Scheme;
- (b) become a holder of the Litigation Claim Units issued or transferred to it pursuant to this Performance Right Scheme, become a member of the Litigation Claim Unit Trust, have its name and address entered in the register of the Litigation Claim Units and be bound by the trust deed of the Litigation Claim Unit Trust as in force from time to time;
- (c) become a holder of Litigation Claim Rights; and
- (d) be bound by the Collection Agent Deed Poll and the Security Trust Deed as in force from time to time,

without the need for any further act by that Performance Right Scheme Participant.

6. Power of attorney

6.1 Power of attorney

- (a) Each Performance Right Scheme Participant will be deemed to have authorised Target to do and execute all acts, matters, things and documents on the part of the Performance Right Scheme Participant necessary or desirable to implement this Performance Right Scheme, including (without limitation), as its agent and attorney, or where necessary or appropriate as its corporate representative:
 - (i) executing:
 - (A) any transfer or transfers in relation to Performance Rights as contemplated by clause 6.1(b); and
 - (B) any form of application (including any necessary consent) required for the Litigation Claim Rights or Litigation Claim Units to be issued to that Performance Right Scheme Participant in accordance with the Performance Right Scheme; and
 - (ii) enforcing the Deed Poll against Bidder and Guarantor.
- (b) For the purpose of transferring the Performance Rights to Bidder in accordance with clause 3.2, each Performance Right Scheme Participant irrevocably appoints Target and each of its officers, severally, in accordance with clause 6.1 as its true and lawful attorney, or where necessary or appropriate as its corporate representative, with effect from the Effective Date, with power:
 - (i) to complete and sign on behalf of that Performance Right Scheme Participant any required form for the transfer to Bidder of such Performance Rights (which may be effected by a master transfer of all Performance Rights); and
 - (ii) subject to Bidder doing the acts contemplated in clauses 3.2(a)(i) to (iv) inclusive, to exercise all powers and rights which that Performance Right Scheme Participant could lawfully exercise as the registered holder of the Performance Rights or any of them including without limitation attending and voting at any meeting of Performance Rightholders (which meeting that Performance Right Scheme Participant undertakes not to otherwise attend or vote at in person or by proxy or other representative), requisitioning any meeting of Performance Right Scheme Participants and doing all things incidental and ancillary to any of the foregoing and it is acknowledged and agreed that in exercising such powers, the attorney may act in the interests of Bidder as the intended registered holder of those Performance Rights.

7. General

7.1 Notices

Each communication (including each notice, consent, approval, request and demand) to Target under or in connection with this Performance Right Scheme:

- (a) must be in writing;
- (b) must be addressed as follows (or as otherwise notified by Target from time to time):

TARGET

Name: Centrebet International Limited
 Attention: Company Secretary
 Address: 110 – 116 Bourke Road, Alexandria, New South Wales 2015, Australia
 Facsimile: +61 8 8955 5750

- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;
- (d) must be delivered by hand or posted by prepaid post to the address, sent by electronic mail, or sent by fax to the number, of the addressee in accordance with clause 7.1(b);
- (e) if sent by email, must be in a form of an attached pdf or other scanned image of an original communication that includes a handwritten signature and the accompanying email must state that the attachment is a communication under this Performance Right Scheme;
- (f) will be taken to be received by the address:
 - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
 - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;
 - (iii) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent;
 - (iv) (in the case of delivery by hand) on delivery; and
 - (v) (in the case of electronic mail) when transmitted by the sender unless the sender receives a message from its internet service provider or the recipient's mail server indicating that it has not been successfully transmitted.

7.2 Stamp duty

Bidder will pay all stamp duty payable in connection with the transfer of the Performance Rights to Bidder.

7.3 Consent

- (a) Each Performance Right Scheme Participant consents (including, without limitation, consenting where applicable to the Target Board amending all or any of the provisions of the LTIP Rules) to Target doing all things necessary or incidental to the implementation of the Performance Right Scheme.

ANNEXURE C

PERFORMANCE RIGHT SCHEME

OF ARRANGEMENT

- (b) Each Performance Right Scheme Participant acknowledges that this Performance Right Scheme binds Target and all Performance Right Scheme Participants (including those who do not attend the Performance Right Scheme Meeting, do not vote at the Performance Right Scheme Meeting or vote against the Performance Right Scheme at the Performance Right Scheme Meeting) in accordance with the provisions of this Performance Right Scheme.

7.4 Governing law

- (a) The law of New South Wales governs this Performance Right Scheme.
- (b) Target and the Performance Right Scheme Participants submit to the non-exclusive jurisdiction of the courts of New South Wales.

7.5 Further action to be taken by Target

Target must do all things and execute all documents, including without limitation ensure that the Target Board makes such amendments to the LTIP Rules, as are necessary or expedient to give full effect to, and perform its obligations under or in relation to, this Performance Right Scheme and the transactions contemplated by it.

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ANNEXURE D: DEED POLL

ANNEXURE D

DEED POLL

Deed Poll

BY: Sbet Australia Pty Limited (ACN 149 603 494) of Fannie Bay Racecourse, Dick Ward Avenue, Fannie Bay NT 0820, Australia (**Bidder**); and
Sportingbet plc (UK company number 03534726) of 4th Floor, 45 Moorfields, London EC2Y 9AE, United Kingdom (**Guarantor**)

IN FAVOUR OF: Each Scheme Participant

Background

- A.** The directors of Target have resolved that Target should propose the Share Scheme set out in Annexure A (**Share Scheme**) and the Performance Right Scheme set out in Annexure B (**Performance Right Scheme**) (together, the **Schemes**).
- B.** Target and Bidder have entered into a Scheme Implementation Agreement with respect to the Schemes and associated matters dated 26 May 2011 (**Scheme Implementation Agreement**).
- C.** The effect of the Schemes will be that all Shares and Performance Rights held by Scheme Participants will be transferred to Bidder in exchange for the Scheme Consideration.
- D.** In accordance with clause 4.1(b) of the Scheme Implementation Agreement, Bidder is entering into this Deed Poll to covenant in favour of each Scheme Participant that it will observe and perform its obligations under the Scheme Implementation Agreement and the Schemes.
- E.** Guarantor is the ultimate holding company of Bidder and is entering into this Deed Poll to guarantee the obligations of Bidder under this Deed Poll and the Schemes.

Agreement

1. Definitions and interpretation

1.1 Definitions

Terms defined in the Scheme Implementation Agreement or the Schemes have the same meaning where used in this Deed Poll, unless the context makes it clear that the definition is not intended to apply.

1.2 Rules for interpreting this Deed Poll

The rules specified in clause 1.2 of the Scheme Implementation Agreement apply in interpreting this Deed Poll, unless the context makes it clear that a rule is not intended to apply.

1.3 Headings

Headings are for ease of reference only and do not affect the meaning of this Deed Poll.

1.4 Business Days

Where something is required by this Deed Poll to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

2. Nature of Deed Poll

2.1 Enforceability

Bidder acknowledges that this Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms and even though that Scheme Participant is not party to this Deed Poll.

2.2 Power of attorney

Each Scheme Participant irrevocably appoints Target and each of the Target directors, severally, as its agent and attorney, inter alia, to enforce this Deed Poll for and on behalf of that Scheme Participant against Bidder or Guarantor.

3. Conditions Precedent

3.1 Conditions Precedent

Bidder's obligations under clause 4 and the guarantee by Guarantor under clause 7 are subject to each of the Schemes becoming Effective.

3.2 Termination

Subject to clause 3.3 and clause 6, if:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms prior to either or both of the Schemes becoming Effective; or
- (b) either or both of the Schemes fail to become Effective by the End Date,

the obligations of Bidder and Guarantor under this Deed Poll will automatically terminate and the terms of the Deed Poll will be of no further force or effect.

3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2, then in addition and without prejudice to any other rights, powers or remedies available to any of the persons hereinafter referred to in this clause 3.3:

- (a) each of Bidder and Guarantor is released from its obligations to further perform this Deed Poll except for those obligations which by their nature survive termination; and
- (b) each Scheme Participant retains the rights it has against Bidder and Guarantor in respect of any breach of this Deed Poll which occurs before it is terminated.

4. Compliance with Scheme Obligations

4.1 Performance of Scheme obligations generally

Subject to clause 3, Bidder covenants in favour of each Scheme Participant to perform and do all those things Bidder is required to do under the Scheme Implementation Agreement, the Schemes and the Litigation Management Deed.

4.2 Payment of Scheme Consideration

Subject to clause 3, and without limiting clause 4.1, in consideration of the transfer to Bidder of all the Shares and the Performance Rights in accordance with the provisions of the Schemes, Bidder agrees to:

- (a) at least 1 Business Day prior to the Implementation Date, pay to Target the Cash Component for Target to hold on trust for, and subsequently provide to, Scheme Participants;

ANNEXURE D

DEED POLL

- (b) on the Implementation Date, issue and allot the Litigation Claim Rights to Scheme Participants;
- (c) on the Implementation Date, transfer or procure the issue and allotment of the Litigation Claim Units to Scheme Participants; and
- (d) at any time following the Implementation Date, pay to the Collection Agent and/or the Unit Trustee any and all monies it is required to pay to the Collection Agent and/or the Unit Trustee,

in each case, in accordance with the provisions of the Schemes (to be dealt with by Target in accordance with the provisions of the Schemes), the Scheme Implementation Agreement and the Litigation Management Deed; and

- (e) otherwise comply with its obligations under the Litigation Management Deed.

4.3 Manner of payment

Pursuant to and subject to the Schemes, the obligations of Bidder to pay the Cash Component will be satisfied by Bidder complying with its obligations under clause 3.3 of the Share Scheme and its obligations under clause 3.3 of the Performance Right Scheme.

5. Warranties

Each of Bidder and Guarantor represents and warrants that:

- (a) it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll to be carried out by it;
- (c) it has taken or will take all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll by it and to carry out the transactions contemplated by this Deed Poll; and
- (d) this Deed Poll has been duly and validly executed and delivered by it and is a valid and binding obligation of it.

6. Continuing Obligations

This Deed Poll is irrevocable and subject to clause 3 remains in full force and effect until the earlier of Bidder having completely performed its obligations under this Deed Poll or the termination of this Deed Poll under clause 3.

7. Parent Guarantee

- (a) Guarantor hereby unconditionally and irrevocably guarantees to each Scheme Participant the performance of all the obligations and duties, and discharge of all the liabilities (including, without limitation, the payment of the Scheme Consideration), of Bidder in accordance with the provisions of this Deed Poll, the Schemes, the Scheme Implementation Agreement and the Litigation Management Deed (collectively the **Guaranteed Obligations**).
- (b) If any Guaranteed Obligation is not performed or discharged when it is due to be so performed or discharged in accordance with the provisions of this Deed Poll or the Schemes (as the case may be), Guarantor must immediately on demand from any Scheme Participant, or from Target or a Target director as agent and attorney

of each Scheme Participant, perform or discharge any such Guaranteed Obligation.

- (c) Guarantor indemnifies each Scheme Participant against any claim, loss, liability, cost or expense which that Scheme Participant pays or is liable as a direct result of the failure of:
 - (i) Bidder to perform any Guaranteed Obligation; or
 - (ii) Guarantor to cause Bidder to perform any Guaranteed Obligation.
- (d) Each Scheme Participant acknowledges and agrees that Guarantor will not be or become liable to any Scheme Participant for any indirect or consequential claim, loss, liability, cost or expense which that Scheme Participant:
 - (i) pays or incurs;
 - (ii) is, or claims to be, liable to pay; or
 - (iii) will, or claims it will, incur,
 as a result of any non-performance referred to in clause 7(b) or any failure referred to in clause 7(c).
- (e) This clause 7 applies and the obligations of Guarantor remain unaffected despite an increase in the amount of the Cash Component or the extent of Bidder's other Guaranteed Obligations.
- (f) This clause 7 is:
 - (i) a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation; and
 - (ii) independent of and not in substitution for or affected by any other guarantee or other document or agreement which the any Scheme Participant may hold concerning the Guaranteed Obligation or another obligation of Bidder.
- (g) A Scheme Participant (and Target or a Target director as agent and attorney of each Scheme Participant) may enforce this clause 7 against Guarantor:
 - (i) whether or not the Cash Component is due; or
 - (ii) whether or not it has first given notice, made a demand or taken steps against Bidder or any other person.
- (h) Subject to clause 3, the guarantee under this clause 7 remains in force until:
 - (i) the Cash Component has been paid in accordance with the provisions of this Deed Poll and the Schemes;
 - (ii) the Litigation Claim Rights have been granted in accordance with the provisions of this Deed Poll, the Schemes, the Scheme Implementation Agreement and the Litigation Management Deed;
 - (iii) the Litigation Claim Units have been transferred or issued and allotted in accordance with the provisions of this Deed, the Schemes, the Scheme Implementation Agreement and the Litigation Management Deed;
 - (iv) the Litigation Management Deed has been terminated in accordance with its terms; and
 - (v) the other obligations of Bidder under this Deed Poll, the Schemes and the Litigation Management Deed have been duly performed, in each case in accordance with the provisions of the relevant document.

ANNEXURE D

DEED POLL

8. GST and VAT

8.1 Interpretation

In this Deed Poll:

- (a) **GST** and **GST Law** have the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth);
- (b) **VAT** means value added tax in the United Kingdom under the Value Added Tax Act 1994; and
- (c) terms defined in the GST Law have the same meaning when used in this clause.

8.2 Payments GST exclusive

Unless otherwise stated in this Deed Poll, all payments to be made, and other consideration to be provided, for supplies made under this Deed Poll exclude GST.

8.3 Tax invoice

If GST is payable on a supply made under this Deed Poll:

- (a) the supplier must provide to the recipient a tax invoice for the supply complying with the GST Law;
- (b) despite any other provision of this Deed Poll, the recipient will not be obliged to pay for the supply unless and until the recipient has received the tax invoice; and
- (c) when the recipient is obliged to pay for the supply, the recipient must also pay to the supplier an amount equal to the GST payable by the supplier on the supply.

8.4 Adjustment events

If:

- (a) there is an adjustment event in relation to a supply; or
- (b) the Commissioner of Taxation lawfully adjusts the value of a supply for the purpose of calculating GST,

and that results in the amount of GST payable by the supplier on the supply being different from the amount of GST previously recovered by the supplier from the recipient under clause 8.3, the supplier must promptly provide to the recipient an adjustment note for the amount in question and:

- (c) if there has been an increasing adjustment, the recipient must within a reasonable period of receiving the adjustment note pay to the supplier the amount of the increase; or
- (d) if there has been a decreasing adjustment, the supplier must promptly refund to the recipient the amount of the decrease.

8.5 VAT

- (a) Unless otherwise stated in this Deed Poll, all payments to be made and other consideration to be provided, under this Deed Poll is exclusive of VAT.
- (b) One party shall only account to another party under this Deed Poll for VAT on supplies made to the first party where that other party has to account for that VAT to HM Revenue & Customs and has issued a valid VAT invoice to the first party.

8.6 Reimbursable amounts

If a party is required under this Deed Poll to reimburse another party for any loss or expense incurred by the other party, the amount to be reimbursed will be the sum of:

- (a) the amount of the loss or expense, net of any input tax credits to which the other party may be entitled in respect of the loss or expense; and
- (b) if the receipt of the reimbursement is itself a taxable supply, any GST payable in respect of that supply.

8.7 Withholdings

If the supplier has not provided its ABN to the recipient, the recipient may withhold from any payment due to the supplier under this Deed Poll any amount it is required to withhold by law because of that fact.

9. Stamp Duty

Bidder must:

- (a) pay any stamp duty imposed in respect of this Deed Poll or the Schemes, the performance of this Deed Poll or the Schemes and each transaction effected by or made under this Deed Poll or the Schemes; and
- (b) indemnify each Scheme Participant against any liability arising from failure to comply with clause 9(a).

10. General

10.1 Notices

Each communication (including each notice, consent, approval, request and demand) to Bidder or Guarantor under or in connection with this Deed Poll:

- (a) must be in writing;
- (b) must be addressed as follows (or as otherwise notified by that party to the other party from time to time):

Bidder

Name: Sbet Australia Pty Limited
 Attention: Jim Wilkinson and Anthony Waller
 Address: Fannie Bay Racecourse
 Dick Ward Avenue
 Fannie Bay NT 0820
 Australia
 Facsimile: +44 (0)207 1841 810
 Email: Jim.Wilkinson@sportingbet.com &
 Anthonyw@sportingbet.com.au

Guarantor

Name: Sportingbet plc
 Attention: Jim Wilkinson and Daniel Talisman
 Address: 4th Floor
 45 Moorfields
 London EC2Y 9AE
 United Kingdom
 Facsimile: +44 (0)207 1841 810

ANNEXURE D

DEED POLL

Email: Jim.Wilkinson@sportingbet.com &
Daniel.Talisman@sportingbet.com

- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;
- (d) must be delivered by hand or posted by prepaid post to the address, sent by electronic mail, or sent by fax to the number, of the addressee in accordance with clause 10.1(b);
- (e) if sent by email, must be in a form of an attached pdf or other scanned image of an original communication that includes a handwritten signature and the accompanying email must state that the attachment is a communication under this Deed Poll;
- (f) will be taken to be received by the address:
 - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
 - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;
 - (iii) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent;
 - (iv) (in the case of delivery by hand) on delivery; and
 - (v) (in the case of electronic mail) when transmitted by the sender unless the sender receives a message from its internet service provider or the recipient's mail server indicating that it has not been successfully transmitted.

10.2 Process Agent

- (a) Without preventing any other mode of service, any document in any action (including any writ, summons or originating process or any third or other party notice) may be served on Bidder or Guarantor by being delivered to or left for that party at the address appearing at the commencement of this document or with its process agent.
- (b) Each of Bidder and Guarantor appoints Addisons Lawyers as its agent to receive any document referred to in clause 10.2(a).
- (c) Addisons Lawyers will remain as Bidder's and Guarantor's process agent until that party notifies Target of the appointment of a replacement process agent.

10.3 Waiver

- (a) Waiver of any right arising from a breach of this Deed Poll or of any right, power, authority, discretion or remedy arising upon default under this Deed Poll must be in writing and signed by the party granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
 - (i) a right arising from a breach of Deed Poll; or
 - (ii) a right, power, authority, discretion or remedy created or arising upon default under this Deed Poll,
 does not result in a waiver of that right, power authority, discretion or remedy.
- (c) A party is not entitled to rely on or delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this Deed Poll or

on a default under this Deed Poll as constituting a waiver of that right, power, authority, discretion or remedy.

- (d) A party may not rely on any conduct of another person as a defence to exercise of a right, power, authority, discretion or remedy by that other party.

10.4 Variation

A provision of this Deed Poll may not be amended or varied unless the amendment or variation is agreed to by Target or Court in writing, in which event, Bidder and Guarantor will enter into a further Deed Poll in favour of the Scheme Participants, giving effect to such amendment or variation.

10.5 Assignment

- (a) The rights and obligations of Bidder, Guarantor and each Scheme Participant under this Deed Poll are personal and must not be assigned or otherwise dealt with at law or in equity.
- (b) Any purported dealing in contravention of clause 10.5(a) is invalid.

10.6 Cumulative rights

The rights, powers and remedies of Bidder, Guarantor and the Scheme Participants under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

10.7 Further action

Bidder and Guarantor will promptly do all things and execute and deliver all further documents required by law or reasonably requested by any other party to give effect to this Deed Poll and the Schemes.

10.8 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales and each of Bidder and Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales.

ANNEXURE D

DEED POLL

Executed as a Deed Poll

Dated:2011

Executed by Sbet Australia Pty Limited by or
in the presence of:

(X).....
Director/Company Secretary* sign here

(X).....
Director sign here

(X).....
Director/Company Secretary* print name here
(*Cross-out whichever does not apply)

(X).....
Director print name here

Executed by Sportingbet plc by or in the
presence of:

(X).....
Director/Company Secretary* sign here

(X).....
Director sign here

(X).....
Director/Company Secretary* print name here
(*Cross-out whichever does not apply)

(X).....
Director print name here



ANNEXURE E: INDEPENDENT EXPERT'S REPORT

ANNEXURE E

INDEPENDENT EXPERT'S REPORT

LONERGAN EDWARDS & ASSOCIATES LIMITED

ABN 53 095 445 560
AFS Licence No 246532
Level 27, 363 George Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
Facsimile: [61 2] 8235 7550
www.lonerangedwards.com.au

The Directors
Centrebet International Limited
110-116 Bourke Road
Alexandria NSW 2015

8 July 2011

Subject: Proposed acquisition by Sportingbet

Dear Directors

Introduction

- 1 On 26 May 2011 Centrebet International Limited (Centrebet) announced that it and Sportingbet plc (Sportingbet) had entered into a Scheme Implementation Agreement (the Agreement)¹ under which Sportingbet would acquire all of the issued shares in Centrebet for an offer consideration of A\$2.00 cash per share (Cash Consideration)².
- 2 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Centrebet and its Securityholders. Pursuant to the Agreement there is a separate share scheme and performance right scheme. These schemes are inter-conditional. For the purpose of our report these schemes are collectively referred to as the Schemes and references to Centrebet Securityholders include Centrebet performance right holders. The Schemes are subject to a number of conditions precedent (as summarised in Section I of our report). If the Schemes are approved by Centrebet Securityholders and the Court, Centrebet Securityholders will receive A\$2.00 cash per share.
- 3 In addition to the Cash Consideration Centrebet Securityholders will receive a litigation claim right and a litigation claim unit³ which will entitle them to 90% of the potential net proceeds of Centrebet Pty Ltd's (Centrebet PL) proposed goods and services tax (GST) litigation claim (Litigation Claim) if successful. It is expected that any such proceeds would be realised and paid over an extended period of time. Collectively the Cash Consideration and the Litigation Claim comprise the Scheme Consideration.
- 4 The proposed transaction values the equity in Centrebet (on a fully diluted basis) at approximately A\$184 million.

¹ The Agreement has been entered into by both Sportingbet and Sbet Australia Pty Limited (a wholly owned subsidiary of Sportingbet).

² Holders of performance rights will receive \$2.00 cash in respect of each performance right. It is contemplated that holders of options will receive \$2.00 cash in respect of each option they hold, less the exercise price of such option. Cash Consideration is defined as Cash Component in the Explanatory Memorandum.

³ For each share, performance right or option, on a one for one basis.

- 5 The Schemes are subject to the Court convening meetings of Centrebet's Securityholders. Under the *Corporations Act 2001 (Cth)* (Corporations Act), the Schemes are approved by Centrebet Securityholders if resolutions in favour of the Schemes are passed by a majority of Centrebet Securityholders present (in person or by proxy) and voting at the scheme meetings, and by 75% of the votes cast on the resolutions. If this occurs a second Court hearing will be held to approve the Schemes, which if approved, will become binding on all Centrebet Securityholders who hold Centrebet securities as at the scheme record date, irrespective of whether or not they voted for the Schemes.

Centrebet

- 6 Centrebet commenced operations in 1992 and in 1996 was the first licensed bookmaker in the southern hemisphere to offer online sports betting. Centrebet is now a leading international online wagering and gaming operator offering fixed odds betting on a wide variety of Australian and international sporting, racing, entertainment and political events, as well as online poker and casino products⁴.

Sportingbet

- 7 Sportingbet is a United Kingdom (UK) based online sports betting and gaming group primarily operating in Europe and Australia. Sportingbet's shares are quoted on the London Stock Exchange (LSE). Sportingbet operates websites in 21 different languages, targeting 23 countries and accepts bets in 34 different currencies. Sportingbet currently holds betting and gaming licenses and approvals in Alderney, Antigua and Barbuda, Australia, Malta, South Africa and the UK.

Purpose of report

- 8 The Schemes are subject to a number of conditions precedent, including an independent expert concluding that:
- (a) the Share Scheme is in the best interests of Centrebet shareholders
 - (b) the Performance Right Scheme is in the best interests of Centrebet performance right holders.
- 9 In addition, the Directors' recommendation of the Schemes is subject to an independent expert concluding that the Schemes are respectively in the best interests of Centrebet Securityholders, in the absence of a superior proposal.
- 10 Accordingly, the Directors of Centrebet have requested that LonerGAN Edwards & Associates Limited (LEA) prepare an Independent Expert's Report (IER) stating whether, in our opinion, the Schemes are in the best interests of Centrebet Securityholders and the reasons for that opinion. Consistent with the requirements of Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) our opinion also considers whether the Schemes are fair and reasonable to Centrebet Securityholders (see Section II of our report).
- 11 LEA is independent of Centrebet and Sportingbet, and has no other involvement or interest in the proposed Schemes.

⁴ Online poker and casino products are not offered to Australian residents due to regulatory considerations.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Summary of opinion on Schemes

- 12 In our opinion, the Schemes are fair and reasonable and in the best interests of Centrebet Securityholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Value of Centrebet

- 13 We have assessed the value of Centrebet shares on a 100% controlling interest basis (excluding any entitlements under the Litigation Claim) at A\$1.92 to A\$2.16 per share, as shown below:

Centrebet – value on a 100% controlling interest basis		
	Low A\$m	High A\$m
Enterprise value ⁽¹⁾	176.0	198.0
Cash from exercise of options	1.8	1.8
Value of equity	177.8	199.8
Fully diluted shares on issue (million)	92.7	92.7
Value per share (A\$)	\$1.92	\$2.16

Note:

- 1 Based on earnings before interest, tax, depreciation and amortisation (EBITDA) of A\$22.0 million at an EBITDA multiple ranging from 8.0 to 9.0.

Fair and reasonable opinion

- 14 Pursuant to RG 111 a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme. As noted above, in the case of Centrebet, the Scheme Consideration comprises cash of A\$2.00 per share (Cash Consideration) plus the Litigation Claim. The comparison for Centrebet based on the Cash Consideration is shown below:

Comparison of Cash Consideration to value of Centrebet excluding Litigation Claim			
	Low A\$ per share	High A\$ per share	Mid-point A\$ per share
Cash Consideration	2.00	2.00	2.00
Value of shares in Centrebet excluding Litigation Claim	1.92	2.16	2.04
Difference	0.08	(0.16)	(0.04)

- 15 As the Cash Consideration is within our assessed valuation range for Centrebet excluding the Litigation Claim (on a 100% controlling interest basis), in our opinion, the Cash Consideration is fair when assessed based on the guidelines set out in RG 111.

16 We have assessed the market value of the Litigation Claim (using a probability adjusted discounted cash flow (DCF) methodology) at A\$6.5 million to A\$9.6 million. This valuation reflects:

- (a) the present value of the Litigation Claim assuming the litigation is successful, which in turn is a function of:
 - (i) the quantum and timing of the future (after income tax) cash flows likely to be received by Centrebet if the Litigation Claim is successful⁵. In this regard it should be noted that, based on Centrebet's projections of future global GST payable, it is estimated that the total GST refund would not be fully received until around 30 June 2018
 - (ii) the appropriate discount rate to apply, which we have assessed at around 10% per annum due to the level of uncertainty associated with the quantum and timing of the future cash flows and the timing of the legal hearings etc⁶
- (b) a 15% to 20% likelihood of the Litigation Claim being successful, being the probability we believe a knowledgeable, willing but not anxious buyer and seller of the Litigation Claim would adopt having regard to the significant uncertainty associated with the outcome.

17 Based on the terms of the Litigation Claim Management Deed 10% of this value (some A\$0.65 million to A\$0.96 million) is attributable to Sportingbet. Thus, while the terms of the Litigation Claim Management Deed provide a potential benefit to Sportingbet:

- (a) the current value of Sportingbet's entitlement is not material in the context of the overall Scheme Consideration
- (b) the terms of the Schemes allow Centrebet Securityholders to retain 90% of any potential net proceeds.

18 Consequently, we have concluded that the mechanism under which Centrebet Securityholders will receive any potential net proceeds under the Litigation Claim does not materially impact our overall opinion on the Schemes.

Overall opinion on fairness

19 Based on the above we have therefore concluded that the Schemes are fair.

Other qualitative factors

- 20 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Schemes are "fair and reasonable" they must also be "in the best interests" of Securityholders.
- 21 Consequently, in our opinion, the Schemes are also "reasonable" and "in the best interests" of Centrebet Securityholders in the absence of a superior proposal.

⁵ Net of the costs of the litigation (assuming full cost recovery is not also awarded by the Court).

⁶ It should be noted that this discount rate does not reflect the probability of the Litigation Claim being successful.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Assessment of the Schemes

- 22 We summarise below the likely advantages and disadvantages of the Schemes for Centrebet Securityholders.

Advantages

- 23 The Schemes have the following benefits for Centrebet Securityholders:
- (a) the cash component of the Scheme Consideration of A\$2.00 per share lies within our assessed value range for Centrebet shares excluding the Litigation Claim (on a 100% controlling interest basis)
 - (b) the terms of the Schemes allow Centrebet Securityholders to retain 90% of any potential net proceeds from the Litigation Claim
 - (c) the Scheme Consideration represents a significant premium to the recent market prices of Centrebet shares prior to the initial announcement of the proposed transaction on 11 May 2011 and is consistent with observed premiums paid in successful takeovers generally
 - (d) if the Schemes do not proceed, and in the absence of an alternative offer or proposal, Centrebet shares are likely to trade at a significant discount to our valuation and the Scheme Consideration due to the difference between the value of Centrebet on a portfolio basis and the value on a 100% controlling interest basis.

Disadvantages

- 24 Centrebet Securityholders should note that if the Schemes are approved they will no longer hold an interest in Centrebet. Centrebet Securityholders will therefore not participate in:
- (a) any future value created by the company as a result of on-going operations over and above that reflected in the Scheme Consideration
 - (b) the majority of the value expected to emerge from the realisation of the identified synergy opportunities, the benefits of which will largely accrue to Sportingbet shareholders (consistent with the observed sharing of synergy benefits in acquisitions generally).
- 25 If the Schemes are implemented Sportingbet will also retain 10% of any potential net proceeds received in connection with the Litigation Claim, being an amount of up to some A\$9.0 million if the Litigation Claim is successful. While this amount is significantly higher than the incremental costs likely to be incurred by Sportingbet to administer the Litigation Claim:
- (a) it provides Sportingbet with an incentive to recover any GST benefit awarded over the shortest possible timeframe (which is in the interests of Centrebet Securityholders)
 - (b) in our opinion, a commercial person would assume a relatively low probability of the Litigation Claim being successful.

Other considerations

- 26 In considering the Schemes and related resolutions Centrebet Securityholders should also note that the Kafataris family (who together hold 59.44% of the ordinary shares in Centrebet) have indicated an intention to vote in favour of the respective Scheme resolutions, subject to the conclusion of the independent expert and in the absence of a superior proposal. The Kafataris family has therefore, prima facie, indicated its support for the Schemes.

Conclusion on Schemes

- 27 Given the above analysis, we consider the acquisition of Centrebet shares by Sportingbet under the Schemes is fair and reasonable and in the best interests of Centrebet Securityholders in the absence of a superior proposal.

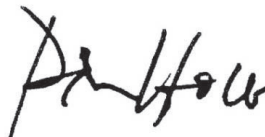
General

- 28 In preparing this report we have considered the interests of Centrebet Securityholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual securityholders.
- 29 The impact of approving the Schemes on the tax position of Centrebet Securityholders depends on the individual circumstances of each investor. Centrebet Securityholders should read the Explanatory Memorandum (Taxation Implications) and consult their own professional advisers if in doubt as to the taxation consequences of the Schemes.
- 30 The ultimate decision whether to approve the acquisition of shares by Sportingbet under the Schemes should be based on each Centrebet Securityholder's assessment of their own circumstances. If Centrebet Securityholders are in doubt about the action they should take in relation to the Schemes or matters dealt with in this report, Securityholders should seek independent professional advice. For our full opinion on the Schemes and the reasoning behind our opinion, we recommend that Centrebet Securityholders read the remainder of our report.

Yours faithfully



Craig Edwards
Authorised Representative



Martin Holt
Authorised Representative

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Table of contents

Section	Page
I Key terms of the Schemes	9
Terms	9
Conditions	9
Resolution	11
II Scope of our report	12
Purpose	12
Basis of assessment	13
Limitations and reliance on information	14
III Profile of Centrebet	15
Overview	15
History	15
Current operations	16
Project Rocket	19
GST claim	20
Financial performance	20
Financial position	24
Share capital	26
Significant shareholder interests	26
Share price performance	27
Liquidity in Centrebet shares	28
IV Online gambling industry	29
The global online gambling industry	29
Regulation of the online gambling market	30
Australian gambling industry	33
European online gambling industry	39
Outlook	42
V Valuation approach	43
Methodologies selected	44
VI Valuation of Centrebet	45
Valuation methodology	45
Assessment of normalised EBITDA	45
EBITDA multiple	47
Value of core businesses	50
Valuation using DCF methodology	50
Cross-check against values implied by recent proposals	51
Net cash	51

	Fully diluted shares on issue	52
	Value of Centrebet	52
VII	Evaluation of the Schemes	53
	Assessment of the Schemes	53
	Likely price of Centrebet shares if the Schemes are not approved	59
	Summary of opinion on the Schemes	60

Appendices

A	Financial Services Guide
B	Qualifications, declarations and consents
C	Listed company multiples
D	Valuation evidence from recent transactions
E	Summary of the Litigation Claim Management Deed
F	Glossary

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



I Key terms of the Schemes

Terms

- 31 On 26 May 2011 Centrebet announced that it and Sportingbet had entered into a Scheme Implementation Agreement (the Agreement)⁷ under which Sportingbet would acquire all of the issued shares in Centrebet for an offer consideration of A\$2.00 cash per share⁸ (Cash Consideration).
- 32 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Centrebet and its securityholders. Pursuant to the Agreement there is a separate share scheme and performance right scheme. These schemes are inter-conditional. For the purpose of our report these schemes are collectively referred to as the Schemes and references to Centrebet Securityholders include Centrebet performance right holders. The Schemes are subject to a number of conditions precedent as summarised below. If the Schemes are approved by Centrebet Securityholders and the Court, Centrebet Securityholders will receive A\$2.00 cash per share.
- 33 In addition to the cash consideration Centrebet Securityholders will receive a litigation claim right and a litigation claim unit⁹ which will entitle them to 90% of the potential net proceeds of Centrebet PL's proposed GST litigation claim (Litigation Claim) if successful. It is expected that any such proceeds would be realised and paid over an extended period of time. Collectively the Cash Consideration and the Litigation Claim comprise the Scheme Consideration.

Conditions

- 34 The Schemes are subject to the satisfaction of a number of conditions precedent, including the following which are outlined in the Agreement between Centrebet and Sportingbet dated 26 May 2011:
 - (a) respective regulatory approvals (as required) from ASIC, the Australian Securities Exchange (ASX), the Australian Competition and Consumer Commission (ACCC) and the relevant Government body in respect of gambling licences held by Centrebet
 - (b) the Court ordering the convening of the scheme meetings and respective Centrebet Securityholder approval by the requisite majority is obtained at the scheme meetings
 - (c) approval of the Schemes by the Court in accordance with s411(4)(b) of the Corporations Act
 - (d) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the transaction is in effect at 8.00am on the Second Court Date

⁷ The Agreement has been entered into by both Sportingbet and Sbet Australia Pty Limited (a wholly owned subsidiary of Sportingbet).

⁸ Holders of performance rights will receive \$2.00 cash in respect of each performance right. It is contemplated that holders of options will receive \$2.00 cash in respect of each option they hold, less the exercise price of such option.

⁹ For each share, performance right or option, on a one for one basis.

- (e) no "Centrebet Prescribed Occurrence" (as defined in clause 1.1 of the Agreement) occurs on or before 8.00am on the Second Court Date, which Sportingbet elects to terminate under
- (f) no "Centrebet Material Adverse Change" (as defined in clause 1.1 of the Agreement) occurs on or before 8.00am on the Second Court Date, which Sportingbet elects to terminate under
- (g) an independent expert issues a report which concludes that the Share Scheme and Performance Right Scheme are in the best interests of the respective Centrebet Securityholders
- (h) approval by Sportingbet shareholders of the proposed capital raising to fund the cash component of the Scheme consideration¹⁰
- (i) the raising by Sportingbet of sufficient funds to pay the cash component of the Scheme consideration¹¹
- (j) new Sportingbet shares issued pursuant to the capital raising are approved for admission to the LSE
- (k) all holders of options have agreed with Centrebet and Sportingbet for their options to be cancelled or transferred if the Schemes become effective¹²
- (l) all counterparties to specified contracts have consented to the Schemes
- (m) all documents set out in the Litigation Claim term sheet have been entered into.

35 In addition Centrebet has agreed that up until 31 October 2011 it will not:

- (a) solicit, invite, encourage or initiate any competing transaction
- (b) participate in any discussions or negotiations which may reasonably be expected to lead to a competing transaction
- (c) enter into any agreement, arrangement or understanding in relation to a competing transaction or any agreement, arrangement or understanding which may reasonably be expected to lead to the completion of a competing transaction
- (d) provide any information to a third party for the purposes of enabling that party to table a competing transaction.

¹⁰ On 14 June 2011 Sportingbet announced that this condition had been satisfied.

¹¹ On 22 June 2011 Centrebet announced that Sportingbet had confirmed that it had received all of the required proceeds in connection with its capital raising and had satisfied this condition precedent. Sportingbet has raised funds through an underwritten issue of ordinary shares (as to £65 million) and an issue of convertible bonds.

¹² It is contemplated that holders of options will receive A\$2.00 cash in respect of each option they hold, less the applicable exercise price of such option.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT

LONERGAN EDWARDS
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- 36 The exclusivity obligations do not apply if Centrebet has complied with the various obligations set out in the Scheme Implementation Agreement and the Centrebet Board determines:
- (a) the proposed competing transaction is a superior proposal or the steps which the Centrebet Board proposes to take may reasonably be expected to lead to a competing transaction which is a superior proposal¹³
 - (b) based on written advice from its legal advisers, that compliance with exclusivity obligations would involve a breach of fiduciary duties or would otherwise be unlawful.
- 37 A break fee of 1% of the Cash Consideration is payable by either Centrebet to Sportingbet or Sportingbet to Centrebet in certain circumstances as specified in the Agreement.

Resolution

- 38 Centrebet Securityholders will be asked to vote on the Schemes in accordance with the resolutions contained in the notice of meeting accompanying the Explanatory Memorandum.
- 39 If the resolutions are passed by the requisite majorities, Centrebet must apply to the Court for orders approving the Schemes, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Schemes. Once the Court approves the Schemes it will become binding on all Centrebet Securityholders who hold Centrebet shares as at the Schemes record date, whether or not they voted for the Schemes (and even if they voted against the Schemes).

¹³ Subject to any potential breach of fiduciary duties, Centrebet must notify Sportingbet if it receives a superior competing proposal and give Sportingbet three business days to match that competing proposal.

II Scope of our report

Purpose

- 40 The Schemes are to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Corporations Regulations) prescribes information to be sent to shareholders in relation to a members' scheme of arrangement pursuant to s411 of the Corporations Act.
- 41 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 42 Sportingbet has no current shareholding in Centrebet and has no representation on the Centrebet Board. However, both a condition precedent to the Schemes and the Centrebet Directors' recommendation of the Schemes are subject to an independent expert concluding that the Schemes are in the best interests of Centrebet Securityholders. In addition, as the Schemes (if approved and implemented) will result in 100% of the securities in Centrebet being held by Sportingbet, RG 111 requires that we provide an opinion on whether the consideration payable under the Schemes is "fair" and "reasonable" to the Securityholders of Centrebet.
- 43 The Centrebet Directors have therefore requested LEA to prepare an IER stating whether the proposed acquisition of the shares and performance rights in Centrebet by Sportingbet under the Schemes is fair and reasonable and in the best interests of Centrebet Securityholders and the reasons for that opinion.
- 44 This report has been prepared by LEA for the benefit of Centrebet Securityholders to assist them in considering the resolutions to approve the Schemes. Our report will accompany the Notice of Meeting and Explanatory Memorandum to be sent to Centrebet Securityholders. The sole purpose of our report is to determine whether, in our opinion:
 - (a) the Share Scheme is fair and reasonable and in the best interests of Centrebet shareholders
 - (b) the Performance Right Scheme is fair and reasonable and in the best interests of Centrebet performance right holders.
- 45 The ultimate decision whether to approve the Schemes should be based on each Centrebet securityholders' assessment of their own circumstances. If in doubt about the action they should take in relation to the Schemes or matters dealt with in this report, securityholders should seek independent professional advice.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Basis of assessment

- 46 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111.
- 47 RG 111 distinguishes “fair” from “reasonable” and considers:
 - (a) an offer to be “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. A comparison must be made assuming 100% ownership of the target company
 - (b) an offer to be “reasonable” if it is fair. An offer may also be “reasonable” if, despite not being “fair” but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.
- 48 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a scheme may be “*in the best interests of the members of the company*” if there are sufficient reasons for securityholders to vote in favour of the scheme in the absence of a higher offer.
- 49 In our opinion, if the scheme is “fair” and “reasonable” under RG 111 it must also be “in the best interests” of Centrebet Securityholders.
- 50 Our report has therefore considered:
 - (a) the market value of 100% of the shares in Centrebet (including value attributable to the Litigation Claim)
 - (b) the value of the consideration offered by Sportingbet
 - (c) the extent to which (a) and (b) differ (in order to assess whether the Schemes are fair under RG 111)
 - (d) the extent to which a control premium is being paid to Centrebet Securityholders
 - (e) the extent to which Centrebet Securityholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
 - (f) the listed market price of Centrebet shares, both prior to and subsequent to the announcement of the proposed Schemes
 - (g) the likely market price of Centrebet securities if the proposed Schemes are not approved
 - (h) the value of Centrebet to an alternative offeror and the likelihood of a higher alternative offer being made for Centrebet prior to the date of the Schemes meeting
 - (i) the advantages and disadvantages of the Schemes from the perspective of Centrebet Securityholders
 - (j) other qualitative and strategic issues associated with the Schemes.

Limitations and reliance on information

- 51 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 52 Our report is also based upon financial and other information provided by Centrebet and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.
- 53 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Schemes from the perspective of Centrebet Securityholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 54 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters.
- 55 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 56 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.
- 57 In forming our opinion, we have also assumed that:
- (a) the information set out in the Explanatory Memorandum is complete, accurate and fairly presented in all material respects
 - (b) if the Schemes become legally effective, they will be implemented in accordance with the terms set out in the Agreement and the terms of the Schemes.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



III Profile of Centrebet

Overview

- 58 Centrebet is a leading online wagering and gaming company with a client base of over 90,000 active customers. Its operations are primarily focused on Australia, with complimentary European operations in Norway, Denmark and Greece. Centrebet targets the corporate bookmaker market (i.e. internet and phone based bets) by offering a range of wagering products in all of its markets (incorporating both horse racing and sports betting) as well as other gaming products in Europe¹⁴.

History

- 59 The Centrebet business in operation today was formed in 2003 from the merger of two pioneer entities in the Australian online wagering and gaming market, Centrebet PL and SportOdds Systems Pty Limited (SportOdds). A summary of the key historical developments in each of these entities, as well as the combined Centrebet, is set out below:

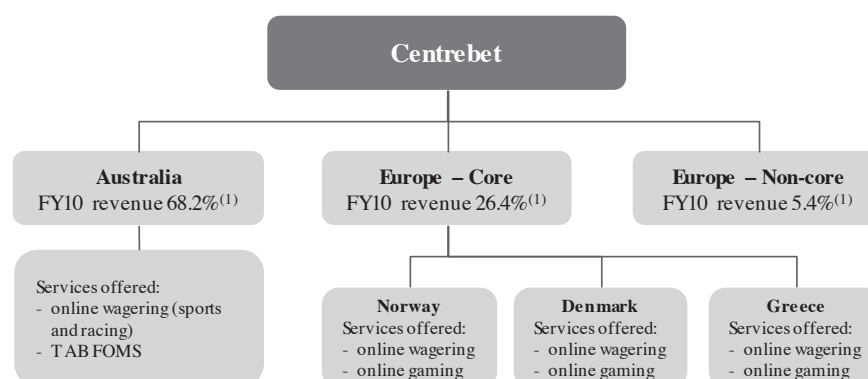
Centrebet – history	
Date	Key development
1992	<ul style="list-style-type: none"> Centrebet PL obtained the first telephone sports bookmaking licence in Australia
1995	<ul style="list-style-type: none"> SportOdds obtained the first sports wagering licence in the Australian Capital Territory (ACT)
1996	<ul style="list-style-type: none"> Centrebet PL become the first bookmaker in the southern hemisphere (and one of the first in the world) to offer online sports betting
1997	<ul style="list-style-type: none"> SportOdds obtained one of two bookmaking licenses issued in New South Wales (NSW) after the regulation of sports betting in NSW became effective
2001	<ul style="list-style-type: none"> SportOdds transferred its NSW operation facilities to Canberra to take advantage of the abolition of minimum phone bets in the ACT
2003	<ul style="list-style-type: none"> SportOdds obtained bookmaking licences in Western Australia (WA) and the UK SportOdds acquired the Centrebet PL business to become Centrebet
2005	<ul style="list-style-type: none"> Casino and poker products were launched in Europe
2006	<ul style="list-style-type: none"> Centrebet listed on the ASX
2007	<ul style="list-style-type: none"> Centrebet migrates to openbet platform Mobile wagering products were launched by the company
2009	<ul style="list-style-type: none"> Appointed fixed odds management services (FOMS) provider to the Totalisator Agency Boards (TABs) in WA, Tasmania and ACT
2010	<ul style="list-style-type: none"> In March 2010 Centrebet announced it had received a number of confidential, indicative, non-binding and conditional proposals from parties expressing an interest in the possible acquisition of the company. Related discussions / negotiations with various parties continued thereafter Centrebet's on-course racing division was discontinued in April 2010 Project Rocket was announced on 9 November 2010 with implementation to begin from this date.

¹⁴ Centrebet is unable to offer gaming products in Australia due to restrictions currently in place under the *Interactive Gaming Act*, 2001.

Current operations

- 60 Centrebet is the largest Australian owned corporate bookmaker. It operates from a head office in Alexandria in Sydney and an office located in Alice Springs, in the Northern Territory (NT). The company employs approximately 200 staff, with a majority of these located in the Sydney office. Approximately one-third of staff serve as experienced bookmakers, with the other sizeable employment functions being marketing, call centre support and IT management.
- 61 Since the launch of Centrebet's strategic plan in November 2010, its main focus has been to grow market share in Australia and maximise cash flow in Europe to focus investment on Australian growth. A diagrammatic overview of Centrebet's operations is set out below:

Centrebet – operations



Note:

¹ As a proportion of Centrebet's total FY10 underlying revenue.

Australia

- 62 Centrebet provides online fixed odds betting to the Australian wagering (sports and racing markets). It is the largest Australian owned corporate bookmaker with a leading 25% market share in sports, a 6% market share in racing and a 11% total market share¹⁵. This higher weighting towards sport is due to Centrebet's initial focus (historically) as a sports bookmaker¹⁶. The company also provides FOMS to the TABs in WA, Tasmania and the ACT. It recently closed its on-course racing operations, which were considered non-core to the operations of Centrebet.

¹⁵ These market share percentages are of the total Australian corporate bookmaking market. Source: Centrebet management.

¹⁶ We understand that growth in the racing corporate bookmakers market segment is key to achieving the market share targets specified in the Project Rocket strategy.

ANNEXURE E

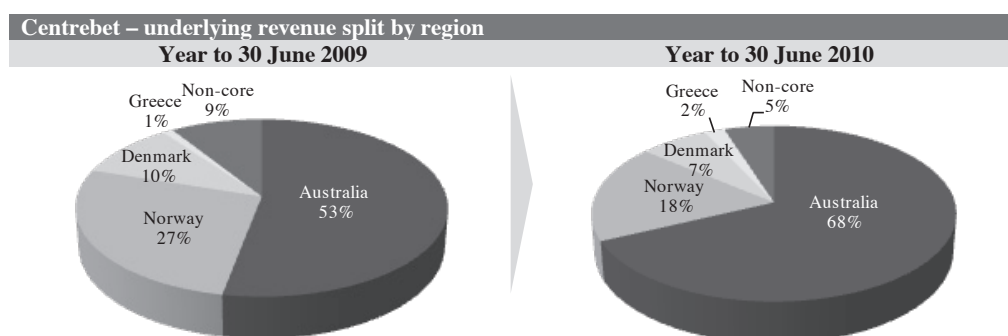
INDEPENDENT EXPERT'S REPORT

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- 63 The FOMS Centrebet provides to the state owned TABs eventuated following competitive presentations from a number of Australian and international operators. The FOMS services commenced in May 2009 for a three and a half year term and include an option (held by the TABs) to extend for a further one and a half years. The arrangement covers all fixed odds racing and sports betting products that were previously offered by the TABs, as well as an expanded offering from Centrebet.

European operations

- 64 Centrebet was one of the first online operators in the Nordic region after entering the Norwegian and Danish markets in the late 1990s. It has since retained its established brand and customer presence in these countries. The company also recently entered Greece in a bid to grow the European business. Recent European performance however has been disappointing as heavy competition and a rising Australian dollar have impacted Australian dollar returns.
- 65 Centrebet completed an internal strategic review of its European operations at the end of the 2009 financial year (FY09), which resulted in Norway, Denmark and Greece being defined as core markets and the balance as non-core (including Finland, the UK, Sweden and other European markets). The review resulted in a reduction of marketing spending of A\$2.5 million in non-core markets, improved risk management by minimising low margin loss making business (particularly in the non-core markets) and increased cost savings throughout the business.
- 66 A comparison of the underlying revenue contribution for FY09 and FY10 from each of Centrebet's geographic areas is shown below:



Source: Centrebet Annual Report 2010.

- 67 The proportion of revenue from the overseas operations has been declining for both core and non-core operations due mainly to increased competition in those regions. The contribution from non-core operations is likely to continue to decline given the poor returns on offer for this customer segment and Centrebet's focus on its core markets. The performance of the overseas businesses, particularly the core markets, has stabilised since October 2010 with casino and poker revenues improving.
- 68 Norway is by far Centrebet's largest overseas market, representing more than half of Centrebet's international revenue. Following the implementation of Norway's payments ban

on 1 June 2010 (refer Section IV), banking costs in Norway have materially increased. However, management have stated that there has not been a material impact on turnover and revenue as a result of these cost increases.

- 69 In the latest half year approximately half of European revenues were sourced from the provision of gaming products such as instant casino, download casino and poker¹⁷. Win rates on casino products, whilst lower than wagering products, are standard for these industry products.

Risk management and win rates

- 70 Centrebet's risk management is market leading and provides the company with the ability to maximise win rates, mitigate losses and drive a demonstrably higher win rate than its peers¹⁸. Centrebet is regularly a primary market maker, with rivals basing their betting markets on Centrebet's odds and prices. In addition to providing a competitive advantage, Centrebet's superior win rates have enabled it to better withstand increased costs following the introduction of product fees.
- 71 Centrebet continues to invest heavily in risk management, with its proprietary in-house developed Phoenix racing analytics system (Phoenix Database) holding over 650,000 individual races and over 6 million starters. The Phoenix Database, its sophisticated reporting tools and analysis system are utilised and complimented by dedicated teams of experienced bookmakers and analysts on a seven day per week basis.

Product development

- 72 Centrebet has a strong history of developing new and innovative products. The company is the Australian leader in terms of product range and depth. Centrebet's strict risk management discipline (and higher win rates) has also allowed the company to develop specific lower margin products to grow its client numbers. Examples of recent products developed by Centrebet include the following:
- (a) **Pick your own line** – a proprietary Centrebet product that allows the customer to choose the line (i.e. the points start that they wish to bet on in a designated match). The chosen line is offered at a price which is based on extensive statistical modelling designed to provide Centrebet with a superior win rate
 - (b) **Best of the Best** – designed to guarantee the best dividend between the top official on-course bookie fluctuation and the highest tote dividend from the three major Australian totalisators
 - (c) **Centrebet Super Best** – guaranteed to equal or exceed the highest official win dividend declared by the three major Australian totalisators
 - (d) **Live betting** – Centrebet is a leader in providing a wide range of betting options across a broad range of Australian and international live betting coverage.

¹⁷ These gaming products are not allowed in Australia due to restrictions currently in place under the *Interactive Gaming Act, 2001*.

¹⁸ Centrebet has historically achieved higher win rates on racing compared to sport.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Regulation and licensing

73 Centrebet holds licences for the provision of gambling products as follows:

- (a) **Australia** – a subsidiary of Centrebet, Centrebet PL, is licensed by the NT Government's Racing Commission under the *Racing and Betting Act* of the NT. The Commission carries out financial and audit checks on a regular basis. This license enables the provision of online gambling services from Australia
- (b) **UK** – Centrebet UK Limited holds a Remote Operating Licence issued pursuant to the Gambling Act 2005
- (c) **Malta** – Centrebet download Casino and Poker are conducted by Centrebet Limited, which is licensed in Malta using the Playtech online gaming platform. Centrebet Limited is also in the process of obtaining a license to operate Chartwell flash games on the Chartwell online gaming platform
- (d) **Curacao, Dutch Caribbean** – flash and live dealer games are operated by Centrebet Gaming NV under a non-exclusive offshore gaming agreement with Antillephone Services NV.

Project Rocket

74 On 9 November 2010 Centrebet launched its five year strategic plan named Project Rocket. Project Rocket aims to increase Centrebet's Australian corporate bookmaker market share from c.10% to c.20%, while deriving an uplift of net profit after tax of c.50% compared with its previous strategy (i.e. the status quo). Project Rocket plans to capitalise on the deregulation of corporate bookmaker advertising in Australia, continued migration from land-based TABs to online wagering and increased market barriers to entry. The key initiatives of Project Rocket are:

- (a) significantly increasing marketing investment in Australia to increase customer acquisition
- (b) a significant investment in product development to improve the customer product offering and maintain a market leading position
- (c) maximising cash flow from Europe to focus investment on Australia and drive growth in Australian revenues above historical rates.

75 As new customers are loss making in the first year (reflecting initial costs of acquisition) and profitable thereafter, Project Rocket sacrifices short term income for the benefit of long term profitability. A summary of the key variables of Project Rocket compared to the status quo (as set out in the ASX announcement dated 9 November 2010) is detailed below:

Centrebet – Project Rocket compared to status quo		
	Status quo	Project Rocket
Projected Australian revenue – CAGR ⁽¹⁾ FY10 to FY15	15%	24%
Projected net profit after tax – CAGR ⁽¹⁾ FY10 to FY15	7%	15%
Projected net profit after tax in FY15	A\$22 million	A\$32 million
Uplift in profitability in FY15	n/a	c.50%

Note:

1 CAGR – compound annual growth rate.

n/a – not applicable.

- 76 The vision for Project Rocket is to make Centrebet a significantly stronger business with a higher growth profile and (given the market share position envisaged) the ability to leverage off its fixed cost base. Based on company projections, profitability under Project Rocket is expected to exceed the status quo in the third full year of the plan.
- 77 As discussed above Centrebet has a comprehensive marketing strategy integrated with Project Rocket, with stated aims of growing the Australian market and maximising cash flow in Europe. In Australia this strategy incorporates sponsorships of a number of National Rugby League (NRL) teams and grounds, the St. Kilda Football Club in the Australian Football League (AFL) as well as Etihad Stadium and the Melbourne Cricket Ground (MCG) sponsorships, the Australian National Basketball League (NBL) and thoroughbred and greyhound track sponsorships.

GST claim

- 78 On 9 September 2010 the Australian Taxation Office (ATO) issued an unfavourable private ruling in relation to a GST private ruling application lodged by Centrebet PL with the ATO in relation to the calculation of Global GST paid from 1 April 2006 to 31 March 2010.
- 79 On 1 June 2011 Centrebet announced that it had filed an application in the Federal Court of Australia against the Commissioner of Taxation seeking declaratory relief in relation to its GST claim. The matter has been listed for first directions hearing on 18 August 2011, at which time a hearing date will be scheduled. The scheduling of the hearing date is a matter for the Federal Court of Australia but is anticipated to be held within three to six months following the first directions hearing.
- 80 Whilst it is not possible to determine the likelihood of success or timing of resolution in this matter, there is a potential receivable of A\$90.7 million. If Centrebet is successful with the proceedings, A\$10.5 million would be immediately recoverable with the balance of A\$80.2 million to be recovered progressively as a rebate against future global GST payable.

Financial performance

- 81 A summary of the financial performance for Centrebet for the three years to 30 June 2010 and the half year to 31 December 2010 is shown below:

ANNEXURE E

INDEPENDENT EXPERT'S REPORT

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Centrebet – financial performance				
	Audited FY08 A\$m	Audited FY09 A\$m	Audited FY10 A\$m	Reviewed HY11 A\$m
Wagering revenue	45.6	48.4	55.7	27.7
Gaming revenue	17.1	17.6	12.6	4.2
Fixed odds management services	-	0.2	2.2	1.5
Operating revenue	62.7	66.2	70.6	33.3
Service fees	0.7	1.0	0.8	0.3
Interest income	1.6	1.1	0.9	0.7
Total revenue	65.0	68.2	72.4	34.3
Employee benefits expense	(16.0)	(17.1)	(16.5)	(8.5)
Advertising and promotion	(8.9)	(13.4)	(11.9)	(7.9)
Betting costs	(9.0)	(10.4)	(10.8)	(6.3)
Bank and merchant facility fees	(4.2)	(3.9)	(3.0)	(2.1)
Other expenses	(9.2)	(11.6)	(8.6)	(4.8)
Operating expenses	(47.3)	(56.4)	(50.9)	(29.6)
EBITDA⁽¹⁾	17.7	11.8	21.5	4.8
Depreciation and amortisation	(2.2)	(2.0)	(3.1)	(1.8)
EBIT⁽¹⁾	15.5	9.8	18.4	3.0
Finance (expenses) / income	(0.6)	(1.2)	0.2	(0.5)
Net profit before tax	14.9	8.6	18.6	2.5
Income tax expense	(1.9)	(0.3)	(4.0)	(0.7)
Net profit after tax	13.0	8.3	14.6	1.8

Note:

- Interest income is included in EBITDA and EBIT as a significant amount of cash is held by Centrebet to satisfy client deposit needs and interest earned on this is considered to be operating income.
- Rounding may exist in the above.

- 82 In order to determine underlying performance, Centrebet's historical results have been adjusted for a number of non-recurring items. A summary of these is as follows:

Centrebet – non-recurring items				
	Audited FY08 A\$m	Audited FY09 A\$m	Audited FY10 A\$m	Reviewed HY11 A\$m
Racing product fee normalisation adjustments	-	1.0	(1.0)	0.7
Discontinued on-course racing earnings	(1.6)	0.2	0.7	0.3
Merger and acquisition transaction costs	0.1	0.5	0.7	0.2
Remote gaming duty costs	(0.2)	(0.7)	1.1	(0.2)
Non-recurring items – pre-tax	(1.7)	1.0	1.5	1.0
Tax impact	0.4	(0.5)	(0.1)	(0.4)
Non-recurring costs – post tax	(1.2)	0.5	1.4	0.7
Underlying EBITDA	16.0	12.7	23.0	5.8
Underlying net profit after tax	11.8	8.8	15.9	2.5

Note:

- Rounding may exist in the above.

83 Details of these significant items are as follows:

- (a) **racing product fee normalisation adjustments** – the result of the Australian Federal Court of Appeals Sportsbet Pty Ltd (Sportsbet) decision, resulted in a number of adjustments to product fees
- (b) **discontinued on-course racing earnings** – the on-course racing business was discontinued in April 2010. Accordingly results have been adjusted to exclude the contribution from this business
- (c) **merger and acquisition transaction costs**– these costs relate to merger and acquisition transaction activity
- (d) **remote gaming duty costs** – based on recent independent tax advice obtained, gaming duties were expensed in FY10 relating to prior years. Accordingly these duties have been reversed.

84 Below is a summary of the key factors that have impacted on the annual financial performance of Centrebet in FY09, FY10 and the six months to 31 December 2010.

Year to 30 June 2009

- FY09 marked a year of unprecedented change in the Australian online gambling industry with the removal of advertising restrictions and the introduction of sports and racing fees
- total revenue increased 6%, however underlying EBITDA reduced by 22%. This was primarily attributable to:
 - marketing costs increasing 51%
 - betting costs increasing by 16% on FY08 due mainly to the introduction in Australia of sports and racing product fees
 - the impact of the global financial crisis (GFC)
- Australian online revenue increased 23% to A\$32.9 million
- in February 2009 Centrebet announced its appointment as FOMS for the state owned TABs, which went live at the end of May 2009. At the time Centrebet management expected a full year contribution to be in the order of EBITDA of A\$1.7 million and net profit after tax of in excess of A\$1 million

Year to 30 June 2010

- underlying net profit after tax increased 81% to A\$15.9 million with underlying EBITDA up 81% to A\$23 million (with the Australian operations contributing approximately 80% of this EBITDA)
- Australian online revenue increased by 38% to A\$45.4 million, the result of:
 - successful marketing initiatives that increased Centrebet's brand awareness
 - improved win rates of 7.3% compared to 6.5% in FY09
 - innovation and expansion of new online sports and racing products

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



- European revenue decreased by 25.6% or A\$7.6 million due to increased competition and the strengthening Australian dollar. On a constant currency basis European revenues decreased A\$3.5 million
- total marketing costs decreased A\$1.5 million, primarily due to a change in strategy to reduce non-core marketing costs and increase focus on core markets. Marketing in the company's core markets increased by 11% on FY09
- TAB FOMS revenues generated A\$2.2 million of revenue, 32% ahead of the previous guidance provided
- Centrebet's on-course racing products were discontinued in April 2010 as this sector was deemed non-core to Centrebet's business

Half year to 31 December 2010

- the reported results for the half year were impacted by Project Rocket, the five year strategic plan discussed above that focuses on long term strategy at the expense of short term profitability
- in Centrebet's half year results announcement released on 23 February 2011 the company stated that:
 - underlying profitability had reduced to A\$2.5 million from A\$7.0 million in the previous half year. This was consistent with previous earnings guidance provided
 - the strategy (Project Rocket) was proving successful and on track with expectations, with Australian new depositing clients up 92% and Australian active clients up 46%
 - total expenses increased by A\$5.2 million, with higher Australian marketing (A\$2.8 million) and employee costs (A\$1.2 million) representing the majority of this increase
 - Australian underlying revenues increased 25% to A\$25.5 million. This rise was mainly offset by continuing declines in European revenues attributable to a strong Australian dollar and declining gaming revenues
 - European revenues declined A\$2.3 million on a constant currency basis
 - Norwegian banking costs increased A\$0.6 million due to recent changes to banking laws in Norway
- TAB FOMS services revenues increased 57% to A\$1.5 million.

Guidance for the year to 30 June 2011

- 85 In its results announcement for the half year to 31 December 2010 Centrebet reaffirmed previous guidance provided to the market for Centrebet to derive a net profit after tax of A\$8 million.

Financial position

- 86 The financial position for Centrebet as at 30 June 2009, 2010 and 31 December 2010 is set out below:

Centrebet – financial position			
	Audited 30 Jun 09 A\$m	Audited 30 Jun 10 A\$m	Reviewed 31 Dec 10 A\$m
Cash and cash equivalents	42.2	50.6	36.3
Trade and other receivables	2.3	2.0	2.1
Income tax receivable	1.3	-	-
Other current assets	2.2	2.3	2.5
Total current assets	48.0	54.9	40.9
Property, plant and equipment	2.8	2.4	2.8
Intangible assets	47.6	48.8	49.1
Deferred tax assets	0.1	-	-
Total non-current assets	50.6	51.3	52.0
Total assets	98.6	106.1	92.9
Trade and other payables	25.3	24.0	23.7
Borrowings	-	7.0	9.9
Income tax payable	-	2.0	0.3
Employee benefits	1.2	1.2	1.1
Total current liabilities	26.5	34.2	35.0
Borrowings	16.9	10.0	-
Deferred tax liabilities	-	0.3	0.6
Employee benefits	0.2	0.3	0.4
Total non-current liabilities	17.1	10.6	1.0
Total liabilities	43.6	44.8	35.9
Net assets	54.9	61.3	56.9

Note:

- 1 Rounding may exist in the above.

Reduction in net assets

- 87 Notwithstanding that Centrebet has been profitable in the latest six month period to 31 December 2010, the reduction in net assets shown above reflects the payment of the full year final dividend of A\$0.08 per share (A\$7.0 million) to Securityholders on 23 September 2010. The company also paid a A\$0.02 per share dividend (A\$1.8 million) to Securityholders on 23 March 2011.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Intangible assets

88 Centrebet's intangible asset position is set out as follows:

Centrebet – intangible assets			
	Audited 30 Jun 09	Audited 30 Jun 10	Reviewed 31 Dec 10
	A\$m	A\$m	A\$m
Goodwill	39.4	39.4	39.4
Trademarks	0.4	0.4	0.4
Computer software	7.8	9.0	9.3
Total intangible assets – book value	47.6	48.8	49.1

Note:

1 Where applicable the balances are stated net of amortisation and impairment.

89 The largest component of intangible assets represents goodwill from the acquisition of Centrebet PL by SportOdds in 2003, which is tested annually for impairment.

90 Computer software relates primarily to external software development costs incurred by Centrebet to further develop its wagering software platform. Expenditure capitalised also includes the staff costs of direct labour and directly attributable overhead costs relating to the software development. Amortisation is charged on a straight line basis over the periods of expected benefit, which typically vary from 2.5 to five years.

Trade and other payables

91 Centrebet's trade and other payables includes both client accounts payable and pending bets, as shown below:

Centrebet – trade and other payables			
	30 Jun 09	30 Jun 10	31 Dec 10
	A\$m	A\$m	A\$m
Trade creditors	0.8	0.6	0.6
Client accounts payable	18.3	15.1	15.7
Non-trade payables and accrued expenses	4.0	5.4	5.9
Pending bets	2.2	2.9	1.4
	25.3	24.0	23.7

Note:

1 Rounding may exist in the above.

92 Amounts received from customers on wagering events that have not occurred by the end of the reporting period are accounted for as a financial liability and shown as pending bets. The fair value of the pending bets liability is assessed at the reporting date and any fair value adjustment is recognised in the income statement. The fair value of pending bets is calculated using the average win rate for the period. Both the pending bets and client accounts payable are non-interest bearing.

Net cash held by Centrebet

93 After allowing for client accounts payable, pending bets and interest bearing debt the net cash position as at 31 December 2010 was A\$9.3 million, as shown below:

Centrebet – net cash			
	30 Jun 09	30 Jun 10	31 Dec 10
	A\$m	A\$m	A\$m
Cash	42.2	50.6	36.3
Client accounts payable	(18.3)	(15.1)	(15.7)
Pending bets	(2.2)	(2.9)	(1.4)
Current interest bearing debt	-	(7.0)	(9.9)
Non-current interest bearing debt	(16.9)	(10.0)	-
	<u>4.8</u>	<u>15.7</u>	<u>9.3</u>

Note:

1 Rounding may exist in the above.

Share capital

- 94 As at 11 May 2011 Centrebet had 87.76 million fully paid ordinary shares on issue. In addition the company also had the following options and performance rights on issue:

Centrebet – options and performance rights		
	Number 000	Exercise price A\$
Options		
Tranche 1	70.5	2.000
Tranche 2	293.4	1.881
Tranche 3	799.3	1.344
	<u>1,163.2</u>	
Performance rights	3,742.9	n/a
n/a – not applicable		

- 95 Performance rights are issued to employees under a long term incentive plan and will vest three years after the date of their allotment subject to Centrebet performance hurdles being met. As noted above performance right holders are subject to a separate (but inter-conditional) scheme.

Significant shareholder interests

- 96 Currently the Kafataris family holds a relevant interest in Centrebet of 59.44% and Fisher Funds Management Limited, the second largest shareholder, holds a relevant interest of 11.44%¹⁹. In addition, on 20 June 2011 an ASX announcement was lodged indicating that Renaissance Smaller Companies Pty Ltd had accumulated an interest in Centrebet of 5.12%.

¹⁹ Shareholder relevant interests are based on the latest publicly available information.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Share price performance

- 97 The price of Centrebet shares from 1 January 2008 to 10 May 2011 (the day prior to the announcement of the non-binding conditional and incomplete proposal from Sportingbet) is summarised below:

Centrebet – share price performance				
	High A\$	Low A\$	Close A\$	Monthly volume ⁽¹⁾ 000
Quarter ended				
March 2008	1.98	1.57	1.67	677
June 2008	1.85	1.28	1.40	582
September 2008	1.79	1.30	1.44	480
December 2008	1.52	0.99	1.29	787
March 2009	1.39	1.12	1.21	165
June 2009	1.36	0.88	0.91	669
September 2009	1.30	0.86	1.08	1,639
December 2009	1.29	1.05	1.23	1,971
March 2010	1.89	1.25	1.65	1,685
June 2010	1.75	1.29	1.32	872
Month ended				
July 2010	1.44	1.24	1.31	304
August 2010	1.69	1.31	1.65	1,300
September 2010	1.79	1.59	1.63	1,978
October 2010	1.69	1.53	1.56	750
November 2010	1.60	1.33	1.48	2,981
December 2010	1.48	1.36	1.47	1,073
January 2011	1.63	1.42	1.63	1,177
February 2011	1.75	1.55	1.58	2,092
March 2011	1.70	1.41	1.66	1,850
April 2011	1.69	1.57	1.59	1,866
May 2011 ⁽²⁾	1.61	1.51	1.59	436

Note:

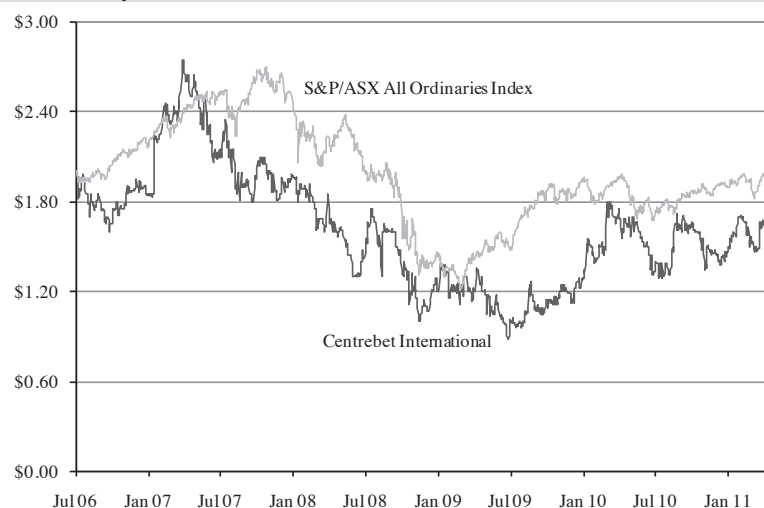
1 Monthly volumes for the quarter ended represent average monthly volumes.

2 Up to 10 May 2011.

Source: Bloomberg.

- 98 The following graph illustrates the movement in the Centrebet share price compared to the S&P/ASX All Ordinaries Index from Centrebet's listing on the ASX to 10 May 2011:

Centrebet – share price history
11 July 2006 to 10 May 2011



Source: Bloomberg.

- 99 The share price of Centrebet has generally followed the movements in the S&P/ASX All Ordinaries Index over the period. Following the announcement on 9 March 2010 that Centrebet had received a number of confidential, indicative, non-binding and conditional proposals from parties expressing an interest in the possible acquisition of Centrebet, arguably the Centrebet share price has reflected some expectation of corporate activity.

Liquidity in Centrebet shares

- 100 The liquidity in Centrebet shares based on trading on the ASX over the 12 month period preceding the initial announcement of the proposed transaction is set out below:

Centrebet – liquidity of shares						
	Start date	End date	Value A\$000	Volume 000	As a % of issued capital	WANOS ⁽¹⁾ 000
1 month	11 Apr 11	10 May 11	2,879	1,762	2.0	87,764
3 months	11 Feb 11	10 May 11	8,076	5,006	5.7	87,764
6 months	11 Nov 10	10 May 11	15,644	10,019	11.4	87,764
12 months	11 May 10	10 May 11	26,107	16,758	19.1	87,628

Note:

1 WANOS – weighted average number of shares on issue.

Source: Bloomberg.

- 101 The Kafataris family held a majority interest in Centrebet throughout the above period. Accordingly, the free float of the company was effectively restricted to around 40% of the issued capital. In the 12 month period prior to the initial announcement of the proposed transaction total share turnover equalled 19.1% of the issued shares in Centrebet, indicating a reasonable level of market liquidity (particularly given the low free float).

ANNEXURE E

INDEPENDENT EXPERT'S REPORT

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IV Online gambling industry

The global online gambling industry

- 102 The gambling industry incorporates a wide range of recreational entertainment activities including casinos, gaming machines, lotteries, wagering (including horse racing and sports betting) and charitable betting (bingo etc). Whilst a significant proportion of the industry is underground or illegal, the gross gambling yield (GGY)²⁰ or net economic contribution from the global gambling industry was estimated at US\$389.5 billion in 2010²¹.
- 103 Increasing levels of broadband penetration and the proliferation of internet enabled smart phones has enabled online gambling to undergo rapid growth in recent years, with online gambling the fastest growing segment of the global gambling industry. Further exemplifying this trend are the improving perceptions of online betting and increasing marketing expenditures (and hence reach) of industry operators. Faced with such competition, traditional gambling companies (such as casinos, entertainment complexes and other on premise gambling centres) are also (generally) embracing the trend by developing competing online offerings.
- 104 Online gambling is facilitated by computers, mobile phones and to a lesser extent interactive television (iTV). The primary forms of online gambling are detailed as follows:
- (a) **online wagering** – comprises betting on racing (thoroughbred, harness and dog), sports betting (outcomes, first scorer, etc) and betting on the outcome of events (such as elections or reality television shows)
 - (b) **online gaming** – comprises casino games (blackjack, baccarat, roulette, etc) and all forms of poker and virtual gaming machines
 - (c) **other** – includes lotteries and Keno etc.
- 105 The number of global online / interactive gambling player accounts has grown significantly to 2008, as shown below (segmented by category):

Global active player accounts					
	Sports betting million	Casino million	Poker million	Bingo million	Total million
2004 – actual	7.8	4.8	2.9	0.8	16.2
2005 – actual	9.4	6.5	4.6	1.4	21.8
2006 – actual	11.3	8.4	6.3	2.0	28.0
2007 – actual	12.2	8.7	6.6	2.5	30.0
2008 – actual	14.3	9.6	7.6	2.8	34.3
2009 – estimated	15.8	10.5	8.4	3.2	38.0
2010 – estimated	18.1	11.5	9.3	3.9	42.8
2011 – estimated	20.5	12.5	10.4	4.8	48.2
2012 – estimated	23.3	13.6	11.5	5.8	54.2

²⁰ GGY is defined as turnover less the amount paid out as winnings.

²¹ Source: Global Betting & Gaming Consultants (GBGC), *Betting on Regulation – 6th Global Gambling Report*, dated 12 April 2011.

Global active player accounts					
	Sports betting million	Casino million	Poker million	Bingo million	Total million
Historical CAGR – 2004 to 2008	16%	19%	27%	39%	21%
Forecast CAGR – 2008 to 2012	13%	9%	11%	20%	12%

Source: Global Betting & Gambling Consultants (GBGC), Interactive Gambling Dataset, dated September 2009.

- 106 Sports betting represented 42% of total global active player accounts and experienced a CAGR of 16% for the four years to 2008, the lowest of the above categories. While GBGC expects growth in active player account numbers to slow in general, relatively high future growth levels are still anticipated.
- 107 Rapid growth in client numbers over the four years to 2008 doubled industry revenues to some US\$21 billion. However, this amount would have been significantly higher if the prohibitions that exist on many forms of online gambling in countries such as the United States (US), China, Japan and South Korea were relaxed.

Online GGY				
	Internet/PC US\$m	Mobile devices US\$m	iTV US\$m	Total US\$m
2004 – actual	9,490	189	39	9,718
2005 – actual	12,922	249	58	13,230
2006 – actual	16,921	325	124	17,370
2007 – actual	17,411	417	167	17,995
2008 – actual	20,142	564	238	20,944
2009 – estimated	21,883	760	289	22,932
2010 – estimated	24,294	983	341	25,618
2011 – estimated	26,982	1,283	397	28,662
2012 – estimated	30,006	1,640	445	32,091
Historical CAGR – 2004 to 2008	21%	31%	58%	21%
Forecast CAGR – 2008 to 2012	10%	31%	17%	11%

Source: GBGC, Interactive Gambling Dataset, dated September 2009.

- 108 The above table is segmented by internet / personal computer (PC), mobile devices and iTV. As sub-segments, mobile devices and iTV have historically exhibited the highest growth rates. GBGC expects this to continue as increasingly powerful smart phones and faster roaming download speeds vastly improve mobile device offerings and performance.

Regulation of the online gambling market

- 109 Despite increasing reports of the impacts of internet gambling, most governments have been generally slow to react in terms of implementation of regulations governing online gambling. The diversity of responses internationally, ranging from prohibition on the one hand to laissez-faire policies allowing unregulated access and licensing on the other are inconsistent globally. Where there has been a shift towards regulation, (for example in the UK and

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Europe) multiple models have been utilised, including government ownership, licensing and regulation of foreign and/or nationally owned sites.

- 110 The argument for legalisation and regulation may in part be based on the strong public demand for regulated online gambling opportunities and the likelihood that gamblers will access non-regulated, non-licensed sites in the absence of alternatives. It is evident from unsuccessful attempts in the US²² and China to ban citizens from gambling online that prohibition may be futile. It may be preferable therefore that regulations endeavour to provide a safer environment for online gambling to protect individuals from unscrupulous operators.
- 111 There are also strong economic incentives for governments to regulate online gambling, including increased revenue through taxation and revenue from foreign markets (where alien play is permitted) as well as local residents. However uncertainty exists as to the potential new revenue that could be generated by regulated online gambling due to the highly competitive market and tendency for companies to be based in jurisdictions that offer the lowest competitive tax rates.
- 112 Unregulated markets also hold specific risks in that there is a higher level of uncertainty present, as future legislation (if any) is uncertain, as is the competitive response from rivals.
- 113 Below is a brief overview of recent regulatory developments in each of Centrebet's core markets, being Australia, Norway, Denmark and Greece.

Australia²³

- 114 Historically, the Australian wagering industry has been controlled and regulated by the states and territories in offering only single monopoly licences for the provision of retail betting. The licences were issued to the Totaliser Agency Board (TAB) in each state or territory. In addition to being restrictive to competition, the historical regulatory framework was fragmented and divergent across different jurisdictions. This regulatory approach helped form (and ingrain) a wagering industry consisting of predominantly large, regional on premise operators with little to no competition for retail betting from corporate bookmakers, which were restricted to taking bets only on-course.
- 115 The supporting principles of this monopoly model are currently under threat however, as the key findings in the recent landmark High Court of Australia decision favoured Betfair against the State of Western Australia (which had the downstream effect of encouraging the removal of restrictions on advertising by corporate bookmakers) and by a corporate bookmaking industry that is actively driving transformation.

Product fees

- 116 Significant uncertainty exists with regard to product fees that companies such as Centrebet pay racing bodies. The product fees to be charged by each state are expected to be determined by the outcome of the current *Betfair / Sportsbet v Racing NSW*, High Court of Australia case, as well as the potential implementation of the Productivity Commission recommendations on a national basis.

²² Online gambling is generally prohibited in most US States, either by out-right bans or the Unlawful Internet Gambling Enforcement Act (which makes bank transactions with online gambling sites illegal).

²³ Source: Centrebet management.

- 117 If turnover based product fees are implemented across Australia the level of product fees charged to corporate bookmakers is expected to increase. Relative to other corporate bookmakers however Centrebet is in a stronger position to absorb turnover based product fees²⁴. If gross margin based product fees are implemented across Australia the level of product fees charged to corporate bookmakers is expected to reduce.

Betting costs

- 118 In 2010 the NT amended its taxation rates to remain competitive with Tasmania and other states and to take into account the introduction of product fees for racing. Commencing January 2010, the NT introduced a new 10% gross margin tax, payable on all sporting and racing events, capped at A\$250,000 indexed to the Darwin consumer price index (CPI).

The Interactive Gambling Act 2001²⁵

- 119 The *Interactive Gambling Act 2001* (IGA) targets the supply of online gaming, rather than its demand. It prohibits the provision of online gambling services to customers in Australia, but does not outlaw Australians from accessing online gambling services. Nor does it prevent Australian based companies from providing online gambling services to (non-Australian) customers in other countries. The IGA states that a person is guilty of an offence if the person intentionally provides an interactive gambling service and the service has an Australian-customer link.
- 120 The IGA excludes several interactive gambling services. With the exception of in-run betting over the internet, all forms of wagering are exempt from the ban, including telephone betting, wagering on horse, harness or greyhound races and wagering on a sporting event or any other event, series of events or contingencies. In addition, online lottery services are exempt, with the exception of instantaneous lotteries or lotteries that are highly repetitive or frequently drawn. Gambling services prohibited under the IGA (which also prohibits the advertisement for these gambling services) therefore include the following:
- (a) online casino games, including roulette, blackjack and all forms of online poker
 - (b) online versions of electronic gaming machines
 - (c) online bingo
 - (d) in-run betting over the internet.
- 121 Debate about a coherent and national regulation for wagering has increased since the release of the draft Productivity Commission report into gambling during 2009. The report was superseded by the Productivity Commission's inquiry report dated 26 February 2010, which recommended the repeal of the IGA and its replacement with an Australian licensing scheme, allowing the provision of online poker to Australians by Australian companies. The Commission was also strongly critical of race fields arrangements in Queensland and NSW, and urged immediate action by the State Governments. Should reform not occur or be delayed, it proposed that product fees for the national racing industry be set by an independent pricing body. On release of the final report, the Federal Government expressed its

²⁴ This is due to its market leading win rate on race betting, as well as Centrebet's higher market share in sports wagering, which has lower product fee costs.

²⁵ Source: Australian Productivity Commission, *Gambling – Productivity Commission Inquiry Report (Volume 2)*, No. 50, dated 26 February 2010.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



reservations in relation to amending the IGA to allow for licensed online gaming on the basis of concerns with problem gambling and harm minimisation.

Europe

- 122 The regulation of the European market is fragmented on a country by country basis, despite an ongoing trend towards deregulation. The European Court of Justice recently upheld the right of its Member States to place restrictions on access to gambling, including online gambling, where it was consistent with the country's overall policy settings. In light of this, certain countries are proposing less liberalisation of their markets.
- 123 In terms of Centrebet's core European markets, the following is a recent summary of regulatory developments:
- (a) **Norway** – the implementation of legislation to prohibit the processing of payments to foreign gambling companies by Norwegian financial institutions has commenced (this has not materially impacted Norwegian customers transacting with Centrebet as new banking arrangements were sought prior to implementation)
 - (b) **Denmark** – Denmark is awaiting resolution of a European Union issue before accepting applications for licenses under its new licensing scheme for online gambling. The targeted commencement date of 1 January 2011 was not met and the likelihood of a commencement later in 2011 is now considered unlikely
 - (c) **Greece** – as a response to the GFC, Greece has proposed regulating online gambling and restructuring its land-based industry to raise funds. These moves are expected to generate €990 million over the next two to three years. A draft bill has been sent to the European Commission, which is expected to report in July. The bill would, among other measures, allow for issuing of some 50 online gambling licenses. However, there is still uncertainty as to the final form of the new law, as the Greek Government faces political opposition to some of the measures.

Australian gambling industry

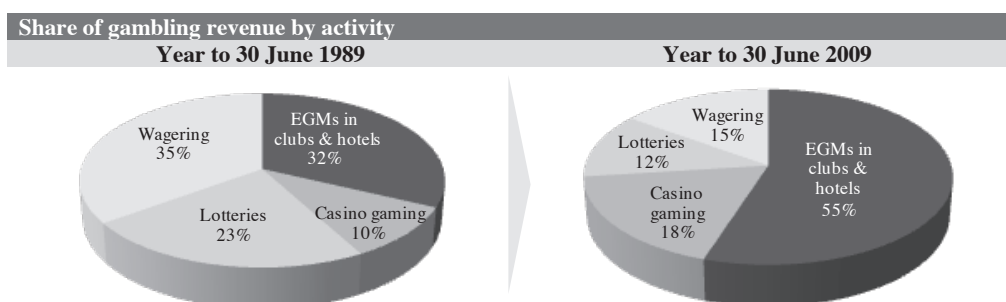
- 124 Australia is one of the world's most active gambling markets with the highest spend per capita globally and the most number of horse races weekly. According to GBGC research 80% of Australia's adult population engage in some form of gambling²⁶. Official Australian gambling expenditure in FY09 was some A\$19 billion²⁷, representing some 3.1% of household consumption expenditure²⁸. This however excludes online poker and online casinos (deemed the unofficial sector) which totalled A\$0.8 billion in FY09, taking the total industry expenditure to almost A\$20 billion²⁸.
- 125 In the late 1980s gambling in Australia was quite evenly spread between activities. Today, however, all other forms of gambling are dwarfed by the electronic gaming machines (EGMs)

²⁶ GBGC analysis: December 2009.

²⁷ Measured as the net losses to gamblers or the gross profits to gambling operators (prior to fees and taxes).

²⁸ Source: Australian Productivity Commission, *Gambling – Productivity Commission Inquiry Report (Volume 1)*, No. 50, dated 26 February 2010.

or poker machines) sub-sector of the industry. This is particularly the case for NSW where almost 50% of Australia's machines are installed²⁹.



Source: Australian Productivity Commission, *Gambling – Productivity Commission Inquiry Report (Volume 1)*, No. 50, dated 26 February 2010.

- 126 Wagering industry turnover increased by 15% over the 20 years to FY09. In comparison expenditure on EGMs and casino gaming has grown by 358% and 376% respectively over the same period³⁰. The primary source of this growth has been an increasing number of installed EGMs, both in clubs and hotels and also casinos (which source some 40% of casino revenues from EGMs³¹). When included with the other A\$10.5 billion spent on EGMs, some 60% of total Australian gambling industry revenue (including the unofficial sector) accrues to EGMs.

The Australian online gambling industry

- 127 In 2008 Australia represented approximately 6% of the global online gambling market³², a surprisingly high proportion given the size of the Australian economy in a global context. This is most likely attributable to Australia's large and well regulated gambling market, strong betting culture with a high spend per capita, as well as Australia's general high uptake of new information technologies and applications.
- 128 The historical and forecast GGY for the online / interactive gambling market for Australia and the major global markets is shown below:

²⁹ Australian Productivity Commission, *Gambling – Productivity Commission Inquiry Report (Volume 1)*, No. 50, dated 26 February 2010.

³⁰ Australian Productivity Commission, *Gambling – Productivity Commission Inquiry Report (Volume 1)*, No. 50, dated 26 February 2010.

³¹ EGM expenditures represent A\$1.4 billion of total casino expenditures of A\$3.5 billion.

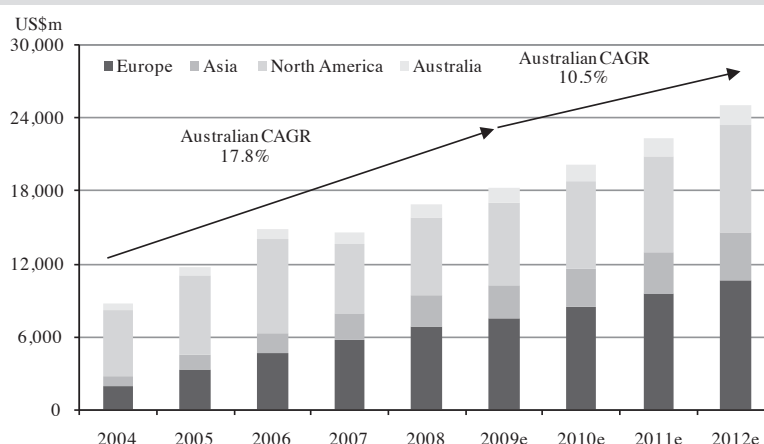
³² Includes sports betting, casino, poker and bingo. Source: GBGC, Interactive Gambling Dataset, September 2009.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT

LONERGAN EDWARDS
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Global online gross gambling yield over time^{(1),(2)}



Note:

1 Includes sports betting, casino, poker and bingo.

2 Excludes Oceania (ex. Australia), Africa and Central America due to scale.

Source: GBGC, Interactive Gambling Dataset, dated September 2009.

- 129 Growth in the Australian online gambling sector (CAGR 17.8%) has historically outperformed the global industry (CAGR of 15.9%). However, future growth of the Australian industry is more likely to be consistent with worldwide growth trends, subject to the outcome of any changes to current legislation.

Online gaming

- 130 As discussed above, under the IGA the provision of online gaming to Australians is prohibited. Given Australia's limited jurisdiction over online suppliers domiciled abroad, the real effect of the IGA has been to prevent companies located in Australia from selling online gaming services to Australians, as Australian consumers can legally access internationally based online gaming sites³³.
- 131 A range of overseas companies provide online gaming services to Australian customers. These sites offer such table games as poker, blackjack and roulette, as well as simulated racing and EGMs. The Productivity Commission estimated that in FY09 some 4% of total gambling expenditure was represented by online gaming³³. It also noted the following:

Online gaming in Australia					
	2004		2008		Increase in turnover (04-08)
	Accounts 000	Turnover A\$m	Accounts 000	Turnover A\$m	
Online casinos	325	263	703	541	105%
Online poker	131	92	363	249	170%
	456	355	1,066	790	123%

Source: Australian Productivity Commission, *Gambling – Productivity Commission Inquiry Report (Volume 1)*, No. 50, dated 26 February 2010.

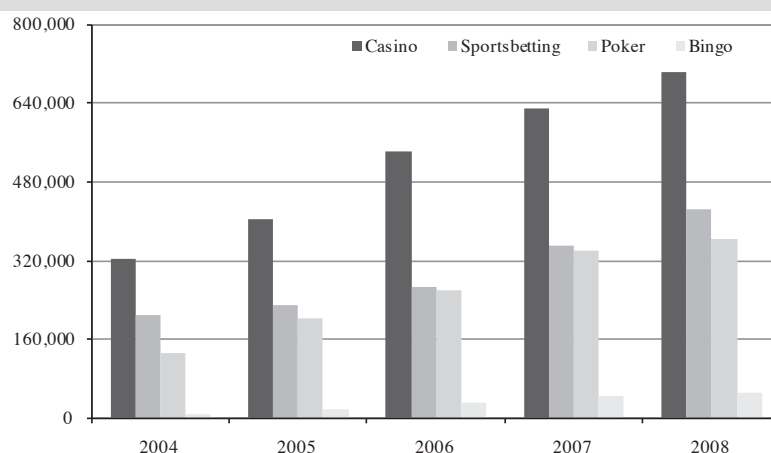
³³ Source: Australian Productivity Commission, *Gambling – Productivity Commission Inquiry Report (Volume 1)*, No. 50, dated 26 February 2010.

- 132 The Productivity Commission also attempted to determine what proportion of the Australian population participates in online gaming. But given that one person may be responsible for several online accounts with different providers it was only able to estimate a wide range of between 0.1% and 4% of Australia's adult population³⁴.

Online wagering

- 133 Wagering in Australia is based on thoroughbred, harness or greyhound races as well as sports events (including overseas events). Minor other forms of wagering also exist, such as wagering on the outcomes of elections or television shows, although this is a very small market. Wagering services in Australia are provided by the TABs as well as corporate bookmakers (such as Centrebet) and Betfair, the only betting exchange operating in Australia³⁵.
- 134 The following chart provides a break-down of Australian active player accounts for the five years to 2008, segmented by casino, sports betting (including wagering), poker and bingo:

Active player accounts in Australia



Source: GBGC, Interactive Gambling Dataset, dated September 2009.

- 135 Due to their foundations as monopoly operators the TABs remain by far the largest providers of wagering products in Australia accounting for some 71% of total turnover, as shown below:

³⁴ Source: Australian Productivity Commission, *Gambling – Productivity Commission Inquiry Report (Volume 1)*, No. 50, dated 26 February 2010.

³⁵ A betting exchange is an entity that provides trading facilities for individuals to essentially make a bet on each side of the outcome, i.e. win and loss. The betting exchange derives a commission based on a percentage of the bet.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT

LONERGAN EDWARDS
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Wagering turnover – Australia (year ended 30 June 2010)					
	Thoroughbred A\$m	Greyhound A\$m	Harness A\$m	Sports A\$m	Total A\$m
TABs					
Retail	6,158	1,738	1,335	932	10,163
Phone	890	194	180	143	1,408
Internet	1,462	414	334	398	2,608
Total off-course	8,511	2,346	1,850	1,473	14,179
TAB on-course	981	107	143	na	1,230
Total – pari mutual	9,491	2,452	1,992	1,473	15,408
Fixed odds	581	21	13	na	615
Total TAB	10,072	2,473	2,006	1,473	16,024
Corporate bookmakers					
Phone	1,726	203	127	592 ⁽¹⁾	2,648
Internet	1,984	243	191	879 ⁽¹⁾	3,296
Total off-course	3,709	446	318	1,471	5,944
Bookmaker face-to-face	610	24	14	1 ⁽¹⁾	649
Total bookmakers	4,319	469	332	1,472	6,593
Total wagering	14,392	2,942	2,337	2,945	22,616

Note:

- 1 Sports bookmaker wagering has been adjusted due to Victoria not providing a break-down between face-to-face, phone and internet. Total Victoria bookmaker wagering has therefore been distributed between the three segments in proportion with total sports wagering.
- 2 Rounding may exist in the above.

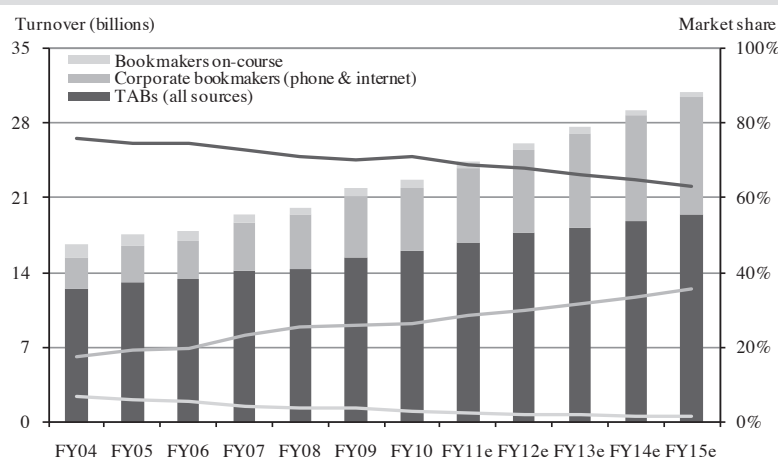
Source: Australian Racing Fact book 2010 – *A Guide to the Racing Industry in Australia*.

na – not available.

- 136 Total wagering turnover (as shown above) is based on the gross wagered bet and hence does not allow for adjustments for win rates and payouts. Accordingly, the actual revenues accruing to industry participants are a fraction of this amount. For example, the Productivity Commission stated that the gross profits from gambling expenditures for wagering totalled A\$2.8 billion in FY09³⁶.
- 137 Based on the Australian Racing Factbook data, corporate bookmakers commanded some 29% of the total wagering market in FY10, with market shares for horse, greyhound and harness racing at 30%, 16% and 14% respectively. Corporate bookmakers' market share for sports betting was substantially higher than the other forms of betting, being approximately 50%. A summary of the historical and forecast market share for corporate bookmakers (compared to the TABs) is shown below:

³⁶ Source: Australian Productivity Commission, *Gambling – Productivity Commission Inquiry Report (Volume 1)*, No. 50, dated 26 February 2010.

**Australian wagering industry
FY04 to FY15**



Source: Australian Racing Factbook 2005 and 2010 (historical), Centrebet management (projected).

- 138 Centrebet management have prepared the above projections based on expectations of 6% total market growth and corporate bookmakers growing at double this rate (12%) and hence capturing an increasing share of industry turnover. The projections assume corporate bookmakers will command a 35% share of the market by FY15³⁷ (up from 27%), due to the lagged impact of ongoing deregulation and the continued migration towards more competitive operators (i.e. corporate bookmakers).

Competition in online wagering

- 139 As discussed above, a legacy of the Australian wagering regulatory system has been an industry in which TABs (who offer phone and internet wagering products) and corporate bookmakers go head to head. Therefore, in addition to competing against some 20 corporate bookmakers licenced in Australia, Centrebet also competes against the established TABs. From FY03 to FY09 corporate bookmakers significantly outperformed with a CAGR of 26% compared with a CAGR of 5% for the TABs.
- 140 Of the corporate bookmakers there are three tier one operators³⁸ (Centrebet, Sportingbet and Sportsbet) and numerous tier two operators³⁹. Traditionally tier one operators have taken market share from the tier two operators and Centrebet management expect this to continue.
- 141 With increased scale and increased migration of recreational TAB customers to corporate bookmakers, the trend amongst the larger corporate bookmakers (tier one corporate bookmakers) has been an increase in the win rate despite more competitive pricing.

³⁷ Source: Centrebet Project Rocket announcement dated 9 November 2010.

³⁸ Prior to the acquisition of IAS by Sportsbet there were four tier one operators.

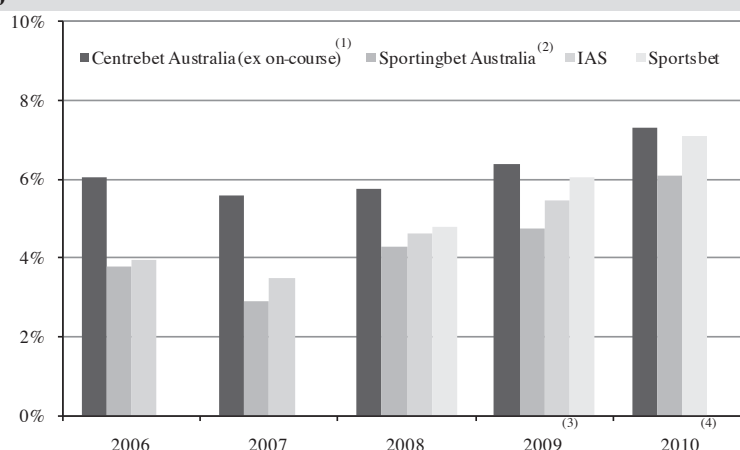
³⁹ Centrebet defines tier one operators as those with critical scale.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT

LONERGAN EDWARDS
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**Comparative win-rates over time
2006 to 2010**



Note:

- 1 Centrebet's win-rate is for Australia only, excluding the discontinued on-course products.
- 2 Sportingbet Australia win-rate is gross of bonuses and betting taxes, consistent with the Centrebet treatment.
- 3 Sportsbet 2009 win-rate calculated from Paddy Power Presentation on 14 May 2009.
- 4 In 2010, Sportsbet and International All Sports Limited (IAS) AS win-rates presented on a combined basis.

Source: Centrebet.

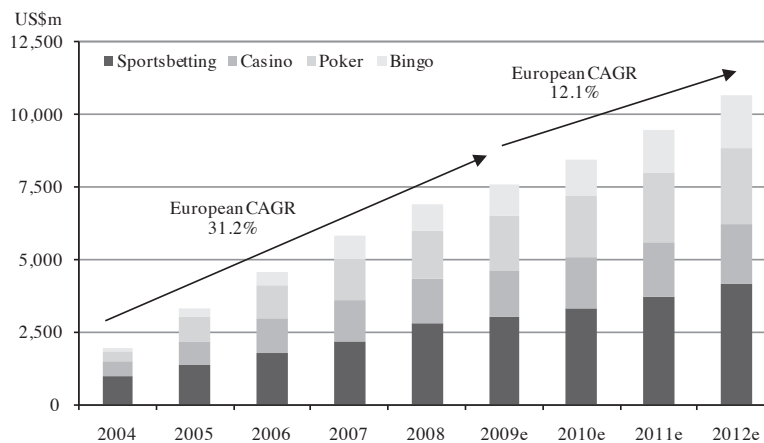
- 142 Centrebet has maintained superior win rates against its tier one competitors due principally to its high level of bookmaking expertise. This has also enabled the company to launch specific lower margin products in a bid to create a more competitive environment.
- 143 Recent deregulation of the Australian corporate bookmaker market has initiated a period of consolidation, which has been exemplified by the fragmented nature and high levels of competition in the market. Established operators are seeking to create critical mass and operating leverage via scale, which has been evidenced by the takeover offers for International All Sports IAS Limited (IAS) and Sportsbet in 2009, and more recently Sportingbet's takeover offer for Centrebet.
- 144 In a presentation given on 14 May 2009, Paddy Power provided an analysis of brand awareness in the Australian corporate bookmaker market, with Sportsbet at 78% recognition, Centrebet at 65% and betfair.com at 62%. On this metric Centrebet holds the number two brand awareness position in the Australian corporate bookmaker market.

European online gambling industry

- 145 Online gambling in Europe was estimated to be worth US\$7.6 billion⁴⁰ in 2009 and was estimated to have grown at a CAGR of 31.2% for the five years to 2009, underpinned by increased home internet and broadband penetration, a shift from traditional gambling products to online gambling, the liberalisation of gaming legislation and the emergence of new markets to bet on (e.g. new products and new geographical regions to bet). Future growth to 2012 is forecast to be lower than that recorded historically, but still substantial at 12.1%, as shown below:

⁴⁰ Includes gross gambling revenue for online sportsbetting, casinos, poker and bingo. Source: GBGC, Interactive Gambling Dataset, dated September 2009.

**European GGY
2004 to 2012**



Source: GBGC, Interactive Gambling Dataset, dated September 2009.

- 146 The largest market in Europe in 2008 was the UK (€1.9 billion⁴¹), which pioneered the development of the world's first betting exchanges and has a significant number of large online gambling companies. The next biggest markets in order of size were Germany (€0.7 billion), Italy (€0.7 billion), France (€0.6 billion) and Sweden (€0.6 billion)⁴¹. In comparison Centrebet's core European markets of Norway, Denmark and Greece had total online market sizes of US\$181 million, US\$211 million and US\$168 million respectively in 2008⁴².

Centrebet's core European markets

- 147 Centrebet's core European markets are Norway, Denmark and Greece. In addition Centrebet operates in a number of markets it defines as non-core, however the focus on non-core markets reduced from FY09 following a cost rationalisation process. A summary of the number of active player accounts (segmented) in Centrebet's core European markets is shown below:

⁴¹ Based on gross gaming revenues. Source: European Commission: Green Paper, *On on-line gambling in the Internal Market*, dated 24 March 2011.

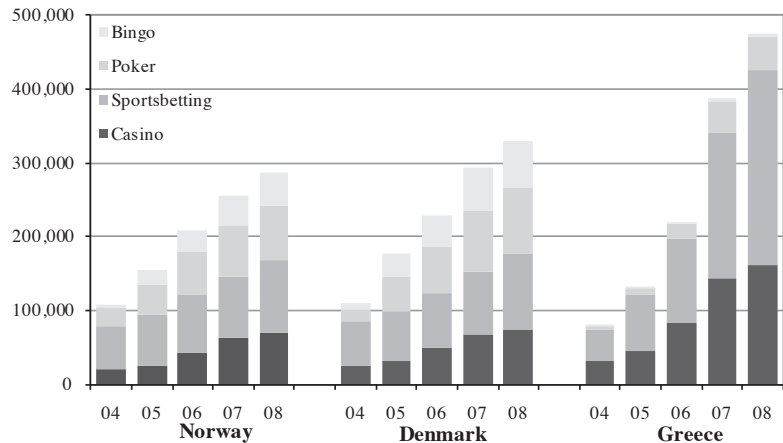
⁴² GBGC, Interactive Gambling Dataset, dated September 2009.

ANNEXURE E

INDEPENDENT EXPERT’S REPORT



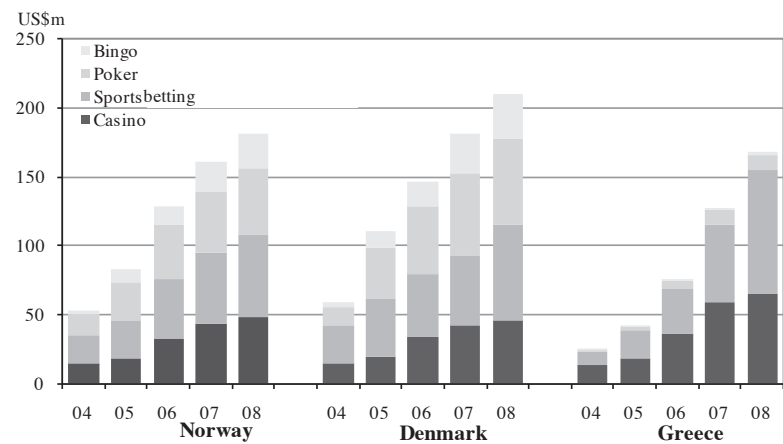
Active player accounts in Norway, Denmark and Greece
2004 to 2008



Source: GBGC, Interactive Gambling Dataset, dated September 2009.

148 The number of active player accounts has been increasing in each of Centrebet’s core European markets, which is consistent with the growth in online GGY:

Online GGY in Norway, Denmark and Greece
2004 to 2008



Source: GBGC, Interactive Gambling Dataset, dated September 2009.

149 Similar to the other European countries, Centrebet’s core markets have exhibited high levels of competition in recent times, whilst an appreciating Australian dollar has decreased the contribution to Centrebet in Australian dollar terms.

Outlook

- 150 GBGC expects the global gambling industry to expand from US\$389.5 billion in 2010 to over US\$440 billion by 2012 (CAGR of 5%). Over the same period GBGC expects the global online gambling industry to increase from US\$26 billion to US\$32 billion⁴³ (CAGR of 11%). GBGC therefore expects the online gambling industry to grow at approximately double that of the total industry.
- 151 The expansion of global online gambling is expected to be fuelled by growth in gambling using mobile devices, due to increased availability of Wi-Fi, increased adoption of smart enabled phones, the introduction of 4G networks and increased mobile access to networks⁴⁴.

Australia

- 152 In Australia, GBGC forecasts online GGY to grow to US\$1.6 billion by 2012⁴⁵ (10% CAGR) with active player accounts reaching 2.4 million. Centrebet management believe that the Australia wagering market will grow by 6% per annum, with corporate bookmakers growing at double this rate. The Project Rocket strategy was also formulated around this assumption.

Europe

- 153 The experience in Centrebet's core European countries is generally similar to that of Australia and globally, with growth of the European online gambling market expected to be driven by the continued migration from on premise gambling to online, continued deregulation in less developed markets and infrastructure enhancements.
- 154 GBGC has estimated the following with regard to Centrebet's core European operations:
- (a) **Norway** – online GGY to increase to US\$245 million by 2012, representing a forecast CAGR of around 8%
 - (b) **Denmark** – online GGY is expected to grow by a CAGR of 9% to US\$295 million
 - (c) **Greece** – online GGY expected to grow at a CAGR of 11% to US\$252 million.

⁴³ Source: GBGC, Interactive Gambling Dataset, dated September 2009.

⁴⁴ Source: H2 Gambling Capital, *Gambling Goes Mobile*, dated 3 May 2011.

⁴⁵ Source: GBGC, Interactive Gambling Dataset, dated September 2009.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



V Valuation approach

- 155 Regulatory Guide 111 – Content of expert reports (RG 111) outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:
- (a) the discounted cash flow (DCF) methodology
 - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
 - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
 - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
 - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 156 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.
- 157 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future “maintainable” earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.
- 158 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest, tax and amortisation (EBITA), earnings before interest and tax (EBIT) or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

- 159 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company are adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodologies selected

- 160 The market value of Centrebet has been assessed by aggregating the market value of the business operations, together with the realisable value of any surplus and other assets⁴⁶ and deducting net borrowings and other liabilities.
- 161 The valuation of the business has been made on the basis of market value as a going concern. The primary valuation method used to value Centrebet's business is the capitalisation of future maintainable EBITDA. Under this methodology the value of the business is represented by its core underlying maintainable EBITDA capitalised at a rate (or EBITDA multiple) reflecting the risk inherent in those earnings.
- 162 We have also cross checked the earnings based valuation by reference to both the DCF methodology and the values implied by recent proposals from parties expressing an interest in the possible acquisition of Centrebet.

⁴⁶ In assessing the value of the equity in Centrebet we have separately assessed the Litigation Claim.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



VI Valuation of Centrebet

Valuation methodology

- 163 As stated in Section V we have adopted the capitalisation of EBITDA method as our primary valuation method. Under this method the value of the Centrebet business is derived by capitalising normalised EBITDA (before non-recurring items) at an appropriate EBITDA multiple (as discussed below). We have also cross-checked the earnings based valuation by reference to both the DCF methodology and the values implied by recent proposals from parties expressing an interest in the possible acquisition of Centrebet.
- 164 In assessing the value of the equity in Centrebet we have separately assessed the Litigation Claim (refer Section VII of our report).

Assessment of normalised EBITDA

- 165 In order to assess the appropriate level of EBITDA for valuation purposes we have had regard to the historical and forecast results of Centrebet, and have discussed the financial performance, operating environment and prospects with Centrebet management. A summary of Centrebet's normalised profitability over recent years is summarised below:

Centrebet – summary financial results			
	Year to 30 Jun 09 A\$m	Year to 30 Jun 10 A\$m	6 mths to 31 Dec 10 A\$m
Turnover:			
Wagering – Australia	508.4	624.8	333.3
Wagering – Europe	296.7	187.2	80.2
Gaming – Europe	459.0	332.5	125.4
Total	1,264.1	1,144.5	538.9
Win rates:			
Wagering – Australia	6.5%	7.3%	7.2%
Wagering – Europe	4.1%	5.1%	4.6%
Gaming – Europe ⁽¹⁾	3.0%	3.1%	2.8%
Revenue:			
Wagering – Australia	32.8	45.4	24.0
Wagering – Europe	12.3	9.6	3.7
Gaming – Europe	17.6	12.6	4.2
TAB fixed odds	0.2	2.2	1.5
Other ⁽²⁾	2.0	1.7	1.0
Total	64.9	71.6	34.3
Marketing expenses	(13.4)	(11.9)	(7.9)
Other expenses	(38.8)	(36.7)	(20.6)
Underlying EBITDA	12.7	23.0	5.8

Note:

- 1 Excludes poker.
- 2 Principally revenue from service fees and interest income.
- 3 Rounding may exist in the above.

166 As indicated above:

- (a) turnover in the Australian wagering operations has increased significantly in recent years, driven by:
 - (i) significant investment in product development
 - (ii) increased marketing spend (particularly since the announcement of Project Rocket in November 2010)
 - (iii) continued migration from land based TABs to online providers such as Centrebet
- (b) wagering and gaming turnover at the European operations has been in decline. In part, this reflects the highly competitive nature of this market. As a result management's key focus has been on growing the Australian business while seeking to maximise cash flows from the European operations
- (c) win rates vary significantly from year-to-year and are a key driver of revenues and profitability. In this regard it should be noted that:
 - (i) management believe that Centrebet's long-term maintainable win rates for wagering are likely to be in the range of 6.0% to 6.5% (of turnover). Average wagering win rates in Australia for the five years to date FY11 have been approximately 6.5% of turnover. Management's lower long term maintainable win rate reflects both an anticipation of increased competition as well as improved pricing to grow the active client base
 - (ii) the FY10 result therefore reflected above average win rates (increasing reported profitability)
 - (iii) it is difficult to reliably quantify the profit effect of win rate variances. This is because lower Centrebet win rates are often associated with higher turnover levels, as the higher client payouts usually lead to a greater "reinvestment" of winnings by clients. In contrast, higher Centrebet win rates are often associated with lower turnover levels
- (d) in FY11 Centrebet significantly increased marketing costs to grow its active client base. However, due to the up-front marketing costs associated with customer acquisition the net contribution to earnings from a new customer is generally negative in the first year. Accordingly, in our view some A\$3 million in marketing costs in FY11 could be added back when assessing maintainable EBITDA as the benefit of this expenditure flows through to higher profitability in future years.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



- 167 Consistent with the expectations of Centrebet management as indicated at the time of announcement of the half-year 2011 results, the full year FY11 results are expected to be significantly higher than the annualised underlying results in the six months ended 31 December 2010. This principally reflects the flow-on benefit in the second half of FY11 from the increased marketing spend, together with the recent launch of new products.
- 168 Having regard to the above and, in particular, the FY10 and FY11 results adjusted for average win rates and the level of marketing costs incurred, we have assessed EBITDA for valuation purposes at A\$22.0 million.

EBITDA multiple

- 169 The selection of the appropriate EBITDA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:
- (a) the stability and quality of earnings and management
 - (b) the nature and size of the business
 - (c) the spread and financial standing of customers
 - (d) the financial structure of the company and gearing level
 - (e) the asset backing of the underlying business of the company
 - (f) expected changes in interest rates
 - (g) whether the assessment is consistent with historical and prospective earnings.
- 170 Consideration has also been given to the share market multiples of listed companies, together with recent transactions involving companies in similar activities or exposed to the same broad industry sectors as Centrebet, which provide an indication of comparative values.
- 171 Relevant industry factors include future growth potential, the strength of competitors and suppliers and industry barriers to entry.
- 172 We discuss below specific factors taken into consideration when assessing the appropriate EBITDA multiple range for Centrebet.

Listed company multiples

- 173 The EBITDA multiples for listed companies operating in the global online gambling sector are set out in Appendix C, a summary of which is provided below⁴⁷.

⁴⁷ While we have also had regard to the major Australian gambling companies, which include the ASX listed Australian TAB operators (Tabcorp Holdings Ltd and Tatts Group Ltd) and casino companies (Crown Ltd, Echo Entertainment Group Ltd and SKYCITY Entertainment Group Ltd) their business models (high proportion of on-premise as opposed to online activity) and growth outlook are materially different.

Listed company multiples					
	Historical results year end	Enterprise value ⁽¹⁾ A\$m	EBITDA multiples		Implied EBITDA CAGR ⁽²⁾
			Actual 2010	Forecast 2011	
Paddy Power Plc	Dec 10	2,165.2	12.4	12.0	7.3
bwin.party digital entertainment Plc	Dec 10	1,441.7	6.4	6.4	11.6
Betfair Group Plc	Apr 10	1,117.3	14.1	11.8	29.6
Snai SpA	Dec 10	816.7	10.9	6.4	25.7
Betsson AB	Dec 10	771.1	12.0	8.9	19.6
Unibet Group Plc	Dec 10	556.9	8.1	8.2	4.8
Sportingbet Plc	Jul 10	390.4	5.7	5.1	10.6
888 Holdings Plc	Dec 10	229.9	9.3	7.9	10.6
bet-at-home.com AG	Dec 10	90.3	5.5	4.7	13.1
GVC Holdings Plc	Dec 10	54.7	3.5	3.1	na
Median			9.0	7.4	
Mean			8.7	7.2	

Note:

1 Enterprise value and earnings multiples calculated as at 17 June 2011.

2 Implied from analyst estimate forecasts for 2013 compared to historical results.

na – not available.

- 174 The above multiples are based on the listed market price of each company's shares (and therefore exclude a premium for control). Empirical evidence undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover). This broadly translates to a premium of 20% to 25% at the EBITDA multiple or enterprise value level, although this varies depending on the level of debt funding employed in each company.
- 175 A number of key conclusions can be drawn from these multiples. These are that the majority of the listed online gambling companies:
- (a) have operations primarily based overseas⁴⁸
 - (b) are significantly larger than Centrebet
 - (c) are expected (generally) to record robust growth on the back of favourable industry trends (all other things being equal, higher growth rates translate to higher implied multiples)
 - (d) generally hold net cash rather than debt.
- 176 It should also be noted that there are differences in the markets in which the above companies operate, in particular the proportion of income derived from regulated and non-regulated markets. In general non-regulated markets exhibit higher risk levels and lower quality of earnings, as future legislation (if any) and the related competitive response from rivals is uncertain. This has a flow-on effect on the implied trading multiples of companies with such exposures and translates into lower EBITDA multiples, all other things being equal. For

⁴⁸ Only Paddy Power and Sportingbet have significant wagering operations in Australia. In addition Paddy Power has retail (on premise) based operations in Ireland.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



example, Sportingbet currently derives some 22% of its net gaming revenue from non-regulated markets⁴⁹, and trades on comparatively lower EBITDA multiples than the majority of the other companies shown above.

Transaction evidence

177 As set out in Appendix D there have been a number of recent transactions in the online gambling sector, particularly overseas. Set out below are the implied multiples for each of the Australian transactions, as well as a summary of the international transactions:

Transaction multiples						
Date ⁽¹⁾	Target	Acquirer	Enterprise value ⁽²⁾ A\$m	Interest acquired	EBITDA multiples	
					Actual	Forecast
Australian transactions						
Dec 10	Sportsbet Pty Ltd	Paddy Power Plc	A\$339	39%	9.0	na
Jun 09	International All Sports	Sportsbet Pty Ltd	A\$40	100%	5.0	5.8
May 09	Sportsbet Pty Ltd	Paddy Power Plc	A\$90 – A\$110 ⁽³⁾	51% – 61% ⁽³⁾	6.2 – 6.7 ⁽³⁾	na
International transactions						
Range					5.5 – 22.2	5.8 – 12.0
Median					7.8 ⁽⁴⁾	n/m
Mean					9.3 ⁽⁴⁾	9.5

Note:

- 1 Announcement date.
 - 2 Based on 100% of the business acquired.
 - 3 Multiple range is based on consideration with and without an earn-out arrangement.
 - 4 Excluding two transactions with very high historical EBITDA multiples that appear to be priced on forward multiples (which are significantly lower).
- na – not available, n/m – not meaningful.

178 As the Australian transactions are recent and representative of the inherent growth and regulatory conditions of the Australian market, in our view the implied multiples for the Australian transactions are more relevant than those from overseas. The most recent Australian transaction was the acquisition of a 39% interest in Sportsbet Pty Ltd (Sportsbet) by Paddy Power Plc (Paddy Power), which was announced in December 2010 and concluded in February 2011. This acquisition resulted in Paddy Power increasing its interest in Sportsbet from 61% to 100%.

179 The acquisition of IAS by Sportsbet cemented Sportsbet as the largest Australian corporate bookmaker. We understand the company had grown rapidly on the back of aggressive marketing, with an estimated 25% market share of the Australian corporate bookmaker market segment. In our view the two Sportsbet transactions are the most relevant when assessing the appropriate multiple for Centrebet.

Conclusion on appropriate EBITDA multiples

180 In considering the appropriate EBITDA multiple to apply we have taken into account the differences in growth in each of the Australian and European markets in which Centrebet

⁴⁹ Source: Sportingbet acquisition of Centrebet announcement, dated 26 May 2011.

operates⁵⁰. We have applied a weighted EBITDA multiple based on different multiples for the Australian and European businesses and have adopted a significantly higher multiple for Australia than for Europe.

- 181 In our opinion, an overall EBITDA multiple ranging of 8.0 to 9.0 is appropriate for Centrebet when applied to the level of operating EBITDA adopted for valuation purposes.

Value of core businesses

- 182 On this basis the value of Centrebet's core operating businesses (before debt) is as follows:

Centrebet – enterprise value		
	Low A\$m	High A\$m
Operating EBITDA	22.0	22.0
EBITDA multiple	8.0	9.0
Enterprise value	176.0	198.0

Valuation using DCF methodology

- 183 In order to cross-check our earnings based valuation we have been provided with cash flow projections to FY15 prepared by Centrebet management. These are consistent with Project Rocket forecasts as announced to the ASX on 9 November 2010. We have amended these forecasts as considered appropriate for valuation purposes. The key assumptions underlying the projections used for valuation purposes are set out below:

- growth in wagering turnover commensurate with recent historical experience, reflecting a continuation of the trend toward corporate bookmakers, together with the benefits of increased marketing spend
- associated long-term win rates in the range of 6% to 6.5% of turnover
- the gradual run-down of the European business
- an annual marketing spend (as a percentage of revenue) equivalent to the level of marketing expenditure in FY11
- annual capital expenditure broadly equivalent to the annual depreciation expense
- a corporate tax rate of 30% consistent with that currently prevailing
- a terminal value as at the end of FY15 which reflects modest real growth in free cash flow.

- 184 We have assumed that the business is 100% equity funded⁵¹ and have adopted an after tax discount rate of 13.6% per annum which reflects:

- a risk-free rate of 5.2% per annum, consistent with the yield to maturity prevailing on 10 year Australian government bonds in June 2011

⁵⁰ Approximately 20% of Centrebet's revenue is currently generated from its European business, which historically has been in decline.

⁵¹ As set out in Section III of our report, Centrebet primarily operates without reliance on debt funding.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



- (b) a market risk premium of 6.0% per annum, reflecting our view on the additional return above the risk-free rate sought by equity investors in the current market conditions
- (c) a beta of 1.3 to 1.5 consistent with betas for listed comparable companies operating in the wagering and gaming sector.

185 Based on the above the DCF value of the Centrebet businesses ranges from A\$172 million to A\$201 million. This is broadly consistent with the enterprise value derived under the earnings based methodology.

Cross-check against values implied by recent proposals

- 186 On 9 March 2010 Centrebet announced that it had received a number of confidential, indicative, non-binding and conditional proposals from parties expressing an interest in the possible acquisition of Centrebet and was facilitating discussions with such parties. Securityholders were subsequently advised of the ongoing nature of these approaches and discussions on a regular basis (through ASX announcements prior to the announcement of the proposed transaction on 11 May 2011).
- 187 We have discussed with Centrebet and its advisers the approaches received and the process undertaken to facilitate offers for the company. While details of the indicative offers received are confidential we note that:
- (a) following the approaches received Centrebet appointed financial advisers with the objective of maximising value for existing Securityholders (either as an acquirer or as a target)
 - (b) Centrebet and its advisers had discussions with a number of parties over a significant period
 - (c) a number of parties submitted non-binding indicative offers
 - (d) the offer from Sportingbet was considered by the Board of Centrebet to represent the best offer received in terms of value and certainty (from a funding, execution and timing perspective).
- 188 Given the process undertaken, the number of potential parties involved and the period over which the process has been undertaken, in our opinion, the resulting offer from Sportingbet is likely to reflect a fair market value of Centrebet shares.
- 189 Centrebet Securityholders should also note that the Kafataris family (who together hold 59.44% of the ordinary shares in Centrebet) have stated that they intend to vote in favour of the respective Scheme resolutions, subject to the conclusion of the independent expert and in the absence of a superior proposal. The Kafataris family has therefore, prima facie, indicated its support for the Schemes (which implies that they are satisfied that the Scheme Consideration reflects the underlying value of Centrebet shares).

Net cash

- 190 Centrebet held cash, net of debt, client account payables and pending bets of A\$9.3 million (refer Section III) as at 31 December 2010. We consider this net cash position to reflect the nature of Centrebet's activities and note that it was consistent with companies operating in the

online gambling industry generally. Accordingly, in our view, Centrebet does not hold cash surplus to its operations.

- 191 We have included the interest income earned by Centrebet on cash held in client accounts (which is essentially restricted cash) in EBITDA for valuation purposes (consistent with Centrebet's treatment in its market announcements and presentations).

Fully diluted shares on issue

- 192 Centrebet currently has 87.76 million shares on issue. In addition the company has:
- (a) 1.16 million options which will raise \$1.8 million upon exercise
 - (b) performance share rights which will result in the issue of 3.74 million new shares if performance hurdles are achieved. However, in the event of a takeover or other control event the Centrebet Board can waive the respective performance hurdles. Accordingly, when valuing 100% of the shares in Centrebet, in our opinion, it is appropriate to assume that these additional shares will be issued.

- 193 For valuation purposes we have therefore assumed 92.7 million fully diluted shares on issue.

Value of Centrebet

- 194 On this basis, the value of Centrebet shares on a 100% controlling interest basis (excluding any entitlements under the Litigation Claim) is as follows:

Valuation of Centrebet		
	Low A\$m	High A\$m
Enterprise value	176.0	198.0
Cash from exercise of options	1.8	1.8
Value of equity	177.8	199.8
Fully diluted shares on issue (million)	92.7	92.7
Value per Centrebet share (A\$)	\$1.92	\$2.16

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



VII Evaluation of the Schemes

195 In our opinion, the Schemes are fair and reasonable and in the best interests of Centrebet Securityholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

Assessment of the Schemes

Fairness

- 196 Pursuant to RG 111 the Schemes are “fair” if the value of the Scheme Consideration is equal to or greater than the value of the securities the subject of the scheme.
- 197 As set out in Section I the Scheme Consideration comprises:
- (a) A\$2.00 cash per share (Cash Consideration); plus
 - (b) one Litigation Claim Right and one Litigation Claim Unit (Litigation Consideration), under which Securityholders will receive their pro-rata share of 90% of the potential net proceeds from Centrebet’s GST litigation claim (Litigation Claim).
- 198 Centrebet Securityholders will therefore largely retain their underlying interest in Centrebet’s Litigation Claim. Accordingly, in order to determine whether the Schemes are fair we have:
- (a) compared the Cash Consideration of A\$2.00 per share with our assessed value of Centrebet shares excluding the value of the Litigation Claim
 - (b) considered the mechanism under which Centrebet Securityholders will receive any potential net proceeds under the Litigation Claim; and
 - (c) considered whether the overall Schemes are fair having regard to both (a) and (b) above.
- 199 This analysis is discussed below.

Value comparison excluding Litigation Claim

200 As set out in Section VI we have assessed the value of Centrebet shares on a 100% controlling interest basis excluding the value of the Litigation Claim, at A\$1.92 to A\$2.16 per share. A comparison of these values with the Cash Consideration is shown below:

Comparison of Cash Consideration to value of Centrebet excluding Litigation Claim			
	Low	High	Mid-point
	A\$ per share	A\$ per share	A\$ per share
Cash Consideration	2.00	2.00	2.00
Value of shares in Centrebet excluding Litigation Claim	1.92	2.16	2.04
Difference	0.08	(0.16)	(0.04)

201 As the Cash Consideration is within our assessed valuation range for Centrebet excluding the Litigation Claim (on a 100% controlling interest basis), in our opinion, the Cash Consideration is fair when assessed based on the guidelines set out in RG 111.

Litigation Claim

- 202 On 9 September 2010 the ATO issued an unfavourable private ruling in relation to a GST private ruling application lodged by Centrebet PL in relation to the calculation of “global GST” paid from April 2006 to March 2010. Centrebet PL will be challenging the basis of the ATO decision by seeking declaratory relief proceedings to have the matter heard before the Courts⁵².
- 203 Whether Centrebet PL is successful in its Court action will largely depend on whether the Court accepts Centrebet PL’s literal interpretation of the relevant clause in the GST legislation or its intended meaning.
- 204 If Centrebet PL is successful in challenging the ATO’s position, there is a potential benefit of up to A\$90.7 million (before tax and the costs of the litigation), of which A\$10.5 million would be immediately recoverable with the balance of A\$80.2 million to be progressively applied as a credit against any future global GST payable. If Centrebet PL is unsuccessful in its proceedings, there will be no proceeds recoverable in connection with the Litigation Claim.
- 205 Appendix E sets out a summary of the material terms of the proposed Litigation Claim Management Deed, which will govern the management of the Litigation Claim and distribution to Securityholders of the value from any cash refund and/or realisation of GST carry forward tax losses relating to the Litigation Claim if the Schemes are implemented.
- 206 In summary, if the Schemes are implemented Centrebet Securityholders will receive one Litigation Claim Right and one Litigation Claim Unit for each share, performance right or option held as at the Schemes record date. Together the Litigation Claim Right and Litigation Claim Unit entitle the holder to their pro-rata share of 90% of the net proceeds received⁵³ in connection with Centrebet PL’s Litigation Claim.
- 207 Sportingbet will therefore retain 10% of any net proceeds received, being an amount of up to some A\$9.0 million (before tax) if the Litigation Claim is successful. This amount significantly exceeds the incremental costs likely to be incurred by Sportingbet to administer the Litigation Claim, but also provides Sportingbet with an incentive to recover any GST benefit awarded over the shortest possible timeframe (which is in the interests of Centrebet Securityholders)⁵⁴.
- 208 However, notwithstanding the legal opinions which support Centrebet PL’s position, in our opinion, a commercial person would assume a relatively low probability of the Litigation Claim being successful. We have formed this view after undertaking a detailed review of the Litigation Claim and after considering the significant uncertainty associated with the outcome. However, as the Litigation Claim is subject to litigation, certain details of our assessment cannot be disclosed.
- 209 We have assessed the market value of the Litigation Claim (using a probability adjusted DCF methodology) at A\$6.5 million to A\$9.6 million. This valuation reflects:

⁵² Further information on the Litigation Claim is set out in Section 9 of the Explanatory Memorandum. However, as the Litigation Claim is subject to legal proceedings certain details cannot be disclosed.

⁵³ That is, net of the costs of the litigation.

⁵⁴ The direct costs of the Litigation Claim will not be incurred by Sportingbet.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



- (a) the present value of the Litigation Claim assuming the litigation is successful, which in turn is a function of:
 - (i) the quantum and timing of the future (after income tax) cash flows likely to be received by Centrebet if the Litigation Claim is successful⁵⁵. In this regard it should be noted that, based on Centrebet's projections of future global GST payable, it is estimated that the total GST refund would not be fully received until around 30 June 2018
 - (ii) the appropriate discount rate to apply, which we have assessed at around 10% per annum due to the level of uncertainty associated with the quantum and timing of the future cash flows and the timing of the legal hearings etc⁵⁶
 - (b) a 15% to 20% likelihood of the Litigation Claim being successful, being the probability we believe a knowledgeable, willing but not anxious buyer and seller of the GST Claim would adopt having regard to the significant uncertainty associated with the outcome.
- 210 Based on the terms of the Litigation Claim Management Deed 10% of this value (some A\$0.65 million to A\$0.96 million) is attributable to Sportingbet. Thus, while the terms of the Litigation Claim Management Deed provide a potential benefit to Sportingbet:
- (a) the current value of Sportingbet's entitlement is not material in the context of the overall Scheme Consideration
 - (b) the terms of the Schemes allow Centrebet Securityholders to retain 90% of any potential net proceeds.
- 211 Consequently, we have concluded that the mechanism under which Centrebet Securityholders will receive any potential net proceeds under the Litigation Claim does not materially impact our overall opinion on the Schemes.

Overall opinion on fairness

212 Based on the above we have therefore concluded that the Schemes are fair.

Other qualitative factors

- 213 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Schemes are "fair and reasonable" they must also be "in the best interests" of securityholders.
- 214 Consequently, in our opinion, the Schemes are also "reasonable" and "in the best interests" of Centrebet Securityholders in the absence of a superior proposal.
- 215 In assessing whether the Schemes are reasonable and in the best interests of Centrebet Securityholders LEA has also considered, in particular:
- (a) the extent to which a control premium is being paid to Centrebet Securityholders
 - (b) the extent to which Centrebet Securityholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction

⁵⁵ Net of the costs of the litigation (assuming full cost recovery is not also awarded by the Court).

⁵⁶ It should be noted that this discount rate does not reflect the probability of the Litigation Claim being successful.

- (c) the listed market price of the shares in Centrebet, both prior to and subsequent to the announcement of the proposed Schemes
- (d) the likely market price of Centrebet securities if the proposed Schemes are not approved
- (e) the value of Centrebet to an alternative offeror and the likelihood of a higher alternative offer being made for Centrebet prior to the date of the respective Scheme meetings
- (f) the advantages and disadvantages of the Schemes from the perspective of Centrebet Securityholders
- (g) other qualitative and strategic issues associated with the Schemes.

216 These issues are discussed in detail below.

Extent to which a control premium is being paid

217 Empirical evidence undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). This premium range reflects the fact that:

- (a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder
- (b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds
- (c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company
- (d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

218 We have calculated the premium implied by the cash component of the Scheme Consideration by reference to the market prices of Centrebet shares (as traded on the ASX) for periods up to and including 10 May 2011 (being the last trading day prior to the announcement of the non-binding, conditional and incomplete proposal from Sportingbet).

219 The implied offer premium relative to Centrebet share prices up to 10 May 2011 is shown below:

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Implied offer premium relative to recent Centrebet share prices		
	Centrebet share price A\$	Implied offer premium %
Cash component of Scheme Consideration	2.00	
Closing share price on:		
10 May 2011 (the last trading day prior to the announcement of the proposal from Sportingbet)	1.59	25.8
VWAP⁽¹⁾:		
1 month to 10 May 2011	1.63	22.4
3 months to 10 May 2011	1.61	24.0

Note:

1 Volume weighted average price (VWAP).

- 220 The implied offer premiums above have been calculated by reference to the cash component of the Scheme Consideration only, whereas share market trading in Centrebet (up to 10 May 2011) would have reflected the extent to which the market was placing value on the Litigation Claim.
- 221 The extent of such market attributed value (if any) is inherently subjective. LEA has valued the Litigation Claim for tax purposes at A\$6.5 million to A\$9.6 million (being some 7.0 cents to 10.4 cents per Centrebet security). Under the Schemes 90% of any successful claim will be paid to Centrebet Securityholders. Our assessed value of the Litigation Claim attributed to Centrebet Securityholders under the Schemes therefore equates to 6.3 cents to 9.3 cents per share⁵⁷.
- 222 We note that if this range of value was added to the cash component of the Scheme Consideration, the implied offer premiums would be close to the average premiums paid in successful takeovers generally, as shown below

Implied offer premium relative to recent Centrebet share prices		
	Centrebet share price A\$	Implied offer premium %
Cash component of Scheme Consideration plus 90% of LEA value of Litigation Claim	2.06 – 2.09	
Closing share price on:		
10 May 2011 (the last trading day prior to the announcement of the proposal from Sportingbet)	1.59	29.7 – 31.6
VWAP:		
1 month to 10 May 2011	1.63	26.3 – 28.1
3 months to 10 May 2011	1.61	27.9 – 29.8

⁵⁷ It should be noted that there is a high risk that the Litigation Claim will be unsuccessful.

- 223 Furthermore, it is reasonable to assume that recent share market trading in Centrebet prior to 10 May 2011 reflected some expectation of corporate activity. In this regard, subsequent to the November 2009 annual general meeting (AGM), Centrebet has indicated to the market that it was continuing to consider growth, operational and consolidation opportunities, either as an acquirer or as a target.
- 224 Specifically, on 9 March 2010 Centrebet announced that *“it has received a number of confidential, indicative, non-binding and conditional proposals from parties expressing an interest in the possible acquisition of the Company and is facilitating discussions with such parties.”* The ongoing nature of such approaches and discussions was last updated to the market on 30 March 2011 (prior to the announcement of the proposed transaction on 11 May 2011).
- 225 Having regard to the recurring nature of these disclosures, we are of the view in the circumstances that the implied offer premiums are consistent with average premiums paid in successful takeovers generally.

Extent to which Centrebet Securityholders are being paid a share of synergies

- 226 As noted above, both Centrebet and Sportingbet are tier one operators in the Australian corporate bookmaker market. Centrebet management consider the respective product offerings to be complementary, as Sportingbet’s Australian business is focused on horse-racing whilst Centrebet has a stronger focus on other sports with a strong risk management function. The acquisition will establish Sportingbet as the leading corporate betting provider in Australia (by amounts wagered).⁵⁸
- 227 If the Schemes are implemented, Sportingbet intends to merge the Australian operations of Centrebet and Sportingbet into a single unified business structure (consolidating back office infrastructure and support functions), under a unified board structure and senior management team. Sportingbet’s intention is that the Centrebet brand will be maintained and will continue to be operated for the foreseeable future, together with the Sportingbet brand under a dual brand strategy.
- 228 Sportingbet has indicated that it has conducted a high level general review of the operations, assets and employees of Centrebet. This has led to the identification of significant potential synergies in merging its Australian business with that of Centrebet, based on the decentralisation of operating functions and infrastructure and reduced IT development projects as the enlarged group moves to operate from a single IT platform⁵⁹.
- 229 The earnings benefit (before tax) of the potential synergies has been assessed by Sportingbet at approximately A\$17.0 million per annum^{60 61}, the full impact of which is expected to be achieved in FY13.

⁵⁸ Sportingbet announcement 26 May 2011.

⁵⁹ The availability of such synergy benefits is inherent in the nature of business operations undertaken by Centrebet and Sportingbet.

⁶⁰ Representing identified synergies of £11.2 million per annum at an exchange rate of A\$1.00 = £0.657. Source: Sportingbet announcement 26 May 2011.

⁶¹ Sportingbet have estimated the cost of obtaining these synergies at £5.0 million (equivalent to A\$7.6 million at an exchange rate of A\$1.00 = £0.657).

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



- 230 In addition, Sportingbet has indicated that:
- (a) consistent with its current stance in relation to the Norwegian market, it intends to effect a withdrawal of Centrebet from that market as soon as reasonably practical⁶²
 - (b) it does not intend to implement the five year strategic plan set out in Project Rocket (nor does it intend to operate the Centrebet business in the manner in which it is currently operated).
- 231 The identified level of annual synergies is significant relative to the recent reported earnings of Centrebet. The proposed acquisition of Centrebet also meets other growth criteria identified by Sportingbet.
- 232 The relative level of net synergy benefits implicit in the proposed transaction significantly exceeds comparative observed benefits in acquisitions generally. In the circumstances of Centrebet we have concluded that:
- (a) a component of the synergy benefit is being paid to Centrebet Securityholders
 - (b) however the majority of the synergy benefits will accrue to Sportingbet Securityholders subsequent to the transaction, consistent with the observed sharing of synergy benefits in acquisitions generally⁶³.
- 233 As noted above, we consider that, taken overall, Sportingbet is paying an implied offer premium consistent with average premiums paid in successful takeovers generally. Reasons for the payment of a control premium include the ability to increase earnings (and hence value) through synergies and/or rationalisation savings.

Recent share prices subsequent to the announcement of the Schemes

- 234 Securityholders should note that Centrebet shares have traded on the ASX in the range of A\$1.90 to A\$1.99 per share in the period since the Schemes were announced and up to 23 June 2011. These share prices are lower than the cash component of the Scheme Consideration and suggest that the market consensus view is that a superior offer or proposal is unlikely to emerge and that the Schemes are likely to be successful.

Likely price of Centrebet shares if the Schemes are not approved

- 235 If the Schemes are not approved by Centrebet Securityholders and the Court and no higher offer or alternative proposal emerges, we would expect that, at least in the short term, Centrebet shares would trade at a significant discount to our valuation and the Scheme Consideration due to the difference between the value of Centrebet on a portfolio basis and the value on a 100% controlling interest basis.

⁶² A\$2.7 million (£1.8 million) of the identified synergies will be offset by the cost of closing Centrebet's Norwegian business.

⁶³ It is the nature of acquisition synergies that they are easier to identify than implement. The inherent risks associated with realisation of the synergies rests with the purchaser. Accordingly, whilst the specific negotiations of a transaction determine the sharing thereof, it is generally the case that the majority of the identified synergy benefits rests with the purchaser.

- 236 If the Schemes are not implemented those Centrebet Securityholders who wish to sell their Centrebet shares are therefore likely, at least in the short-term, to realise a significantly lower price for their shares than will be payable under the Schemes.

Likelihood of an alternative offer

- 237 We note that no formal alternative offer or proposal has been received by Centrebet requiring disclosure under ASX continuous disclosure obligations subsequent to the announcement of the Schemes on 26 May 2011.
- 238 In considering the likelihood of an alternative offer, as noted above, on 9 March 2010 Centrebet announced that it had received a number of confidential, indicative, non-binding and conditional proposals from parties expressing an interest in the possible acquisition of the company and was facilitating discussions with such parties. The market (through ASX announcements) was subsequently advised of the ongoing nature of such approaches and discussions on a regular basis (prior to the announcement of the proposed transaction on 11 May 2011).
- 239 There has effectively been (and remains) an opportunity therefore for third-parties contemplating an acquisition of Centrebet to table a proposal before the Centrebet Board. The proposal from Sportingbet is considered by the Board of Centrebet to offer the best outcome for all stakeholders taking into account value and certainty (from a funding, execution and timing perspective).
- 240 In considering the Schemes and related resolutions Centrebet Securityholders should also note that the Kafataris family (who together hold 59.44% of the ordinary shares in Centrebet) have indicated an intention to vote in favour of the respective Scheme resolutions, subject to the conclusion of the independent expert and in the absence of a superior proposal. The Kafataris family has therefore, prima facie, indicated its support for the Schemes.

Summary of opinion on the Schemes

- 241 We summarise below the likely advantages and disadvantages for Centrebet Securityholders if the Schemes proceed.

Advantages

- 242 The Schemes have the following benefits for Centrebet Securityholders:
- (a) the cash component of the Scheme Consideration of A\$2.00 per share lies within our assessed value range for Centrebet shares excluding the Litigation Claim (on a 100% controlling interest basis)
 - (b) the terms of the Schemes allow Centrebet Securityholders to retain 90% of any potential net proceeds from the Litigation Claim
 - (c) the Scheme Consideration represents a significant premium to the recent market prices of Centrebet shares prior to the initial announcement of the proposed transaction on 11 May 2011 and is consistent with observed premiums paid in successful takeovers generally
 - (d) if the Schemes do not proceed, and in the absence of an alternative offer or proposal, Centrebet shares are likely to trade at a significant discount to our valuation and the Scheme Consideration due to the difference between the value of Centrebet on a

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



portfolio basis and the value on a 100% controlling interest basis.

Disadvantages

243 Centrebet Securityholders should note that if the Schemes are approved they will no longer hold an interest in Centrebet. Centrebet Securityholders will therefore not participate in:

- (a) any future value created by the company as a result of ongoing operations over and above that reflected in the Scheme Consideration
- (b) the majority of the value expected to emerge from the realisation of the identified synergy opportunities, the benefits of which will largely accrue to Sportingbet shareholders (consistent with the observed sharing of synergy benefits in acquisitions generally).

244 If the Schemes are implemented Sportingbet will also retain 10% of any potential net proceeds received in connection with the Litigation Claim, being an amount of up to some A\$9.0 million if the Litigation Claim is successful. While this amount is significantly higher than the incremental costs likely to be incurred by Sportingbet to administer the Litigation Claim:

- (a) it provides Sportingbet with an incentive to recover any GST benefit awarded over the shortest possible timeframe (which is in the interests of Centrebet Securityholders)
- (b) in our opinion, a commercial person would assume a relatively low probability of the Litigation Claim being successful.

Conclusion on Schemes

245 Given the above analysis, we consider that, on balance, the acquisition of Centrebet shares by Sportingbet under the Schemes is fair and reasonable and in the best interests of Centrebet Securityholders in the absence of a superior proposal.

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

- 3 The Corporations Act authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Explanatory Memorandum to be sent to Centrebet Securityholders in connection with the Schemes.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at A\$125,000 plus GST.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Appendix A

- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:

Level 27
363 George Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared more than 100 independent expert's reports to shareholders.
- 2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 17 years and 25 years experience respectively in the provision of valuation advice.

Declarations

- 3 This report has been prepared at the request of the Directors of Centrebet to accompany the Explanatory Memorandum to be sent to Centrebet Securityholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Schemes are fair and reasonable and in the best interests of Centrebet Securityholders.

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Schemes. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 LEA has had no prior business or professional relationship with Centrebet or Sportingbet prior to the preparation of this report.

Indemnification

- 6 As a condition of LEA's agreement to prepare this report, Centrebet agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Centrebet which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT

LONERGAN EDWARDS
& ASSOCIATES LIMITED

Appendix C

Listed company multiples

- The primary competitors to Centrebet in Australia are Sportsbet and Sportingbet, which are both subsidiaries of companies listed on the LSE (the parent companies are Paddy Power and Sportingbet respectively). Both these companies have significant other operations to their Australian businesses, with Paddy Power deriving a majority of its income from land based retail operations and Sportingbet focused on unregulated markets. Therefore, there are no truly comparable stock exchange listed companies to Centrebet. Accordingly, we have had regard to the international (listed) online gambling companies, including those with Australian operations (noting the differences described above)⁶⁴.
- The implied EBITDA multiples for the companies operating in the international online gambling industry are shown below. These multiples provide some guidance as to the enterprise value and equity values for Centrebet.

Company	Latest actual full year	EV ⁽²⁾ A\$m	Gearing ⁽³⁾ %	Actual ⁽⁴⁾ FY10 x	EBITDA multiple FY11 x	EBITDA multiple Forecast ⁽⁵⁾ FY12 x	FY13 x	CAGR FY10-FY13 %
Paddy Power Plc	Dec 10	2,165.2	(6.1)	12.4	12.0	10.8	10.1	7.3
bwin.party digital entertainment Plc ⁽⁶⁾	Dec 10	1,441.7	(20.2)	6.4	6.4	5.6	4.6	11.6
Betfair Group Plc	Apr 10	1,117.3	(24.8)	14.1	11.8	8.3	6.5	29.6
Snai SpA	Dec 10	816.7	53.1	10.9	6.4	5.7	5.5	25.7
Betsson AB	Dec 10	771.1	(11.5)	12.0	8.9	7.6	7.0	19.6
Unibet Group Plc	Dec 10	556.9	(4.1)	8.1	8.2	7.6	7.0	4.8
Sportingbet Plc	Jul 10	390.4	(8.4)	5.7	5.1	4.6	4.2	10.6
888 Holdings Plc	Dec 10	229.9	22.8	9.3	7.9	7.2	6.8	10.6
bet-at-home.com AG	Dec 10	90.3	(41.5)	5.5	4.7	4.3	3.8	13.1
GVC Holdings Plc	Dec 10	54.7	3.0	3.5	3.1	na	na	na
Mean⁽⁷⁾				9.0	7.4	6.4	5.7	
Median⁽⁷⁾				8.7	7.2	6.4	6.0	

Note:

- Enterprise value and earnings multiples calculated as at 17 June 2011.
- Enterprise value includes net debt (interest bearing liabilities less non-restricted cash), net customer payables (where this is not already part of restricted cash) net derivative liabilities, net pension liabilities, deferred consideration and market capitalisation but excludes surplus assets.
- Gearing equals net debt divided by enterprise value.
- Historical earnings are based on latest statutory full year accounts and exclude non-recurring items.
- Forecast earnings are based on Bloomberg analyst mean forecast (excluding outliers and outdated forecasts).
- bwin.party digital entertainment Plc was formed from the merger of Party Gaming Plc and bwin Interactive Entertainment AG. Pro-forma earnings are using in calculating the FY10 historical multiple. We further note that the multiple is low which may be attributable to the recent introduction of adverse gaming legislation in Germany where the company has significant exposure.
- Excluding Paddy Power and GVC Holdings Plc, which are considered outliers for the purposes of calculating the mean and median.

Source: Bloomberg, Reuters, statutory accounts, company announcements, company websites, LEA analysis.
na - not available.

⁶⁴ While we have also had regard to the major Australian gambling companies, which include the ASX listed Australian TAB operators (Tabcorp Holdings Ltd and Tatts Group Ltd) and casino companies (Crown Ltd, Echo Entertainment Group Ltd and SKYCITY Entertainment Group Ltd), their business models (high proportion of on-premise as opposed to online activity) and growth outlook are materially different.

Appendix C

Descriptions of listed companies

Paddy Power Plc

- 3 Paddy Power is the largest provider of online betting and gaming services in Ireland and the UK. It operates over 290 retail licensed betting offices across Ireland and the UK. In 2010 almost three quarters of Paddy Power's profits were generated online with approximately one-third of profits generated in Ireland. The company has a wagering focus with some 70% of its total online gross win derived from sporting activities.

bwin.party digital entertainment Plc

- 4 bwin.party was formed from the merger of bwin Interactive Entertainment AG and PartyGaming Plc, announced on 29 July 2010. The company offers four main products being online sports betting, poker, casino and bingo. Its major online gaming brands include bwin, PartyPoker, PartyCasino and Foxy Bingo, while its customer base is heavily weighted towards Europe. Sports betting contributed some 32% of pro-forma net revenue in 2010.

Betfair Group Plc

- 5 Betfair Group is one of the world's largest online sports betting providers. It pioneered the first betting exchange in 2000, an alternate model to the traditional bookmaker where customers bet at odds sought by themselves or offered by other customers. In addition to sports betting (where in FY10 over 70% of its net gaming revenue was derived), Betfair Group offers a portfolio of innovative products including casino games, exchange games, arcade and poker. Betfair Group has a presence in Australia through Betfair Australia, a joint venture between Crown Limited and Betfair.

Snai SPA

- 6 Snai is an Italian company that provides gaming and betting services. Specifically, the company provides gambling machines, lottery services, horse and sport betting services, as well as bingo halls and gaming venues equipment and services. Betting services are offered in betting points and via the internet. Snai also provides the management of San Siro and Montecatini hippodrome, as well as editorial services.

Betsson AB

- 7 Betsson is a Swedish company which provides gaming services over the internet. Betsson manages a broad variety of games through the sites Betsson.com, CasinoEuro.com and Cherrycasino.com. Some 29% of the company's gross profit in 2010 was derived from Sportbook. Its customers mainly originate from the Scandinavian countries and other parts of Europe.

Unibet Group Plc

- 8 Unibet Group is one of the largest online gambling operators in the European market with over 5.1 million customers worldwide. The company offers a comprehensive range of online gambling products, such as sports betting, live betting, casino, poker, lotteries, bingo and other games in over 150 countries. Sports betting comprises 37% of the company's gross winning revenue.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Appendix C

Sportingbet Plc

- 9 Founded in 1998, Sportingbet has been listed on the LSE since 2001. Some 70% of net gaming revenue is derived from sports betting. Around 10% of profits are sourced from the Australian division, with 86% from Europe (primarily unregulated markets such as Spain, Greece and Turkey) and the balance from emerging markets (Canada, Brazil and South Africa). The company also offers a full suite of online games, casino and poker.

888 Holdings Plc

- 10 888 Holdings is an online gaming entertainment and solutions provider that predominantly services the UK and Europe. Its major online services include casino, poker and bingo although it also has a relatively small sports betting offering as well. It also provides total gaming solutions (customer relationship management, marketing, business analytics, e-payments and other software / technology) under the Dragonfish brand.

bet-at-home.com AG

- 11 bet-at-home.com is a German-based sporting bookmaker with operations centred on the European online gambling market. In addition to sports betting (which contributed some 42% of total gross gaming profit in FY10), its eGaming segment includes casino games, dog betting and poker games. bet-at-home.com is active in more than 70 countries.

GVC Holdings Plc

- 12 GVC is engaged in online sports betting and gaming. The group's principal brands are CasinoClub, an online casino focused on German speaking markets, Betaland, offering online sports betting, casino and poker for Italian customers and Betboo, an online bingo, casino, poker and sports betting targeting customers in Latin America (principally Brazil).

Appendix D

Valuation evidence from recent transactions

- 1 There have been a number of transactions involving companies in the Australian and international online gambling markets. These transactions provide some guidance as to the prices that potential acquirers might be willing to pay for 100% of the shares in Centrebet.
- 2 Due to differences in regulatory regimes the Australian transactions are more relevant than the international transactions. Notwithstanding, the Australian and international transactions imply broadly consistent EBITDA multiples as shown below.

Transaction multiples			Enterprise value ⁽²⁾	Interest	EBITDA multiple	
Date ⁽¹⁾	Target	Acquirer	\$m	%	Actual x	Forecast x
Dec 10	Sportsbet	Paddy Power	A\$339	39	9.0	na
Jul 10	bwin Interactive	Party Gaming	€1,357.1 ⁽³⁾	100	17.8	10.7
Dec 09	gigamedia	Mangas	£102.0	100	7.8	na
Dec 09	Wink Online Bingo	888 Holdings	£11.0-£59.7	100	5.0-6.0	na
Nov 09	Youbet.com	Churchill Downs	US\$126.8	100	10.6	na
Jul 09	Cashcade	PartyGaming Plc	£71.9-£86.9	100	5.8-5.9	5.8
Jul 09	Gioco Digitale	bwin Interactive	£101.0	100	7.6	na
Jun 09	IAS	Sportsbet Pty Ltd	A\$40	100	5.0	5.8
May 09	Sportsbet Pty	Paddy Power	A\$90-A\$110 ⁽⁴⁾	51-61	6.2-6.7	na
Apr 09	Betathome.com	Mangas	£22.0	100	12.4	na
Feb 09	Expekt	Mangas	£97.0	100	7.8	na
Dec 07	Maria Holdings	Unibet Group	£54.4	100	16.8	na
Aug 06	Gamebookers	PartyGaming	€102.0	100	22.2	12.0

Note:

- 1 Announcement date.
- 2 Based on 100% of the business acquired.
- 3 Characterised as merger of equals, accordingly purchase price does not necessarily reflect full takeover premium. However we note that the transaction includes estimated recurring pre-tax synergies of US\$55 million per annum.
- 4 Paddy Power had a call option exercisable in 2012 or 2013 to acquire all the outstanding shares that it did not already own, with the exercise price based on a formula producing an EBITDA multiple of 5.0 to 7.0 based on the earnings of the year the option was exercised.

Source: LEA analysis using data from company announcements, financial statements, company websites, news articles. na – not available.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT



Appendix E

Summary of the Litigation Claim Management Deed

- 1 This appendix sets out a summary of the material terms of the proposed Litigation Claim Management Deed which will govern the management of the Litigation Claim and distribution to Centrebet Securityholders (Litigation Claim Participants) of the value from any cash refund and/or realisation of carry forward GST losses that may result as a consequence of a successful claim, after the implementation of the Schemes.

Structure

- 2 Each Litigation Claim Participant will receive from Sportingbet, as part of the Scheme Consideration, one Litigation Claim Right and one Litigation Claim Unit for each share, performance right or option (on a one-for-one fully diluted basis) they hold as at the scheme record date.
- 3 The Litigation Claim Right is a contractual right to receive the value of any amount which a collection agent is entitled to receive (net of its costs) under the Litigation Claim Management Deed on a pro-rata basis.
- 4 From years 0 to 5 of the scheme implementation date, it is contemplated that payments made for the benefit of Litigation Claim Participants will (subject to a payment waterfall referred to below) be paid to a collection agent who will hold those payments as bare trustee for Litigation Claim Participants, pursuant to the Litigation Claim Right. The collection agent will then distribute those funds (net of costs) to Litigation Claim Participants on a pro-rata basis.
- 5 It is contemplated that all payments made for the benefit of Litigation Claim Participants after the 5th year will (subject to a payment waterfall) be paid to the unit trustee of the Litigation Claim Unit Trust, who will then distribute those funds to Litigation Claim Participants (as holders of Litigation Claim Units) on a pro-rata basis.

Claim Committee

- 6 A claim committee consisting of two members nominated by Sportingbet and two members nominated by Centrebet (Target Claim Committee Members) will manage the conduct of the Litigation Claim.

Costs of the Litigation Claim

- 7 To fund the costs of the Litigation Claim, Centrebet will deposit A\$924,000 (approximately 1 cent per share on a fully diluted basis, adjusting for performance rights and options) (Initial Claim Funded Amount) into an account (Costs Account).
- 8 If, and to the extent that, the A\$924,000 amount deposited into the Costs Account is not sufficient to cover the costs of the litigation, Mr Con Kafataris will indemnify Centrebet for such excess costs.

Appendix E

Proceeds of the Litigation Claim

- 9 If the Litigation Claim is successful, all payments are to be made by Sportingbet.
- 10 The value of any cash refund is to be paid by Sportingbet, within 28 days of receipt pursuant to the payment waterfall.
- 11 The value of any carry forward loss will be paid by Sportingbet pursuant to the payment waterfall when it, Centrebet Pty Limited, or a member of Sportingbet Group is able to use any of the carry forward loss to reduce the amount of GST that would otherwise be payable.
- 12 The payment waterfall governs that the value of the cash refund amount, carry forward loss, interest on those amounts, unused balance of the Initial Claim Funded Amount and any award of costs received in connection with the Litigation Claim are to be paid by Sportingbet in the following order:
 - (a) to pay any tax liability of Sportingbet Group, Centrebet, Centrebet Pty Limited or related body corporate incurred as a result of their receipt of any cash refund amount and any carry forward loss (and any interest), less any related tax benefit allowable to Sportingbet Group, Centrebet, Centrebet Pty Limited or related body corporate
 - (b) to pay the costs required in respect of the prosecution of the Litigation Claim, operation of the Costs Account, the collection agent and unit trustee's fees, less any related tax benefit allowable to Sportingbet Group, Centrebet, Centrebet Pty Limited or related body corporate
 - (c) to pay into the Costs Account any monies the Claim Committee considers is required to cover future costs and expenses relating to the Litigation Claim
 - (d) to reimburse Mr Con Kafataris for all amounts he has paid into the Costs Account pursuant to the Mr Con Kafataris indemnity, together with interest
 - (e) to pay 10% of the remaining amount to Centrebet
 - (f) to pay the balance of the remaining amount to the collection agent or the unit trustee (as the case may be) for the benefit of Litigation Claim Participants on a pro-rata basis.

ANNEXURE E

INDEPENDENT EXPERT'S REPORT

LONERGAN EDWARDS
& ASSOCIATES LIMITED

Appendix F

Glossary

Term	Meaning
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
AFL	Australian Football League
AGM	Annual general meeting
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
A\$	Australian dollar
CAGR	Compound annual growth rate
Cash Consideration	The offer consideration of A\$2.00 cash per security
Centrebet	Centrebet International Limited
Centrebet PL	Centrebet Pty Ltd
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
Costs Account	The account that will hold the Initial Claim Funded Amount
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax depreciation and amortisation
EGMs	Electronic gaming machines
FOMS	Fixed odds management services
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year
GBGC	Global Betting & Gambling Consultants
GFC	Global financial crisis
GGY	Gross gambling yield
GST	Goods and services tax
IER	Independent expert's report
IGA	<i>Interactive Gaming Act, 2001</i>
Initial Claim Funded Amount	The amount deposited by Centrebet (A\$924,000) to fund the costs of the Litigation Claim
iTV	Interactive television
LEA	Loneragan Edwards & Associates Limited
Litigation Claim	Centrebet's proposed GST litigation claim
Litigation Claim Participants	The proposed Litigation Claim and distribution to Centrebet Securityholders
LSE	London Stock Exchange
MCG	Melbourne Cricket Ground
NBL	National Basketball League
NPV	Net present value
NRL	National Rugby League
NSW	New South Wales
Paddy Power	Paddy Power Plc
Phoenix Database	Centrebet's proprietary in-house racing analytics system
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
Schemes	The Schemes described in Section I
Scheme Consideration	A\$2.00 cash per Centrebet share plus the Litigation Claim
Sportingbet	Sportingbet plc
Sportsbet	Sportsbet Pty Ltd

Appendix F

Term	Meaning
SportOdds	SportOdds Systems Pty Limited
TABs	Totalisator Agency Boards
Target Claim Committee Members	The committee managing the conduction of the Litigation Claim comprising two members nominated by Sportingbet and two members nominated by Centrebet
US	United States
US\$	United States dollar
UK	United Kingdom
VWAP	Volume weighted average price
WA	Western Australia
WANOS	Weighted average number of shares



ANNEXURE F: CENTREBET'S ASX ANNOUNCEMENTS

Date	Headline
22/06/11	Update on Sportingbet plc Scheme of Arrangement
20/06/11	Becoming a substantial shareholder
15/06/11	Sportingbet Scheme of Arrangement Update
01/06/11	GST Litigation Directions Hearing
27/05/11	Scheme Implementation Agreement
27/05/11	Agreement with Sportingbet to Acquire all CIL Securities
11/05/11	Market Update
30/03/11	Response to ASX Price Query
21/03/11	Long Term Incentive Plan Movements
23/02/11	First Half FY11 Results Webcast
23/02/11	First Half FY11 Results Announcement
23/02/11	First Half FY11 Results Presentation
23/02/11	First Half FY11 Appendix 4D and Interim Financial Report
10/02/11	Response to ASX Price Query
10/02/11	Request for Trading Halt
10/02/11	Trading Halt
27/01/11	Half Year Results Timetable
17/12/10	Directors and Officers Share Trading Policy
26/11/10	LTIP issues and cancellations
26/11/10	Appendix 3B
26/11/10	Change of Director's Interest Notice
25/11/10	Results of Meeting
25/11/10	Chairman's Address – Annual General Meeting 2010

ANNEXURE F

CENTREBET'S ASX ANNOUNCEMENTS

Date	Headline
09/11/10	Centrebet Strategic Plan Presentation
09/11/10	Centrebet Strategic Plan Announcement
22/10/10	Notice of Annual General Meeting/Proxy Form
08/10/10	LTIP Movements and Appendix 3B
30/09/10	Change of Director's Interest Notice
29/09/10	Annual Report to shareholders
26/08/10	Centrebet FY10 Results Webcast
26/08/10	Centrebet FY10 Results Announcement
26/08/10	Centrebet FY10 Results Presentation
26/08/10	Centrebet FY10 Results Appendix 4E and Financial Statements
16/07/10	Indicative Financial Calendar



**ANNEXURE G:
NOTICE OF
COURT ORDERED
MEETING OF SHAREHOLDERS**

ANNEXURE G

NOTICE OF COURT ORDERED MEETING OF SHAREHOLDERS

NOTICE OF COURT ORDERED MEETING OF MEMBERS

Notice is given that by an Order of the Federal Court of Australia (**Court**) made on 12 July 2011, under section 411(1) of the Corporations Act, the Court has directed that a meeting of the Shareholders of Centrebet International Limited (**Centrebet**) will be held at The Justice and Police Museum, corner Albert and Phillip Streets, Circular Quay, Sydney, on 17 August 2011 at 10.00 am (Sydney time) (**Share Scheme Meeting**).

The Court has appointed Graham Kelly, or failing him Max Donnelly, to act as chairman of the Share Scheme Meeting (**Chairman**) and has directed that the Chairman report the result of the Scheme Meeting to the Court.

PURPOSE OF MEETING

The purpose of the Share Scheme Meeting is to consider and, if thought fit, to agree (with or without modification or conditions required by the Court to which Centrebet agrees) to a Scheme of Arrangement proposed to be made between Centrebet and its Shareholders (**Share Scheme**).

To enable you to make an informed voting decision, further information on the Share Scheme is set out in the explanatory statement accompanying this Notice (**Scheme Booklet**). A copy of the Share Scheme is set out in Annexure B to the Scheme Booklet and its purpose and effect are discussed throughout the Scheme Booklet.

Terms used in this Notice have the meaning given to them in the glossary to the Scheme Booklet or as defined within the Scheme Booklet, unless otherwise expressly defined in this Notice.

RESOLUTION – APPROVAL OF SCHEME OF ARRANGEMENT

To consider and, if thought fit, pass the following resolution in accordance with Section 411(a)(ii) of the Corporations Act:

*“That pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the Scheme of Arrangement proposed between Centrebet International Limited (**Centrebet**) and the holders of Shares, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting, is agreed to and the board of directors of Centrebet are authorised to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the Share Scheme by the Court, to implement the Share Scheme with any such alterations or conditions.”*

In accordance with section 411(4)(b) of the Corporations Act, the Share Scheme is subject to the approval of the Court. If the resolution put to the Share Scheme Meeting is approved in accordance with section 411(4)(a)(ii) of the Corporations Act, Centrebet intends to apply to the Court for the approval of the Share Scheme.

MAJORITIES REQUIRED

In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution must be approved by a majority that:

- is more than 50% in number of Shareholders present and voting (either in person or by proxy) at the Share Scheme Meeting; and
- represents in aggregate not less than 75% of the votes cast on the resolution at the Share Scheme Meeting.

COURT APPROVAL

If the resolution is approved at the Share Scheme Meeting by the requisite majorities, the implementation of the Share Scheme (with or without modification) will be subject, among other things, to the subsequent approval of the Court.

VOTING ENTITLEMENT

The Court has ordered that, for the purposes of the Share Scheme Meeting, entitlements to vote at the Share Scheme Meeting will be determined with reference to those persons who are registered as Shareholders as at 7.00 pm (Sydney time) on 15 August 2011. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Share Scheme Meeting.

In the case of joint holders of a Share, the joint holder who is named first on the Share Register will be entitled to vote to the exclusion of the votes of other joint holders. All joint holders are entitled to attend the Share Scheme Meeting.

HOW TO VOTE

Those entitled to vote at the Share Scheme Meeting can vote at the Share Scheme Meeting:

- in person;
- by proxy;
- by corporate representative (if you are a corporate shareholder); or
- by attorney.

You will be counted as being present at the Share Scheme Meeting if you vote in any of the ways outlined above.

VOTING IN PERSON

If you wish to vote in person at the Share Scheme Meeting, please attend the Share Scheme Meeting.

VOTING BY PROXY OR ATTORNEY

If you wish to appoint a proxy for the Share Scheme Meeting, you should complete the Share Scheme Proxy Form enclosed with the Scheme Booklet and lodge it with Centrebet's share registry, Link Market Services Limited (**Share Registry**), in accordance with the Share Scheme Proxy Form instructions. Share Scheme Proxy Forms or forms for the appointment of an attorney (in the event you wish to appoint an attorney to attend and vote at the Meetings) **MUST** be received at the Share Registry no later than 7.00 pm (Sydney time) on 15 August 2011. Share Scheme Proxy Forms received after this time will be invalid.

Please contact the Share Registry on +61 2 8280 7111 to obtain a copy of the appointment of an attorney form.

Lodging a Share Scheme Proxy Form will not preclude personal attendance and voting at the Share Scheme Meeting.

A proxy need not be a Shareholder. In selecting a proxy a Shareholder may, provided that Shareholder can cast 2 or more votes, appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment of two proxies does not specify the proportion and number of votes each proxy may exercise, each proxy may exercise half of the votes of that Shareholder. To request a second Share Scheme Proxy Form please contact the Centrebet Information Line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

Shareholders can return the completed Proxy Form or appointment of attorney form in the reply paid envelope, or by delivering the proxy form or appointment of attorney form to the Share Registry's office at the address below, or by faxing it to the Share Registry or by submitting it online (in the case of the Share Scheme Proxy Form only) as set out below, by no later than 7.00 pm (Sydney time) on 15 August 2011:

Delivery address: Link Market Services Limited
Level 12
680 George Street
SYDNEY NSW

Postal address: c/ Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
AUSTRALIA

Facsimile: +61 2 9287 0309

Online lodgement:
www.investorcentre.linkmarketservices.com.au

Where the Share Scheme Proxy Form is executed under a power of attorney, the power of attorney or a certified copy of the power of attorney **MUST** be lodged with the Share Scheme Proxy Form (if you have not already lodged the power of attorney with the Share Registry).

CORPORATE SHAREHOLDERS

Corporate Shareholders may appoint a proxy or alternatively appoint a corporate representative. In order to appoint a corporate representative, corporate shareholders will be required to complete a 'Certificate of Appointment of Representative' form to enable a natural person to attend on its behalf. Please contact the Share Registry on +61 2 8280 7111 to obtain a copy of this form.

Proxies given by corporations must be executed in accordance with the Corporations Act.

FURTHER INFORMATION

If you have any questions please contact the Centrebet Information Line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

Dated: 13 July 2011

By order of the Board of Centrebet International Limited



Malcolm Lucas-Smith
Company Secretary



ANNEXURE H: NOTICE OF COURT ORDERED MEETING OF PERFORMANCE RIGHTHOLDERS

NOTICE OF COURT ORDERED MEETING OF PERFORMANCE RIGHTHOLDERS

Notice is given that by an Order of the Federal Court of Australia (**Court**) made on 12 July 2011, under section 411(1) of the Corporations Act, the Court has directed that a meeting of the Performance Rightholders of Centrebet International Limited (**Centrebet**) will be held at The Justice and Police Museum, corner Albert and Phillip Streets, Circular Quay, Sydney, on 17 August 2011 at the later of 10.30 am (Sydney time) and the conclusion of the Share Scheme Meeting (**Performance Right Scheme Meeting**).

The Court has appointed Graham Kelly, or failing him Max Donnelly, to act as chairman of the Performance Right Scheme Meeting (**Chairman**) and has directed that the Chairman report the result of the Performance Right Scheme Meeting to the Court.

PURPOSE OF MEETING

The purpose of the Performance Right Scheme Meeting is to consider and, if thought fit, to agree (with or without modification or conditions required by the Court to which Centrebet agrees) to a Scheme of Arrangement proposed to be made between Centrebet and its Performance Rightholders (**Performance Right Scheme**).

To enable you to make an informed voting decision, further information on the Performance Right Scheme is set out in the explanatory statement accompanying this Notice (**Scheme Booklet**). A copy of the Performance Right Scheme is set out in Annexure C to the Scheme Booklet and its purpose and effect are discussed throughout the Scheme Booklet.

Terms used in this Notice have the meaning given to them in the glossary to the Scheme Booklet or as defined within the Scheme Booklet, unless otherwise expressly defined in this Notice.

RESOLUTION – APPROVAL OF SCHEME OF ARRANGEMENT

To consider and, if thought fit, pass the following resolution in accordance with Section 411(a)(ii) of the Corporations Act:

*“That pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the Scheme of Arrangement proposed between Centrebet International Limited (**Centrebet**) and the holders of Performance Rights, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting, is agreed to and the board of directors of Centrebet are authorised to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the Performance Right Scheme by the Court, to implement the Performance Right Scheme with any such alterations or conditions.”*

In accordance with section 411(4)(b) of the Corporations Act, the Performance Right Scheme is subject to the approval of the Court. If the resolution put to the Performance Right Scheme Meeting is approved in accordance with section 411(4)(a)(ii) of the Corporations Act, Centrebet intends to apply to the Court for the approval of the Performance Right Scheme.

MAJORITIES REQUIRED

In accordance with section 411(4)(a)(i) of the Corporations Act, the resolution must be approved by a majority that:

- is more than 50% in number of Performance Rightholders present and voting (either in person or by proxy) at the Performance Right Scheme Meeting; and
- represents debts and claims against Centrebet amount in aggregate of at least 75% of the total amount of the debts and claims of Performance Rightholders present and voting at the Performance Right Scheme Meeting.

For the purposes of determining the amount of debts or claims and therefore the voting entitlement, Centrebet Directors consider that each Performance Right has the same debt or claim value against Centrebet, and accordingly, each Performance Right will entitle its holder to one vote in respect of the Performance Right Scheme at the Performance Right Scheme Meeting.

COURT APPROVAL

If the resolution is approved at the Performance Right Scheme Meeting by the requisite majorities, the implementation of the Performance Right Scheme (with or without modification) will be subject, among other things, to the subsequent approval of the Court.

VOTING ENTITLEMENT

The Court has ordered that, for the purposes of the Performance Right Scheme Meeting, entitlements to vote at the Performance Right Scheme Meeting will be determined with reference to those persons who are registered as Performance Rightholders as at 7.00 pm (Sydney time) on 15 August 2011. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Performance Right Scheme Meeting.

In the case of joint holders of a Performance Right, the joint holder who is named first on the Performance Right Register will be entitled to vote to the exclusion of the votes of other joint holders. All joint holders are entitled to attend the Performance Right Scheme Meeting.

HOW TO VOTE

Those entitled to vote at the Performance Right Scheme Meeting can vote at the Performance Right Scheme Meeting:

- in person;
- by proxy;
- by corporate representative (if you are a corporate shareholder); or
- by attorney.

You will be counted as being present at the Performance Right Scheme Meeting if you vote in any of the ways outlined above.

VOTING IN PERSON

If you wish to vote in person at the Performance Right Scheme Meeting, please attend the Performance Right Scheme Meeting.

ANNEXURE H

NOTICE OF COURT ORDERED MEETING OF PERFORMANCE RIGHTHOLDERS

VOTING BY PROXY OR ATTORNEY

If you wish to appoint a proxy for the Performance Right Scheme Meeting, you should complete the Performance Right Proxy Form enclosed with the Scheme Booklet and lodge it with Centrebet's performance right registry, Link Market Services Limited (**Share Registry**), in accordance with the Performance Right Proxy Form instructions. Proxy Forms or forms for the appointment of an attorney (in the event you wish to appoint an attorney to attend and vote at the Meetings) **MUST** be received at the Share Registry no later than 7.00 pm (Sydney time) on 15 August 2011. Performance Right Proxy Forms received after this time will be invalid.

Please contact the Performance Right Registry on +61 2 8280 7111 to obtain a copy of the appointment of attorney form.

Lodging a Performance Right Proxy Form will not preclude personal attendance and voting at the Performance Right Scheme Meeting.

A proxy need not be a Performance Rightholder. In selecting a proxy a Performance Rightholder may, provided that Performance Rightholder can cast 2 or more votes, appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment of two proxies does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes of that Performance Rightholder. To request a second Performance Right Proxy Form please contact the Centrebet Information Line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

Performance Rightholders can return the completed Performance Right Proxy Form or appointment of attorney form in the reply paid envelope, or by delivering the proxy form or appointment of attorney form to the Share Registry's office at the address below, or by faxing it to the Share Registry or by submitting it online (in the case of the Performance Right Proxy Form only) as set out below, by no later than 7.00 pm (Sydney time) on 15 August 2011:

Delivery address: Link Market Services Limited
Level 12
680 George Street
SYDNEY NSW

Postal address: c/ Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
AUSTRALIA

Facsimile: +61 2 9287 0309

Online lodgement:
www.investorcentre.linkmarketservices.com.au

Where the Performance Right Proxy Form is executed under a power of attorney, the original power of attorney or a certified copy of the power of attorney **MUST** be lodged with the Performance Right Proxy Form (if you have not already lodged the power of attorney with the Share Registry).

CORPORATE SHAREHOLDERS

Corporate Shareholders may appoint a proxy or alternatively appoint a corporate representative. In order to appoint a corporate representative, corporate shareholders will be required to complete a 'Certificate of Appointment of Representative' form to enable a natural person to attend on its behalf. Please contact the Share Registry on +61 2 8280 7111 to obtain a copy of this form.

Proxies given by corporations must be executed in accordance with the Corporations Act.

FURTHER INFORMATION

If you have any questions please contact the Centrebet Information Line on 1300 664 434 (toll free in Australia) or +61 2 8022 7902 (if overseas) between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

Dated: 13 July 2011

By order of the Board of Centrebet International Limited



Malcolm Lucas-Smith
Company Secretary

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CORPORATE DIRECTORY

Centrebet International Limited

110 Bourke Road
Alexandria NSW 2015

Directors

Graham Kelly
Michael McRitchie
Con Kafataris
Maxwell Donnelly
George Kafataris

Company Secretary

Malcolm Lucas-Smith

Registered office

110 Bourke Road
Alexandria NSW 2015

Unit Trustee and Collection Agent

One Managed Investment Funds Limited
Level 35, AMP Centre
50 Bridge Street
Sydney NSW 2000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Financial Advisors

Greenhill Caliburn Pty Limited
Level 34, The Chifley Tower,
2 Chifley Square,
Sydney NSW 2000

Legal Advisors

Clifford Chance
Level 16, 1 O'Connell Street
Sydney NSW 2000

Website

www.centrebet.com

Security Trustee

P.T. Limited
Level 8, 115 Pitt Street
Sydney NSW 2000

For personal use only



ONLINE

www.investorcentre.linkmarketservices.com.au



By mail:

Centrebet International Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received
no later than 7:00pm on 15 August 2011.



FOR ALL ENQUIRIES CALL THE CENTREBET INFORMATION LINE:

(within Australia) 1300 664 434 (outside Australia) +61 2 8022 7902



X99999999999

SHAREHOLDER VOTING FORM

I/We being a member(s) of Centrebet International Limited and entitled to attend and vote at the Share Scheme Meeting hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of
the Share Scheme
Meeting* (mark box)

☐

OR if you are NOT appointing the Chairman of the Share Scheme Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Share Scheme Meeting*, as my/our proxy and to vote for me/us on my/our behalf at the Share Scheme Meeting of Centrebet to be held at **10:00am on Wednesday, 17 August 2011, at The Justice and Police Museum, corner Albert and Phillip Streets, Circular Quay, Sydney** and at any adjournment or postponement of the meeting.

*The Chairman of the Share Scheme Meeting intends to vote undirected proxies in favour of the Resolution.

Proxies will only be valid and accepted by Centrebet if they are signed and received no later than 7:00pm on 15 August 2011.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2

VOTING DIRECTIONS

Resolution 1

Approval of Scheme of Arrangement

For

☐

Against

☐

Abstain**

☐

i ** If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CIL PRX101

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Share Scheme Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Share Scheme Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Share Scheme Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than **7:00pm on Monday, 15 August 2011**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.investorcentre.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Centrebet International Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Share Scheme Meeting, please bring this form with you.
This will assist in registering your attendance.



YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received
no later than 7:00pm on 15 August 2011.



FOR ALL ENQUIRIES CALL THE CENTREBET INFORMATION LINE:

(within Australia) 1300 664 434 (outside Australia) +61 2 8022 7902



X99999999999

PERFORMANCE RIGHTHOLDER VOTING FORM

I/We being holders of Performance Rights of Centrebet International Limited and entitled to attend and vote at the Performance Right Scheme Meeting hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the
Performance Right
Scheme Meeting*
(mark box)

☐

OR if you are NOT appointing the Chairman of the Performance Right Scheme Meeting as your proxy, please write the name of the person or body corporate (excluding the registered Performance Rightholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Performance Right Scheme Meeting*, as my/our proxy and to vote for me/us on my/our behalf at the Performance Right Scheme Meeting of Centrebet to be held at the later of 10:30am and the conclusion of the Share Scheme Meeting on Wednesday, 17 August 2011 (or any adjournment or postponement thereof), at The Justice and Police Museum, corner Albert and Phillip Streets, Circular Quay, Sydney and at any adjournment or postponement of the meeting.

*The Chairman of the Performance Right Scheme Meeting intends to vote undirected proxies in favour of the Resolution.

Proxies will only be valid and accepted by Centrebet if they are signed and received no later than 7:00pm on 15 August 2011.

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Resolution 1

Approval of Scheme of Arrangement

For

☐

Against

☐

Abstain**

☐

i ** If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF PERFORMANCE RIGHTHOLDERS - THIS MUST BE COMPLETED

Performance Rightholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Performance Rightholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Performance Rightholder 3 (Individual)

Director

This form should be signed by the Performance Rightholder. If a joint holding, either Performance Rightholder may sign. If signed by the Performance Rightholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CIL PRX105

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's performance right register. If this information is incorrect, please make the correction on the form. Performance Rightholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your performance rights using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Performance Right Scheme Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Performance Right Scheme Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Performance Right Scheme Meeting will be your proxy. A proxy need not be a Performance Rightholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your performance rights will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of performance rights you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

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