

ASX Announcement



23 SEPTEMBER 2016

INTECQ LIMITED RELEASES SCHEME BOOKLET

Intecq Limited (ASX code: ITQ) ("**Intecq**") announces today that the Supreme Court of New South Wales has made orders to convene a meeting of Intecq shareholders on Friday, 28 October 2016 to consider and vote on the previously announced Scheme of Arrangement ("**Scheme**") under which a wholly-owned subsidiary of Tabcorp Holdings Ltd (ASX code: TAH) ("**Tabcorp**") will acquire 100 per cent of Intecq's issued capital.

The Scheme Booklet has today been registered with Australian Securities and Investments Commission. A copy of the Scheme Booklet, including the Independent Expert's Report and an updated timetable, will be mailed or emailed to Intecq shareholders over the next week. A copy of the Scheme Booklet, including the Independent Expert's Report, is attached to this announcement.

The Independent Expert, Deloitte Corporate Finance Pty Limited, has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Intecq shareholders in the absence of a superior proposal.

The directors of Intecq (who, collectively represent approximately 7.8% of the shares on issue) believe that the Scheme is in the best interests of Intecq shareholders and continue to unanimously recommend, and intend to vote shares in their control in favour of the Scheme, in the absence of a superior proposal.

Scheme Meeting

The Scheme Meeting will be held at 10.30am (Sydney time) on Friday, 28 October 2016 at Offices of Whittens & McKeough, Level 29, 201 Elizabeth Street, Sydney.

All Intecq shareholders are encouraged to vote either by attending the Scheme Meeting in person, or by lodging a proxy vote by 10.30am on Wednesday, 26 October 2016.

Details of how to lodge a proxy vote are included in the Scheme Booklet.

Shareholder Information

If you have any questions in relation to the Scheme, or the Scheme Booklet, please contact the Intecq Limited Scheme Information Line on 1300 970 086 (within Australia) or +61 1300 970 086 (outside Australia).

For Further Information Call:

Tim Allerton

City PR

(02) 9267 4511 or (0412) 715 707

About INTECQ

INTECQ Limited is a technology company, listed on the Australian Securities Exchange (ASX: ITQ) with headquarters in Sydney, Australia. Its scale and diversity, commitment to excellence, innovative

technologies and superior customer service underpins the company's growth and expansion across jurisdictions, markets and sectors.

The company operates two business divisions, eBET and Odyssey Gaming, which provide technology solutions to gaming venues. They provide integrated gaming technology solutions, including gaming management systems, Licensed Monitoring Operator (LMO) services and business intelligence tools and expertise.

The company operates across Australia and the Asia-Pacific region and has commercial agreements with over 1,200 customers, operating over 73,000 electronic gaming machines.

For more information on the INTECQ, please visit www.intecq.com

This announcement contains or may contain forward-looking statements that are based on the Board's beliefs, assumptions and expectations derived from information presently available to management. All statements that address operating performance, events or development that the Company expects or anticipates will occur in the future are forward-looking statements, including without limitation the Company's expectations with respect to potential revenues, costs, profitability and financial performance. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. The Board believes that forward-looking statements are reasonable as and when made.

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding how to vote. If you are in doubt about how to deal with this document, you should consult your legal, financial, taxation or other professional adviser without delay.

INTECQ LIMITED
SCHEME BOOKLET

In relation to a scheme of arrangement between Scheme Shareholders and Intecq which, if implemented, will result in Tabcorp Holdings Limited ABN 66 063 780 709, through its wholly-owned Subsidiary, Tabcorp Gaming Holdings Pty Ltd ABN 91 136 582 806, acquiring all of the Scheme Shares in Intecq.

The Board unanimously recommends that you VOTE IN FAVOUR of the Scheme in the absence of a Superior Proposal.

A Notice of Scheme Meeting is included as Annexure 1 to this Scheme Booklet, and a proxy form for the Scheme Meeting accompanies this Scheme Booklet.

The Scheme Meeting will be held at 10.30am (Sydney time) on 28 October 2016 at Offices of Whittens & McKeough, Level 29, 201 Elizabeth Street, Sydney NSW 2000.

Financial Adviser

CREDIT SUISSE 

Legal Adviser


macpherson kelley

IMPORTANT NOTICES AND DISCLAIMERS

GENERAL

You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting.

NATURE OF THIS DOCUMENT

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to Intecq Shareholders, or a solicitation of an offer from Intecq Shareholders, in any jurisdiction.

ASIC AND ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with paragraph 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearings to approve the Scheme.

A copy of this Scheme Booklet has been provided to ASX. None of ASX or its officers takes any responsibility for the contents of this Scheme Booklet.

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SUBSECTION 411(1) OF THE CORPORATIONS ACT

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has directed that the explanatory statement accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the Scheme or as to how Intecq Shareholders should vote on the Scheme (on this matter Intecq Shareholders must reach their own conclusion);

- has prepared, or is responsible for the content of, this Scheme Booklet; or
- has approved or will approve the terms of the Scheme.

If you wish to oppose approval of the Scheme at the Second Court Hearing, you may do so by filing with the Court and serving on Intecq a notice of appearance in the prescribed form together with any affidavit that you propose to rely on. You may appear at the Second Court Hearing to be held at 9.15am on Friday, 4 November 2016 at the Supreme Court of New South Wales, Law Courts Building, 184 Phillip Street, Sydney, New South Wales 2000.

DEFINED TERMS

Capitalised terms used in this Scheme Booklet are defined in Section 10 of this Scheme Booklet. Section 10 also sets out some rules of interpretation which apply to this Scheme Booklet.

NO INVESTMENT ADVICE

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Intecq Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. The Intecq Board encourages you to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme.

This Scheme Booklet is important and requires your immediate attention. It should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the potential risks of maintaining your investment in Intecq, as set out in Section 6 of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure 4 to this Scheme Booklet.

If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser.

FORWARD LOOKING STATEMENTS

Some of the statements appearing in this Scheme Booklet may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals or expectations of Intecq, Tabcorp or Tabcorp Gaming are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Intecq, Tabcorp or Tabcorp Gaming operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Intecq, Tabcorp or Tabcorp Gaming or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Intecq, Tabcorp and Tabcorp Gaming and their respective officers, directors, employees and advisers disclaim any

obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

RESPONSIBILITY STATEMENT

Intecq has been solely responsible for preparing the Intecq Information. The information concerning Intecq and the intentions, views and opinions of Intecq and the Intecq Directors contained in this Scheme Booklet has been prepared by Intecq and the Intecq Directors and is the sole responsibility of Intecq. None of Tabcorp, Tabcorp Gaming or any Related Body Corporate of Tabcorp or Tabcorp Gaming, nor any of their respective directors, officers, employees or advisers, assume any responsibility for the accuracy or completeness of the Intecq Information.

Tabcorp has been solely responsible for preparing the Tabcorp Information. The information concerning Tabcorp and Tabcorp Gaming and the intentions, views and opinions of Tabcorp, Tabcorp Gaming, the Tabcorp Directors and directors of Tabcorp Gaming has been prepared by Tabcorp and the Tabcorp Directors and is the sole responsibility of Tabcorp. None of Intecq or its Related Bodies Corporate, nor any of their respective directors, officers, employees and advisers, assume any responsibility for the accuracy or completeness of the Tabcorp Information.

Deloitte Corporate Finance Pty Limited has prepared the Independent Expert's Report set out in Annexure 4 to this Scheme Booklet in relation to the Scheme and takes responsibility for that report.

FOREIGN JURISDICTIONS

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute

a violation of applicable Laws or regulations.

This Scheme Booklet has been prepared in accordance with the Laws of the Commonwealth of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the Laws and regulations of a jurisdiction outside Australia.

FINANCIAL AMOUNTS

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

CHARTS, MAPS AND DIAGRAMS

Any diagrams, charts, maps, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available as at 22 September 2016.

TIMETABLE AND DATES

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from regulatory authorities.

PRIVACY

Intecq may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in Intecq and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of

this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Intecq to conduct the Scheme Meeting and implement the Scheme. Without this information, Intecq may be hindered in its ability to issue this Scheme Booklet and implement the Scheme.

Personal information of the type described above may be disclosed to the Intecq Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of Intecq, regulatory authorities, and also where disclosure is otherwise required or allowed by law.

Intecq Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of information about you held by the Intecq Share Registry in connection with Intecq Shares, please contact the Intecq Share Registry.

Intecq Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above.

DATE OF SCHEME BOOKLET

This Scheme Booklet is dated 23 September 2016.

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LETTER FROM THE CHAIRMAN OF INTECQ

23 September 2016

Dear Intecq Shareholder,

On 1 August 2016, Intecq Limited (**Intecq or the Company**) and Tabcorp Holdings Limited (**Tabcorp**) announced that they had entered into a Scheme Implementation Agreement under which it is proposed that Tabcorp, through a wholly-owned Subsidiary, acquires 100% of the fully-diluted shares in the Company pursuant to a scheme of arrangement (**Scheme**).

If the Scheme is implemented, Scheme Shareholders will receive total cash of A\$7.15 per Intecq Share.

The Scheme Consideration of A\$7.15 in cash per Intecq Share values the total equity of Intecq at approximately \$128 million and represents a:



- 31% premium to the ASX closing share price of Intecq of A\$5.44 on 29 July 2016 (being the last trading day prior to the announcement of the Scheme);
- 31% premium to the A\$5.47 one month volume weighted average ASX share price of Intecq Shares up to and including 29 July 2016; and
- 32% premium to the A\$5.40 three month volume weighted average ASX share price of Intecq Shares up to and including 29 July 2016.

In order for the Scheme to proceed, the Scheme Resolution must be passed by the requisite majorities of Intecq Shareholders at the Scheme Meeting to be held on 28 October 2016 and be approved by the Court. The Scheme is also subject to the satisfaction or waiver of various Conditions Precedent summarised in Section 9.3(a).

The Intecq Directors (collectively, reflecting approximately 7.8% of fully-diluted shares outstanding) unanimously recommend that you vote in favour of the Scheme Resolution and approve the Scheme in the absence of a Superior Proposal. Subject to that same qualification, each Intecq Director who holds Intecq Shares, or on whose behalf they are held, intends to vote in favour of the Scheme Resolution and approve the Scheme.

In reaching this conclusion, the Intecq Directors have taken into account the following:

- **Significant premium to Intecq trading price:** the Scheme Consideration represents a premium to the ASX closing share price of Intecq on 29 July 2016 (being the last trading day prior to the announcement of the Scheme), the one month volume weighted average ASX share price of Intecq up to and including 29 July 2016 and the three month volume weighted average ASX share price, as outlined above.
- **The Independent Expert has concluded that the Transaction is fair and reasonable and, therefore, is in the best interests of Intecq Shareholders:** The Independent Expert, Deloitte Corporate Finance Pty Limited has assessed the full underlying value of the Company to be in the range of A\$6.72 and A\$7.56 per share, and has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Intecq Shareholders. The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure 4 to this Scheme Booklet.
- **Intecq Shares are likely to trade below the Scheme Consideration in the event the Scheme does not proceed:** The Intecq Directors believe that the Intecq Share price is likely to fall if the Scheme is not implemented and no Superior Proposal emerges.
- **The Scheme Consideration delivers certain cash value:** If implemented, the Scheme Consideration delivers certain cash proceeds expected to be paid to Intecq Shareholders in the last quarter of 2016.

- **Since the announcement of the Scheme, no Superior Proposal has emerged:** Since the announcement by Intecq on 1 August 2016 that it had entered into the Scheme Implementation Agreement with Tabcorp and up to the date of this Scheme Booklet, no Superior Proposal has emerged. Your Directors are not aware of any Superior Proposal that is likely to emerge.

If the Scheme is not implemented and no Superior Proposal emerges, Intecq will continue as an independent entity listed on ASX and Scheme Shareholders will not receive the Scheme Consideration of A\$7.15 cash per Scheme Share.

The Intecq Directors have agreed under the Scheme Implementation Agreement that no final dividend will be declared for the 2016 financial year. In the event that the Scheme does not proceed, the Intecq Directors will reconsider the payment of a dividend in accordance with Intecq's current dividend policy.

The Scheme Meeting will be held on 28 October 2016 at Offices of Whittens & McKeough, Level 29, 201 Elizabeth Street, Sydney NSW 2000, at 10.30am (Sydney time).

Your vote is important. In order for the Scheme to proceed, the requisite majorities of Intecq Shareholders must vote in favour of the Scheme. You can vote by attending the Scheme Meeting, or by appointing a proxy or attorney to attend the Scheme Meeting and vote on your behalf. A proxy form is provided with this Scheme Booklet. Alternatively, you may lodge a proxy online at www.investorvote.com.au (Australian register). Further information on how to vote is provided in Section 3 of this Scheme Booklet.

I encourage you to read this Scheme Booklet carefully and in its entirety, as it contains important information that will need to be considered before you vote on the Scheme Resolution required to implement the Scheme. I also encourage you to seek independent legal, financial, taxation or other professional advice before making an investment decision in relation to your Intecq Shares.

If you have any questions in relation to the Scheme or this Scheme Booklet, please contact the Intecq Limited Scheme Information Line on 1300 970 086 (within Australia) or +61 1300 970 086 (if calling from overseas) Monday to Friday between 8:30am and 5:30pm (Sydney time), or contact your legal, financial, taxation or other professional adviser.

On behalf of your Board, I would like to thank you for your support of Intecq. Your vote is important and I look forward to your participation at the Scheme Meeting on 28 October 2016.

Yours sincerely,



Paul Oneile
Chairman

KEY DATES

Date of this Scheme Booklet	23 September 2016
First Court Date	9.15am, 22 September 2016
Date and time for determining eligibility to vote at the Scheme Meeting	7.00pm, 26 October 2016
Latest time and date for receipt of proxy forms (including proxy forms lodged online) or powers of attorney by the Intecq Share Registry for the Scheme Meeting	10.30am, 26 October 2016
Scheme Meeting	10.30am, 28 October 2016
If the Scheme is approved by Intecq Shareholders Second Court Date	9.15am, 4 November 2016
Effective Date	7 November 2016
Expected last day of trading in Intecq Shares on ASX. Intecq intends to apply to ASX for Intecq Shares to be suspended from trading on ASX from close of trading on the Effective Date (which is currently expected to be 7 November 2016)	7 November 2016
Scheme Record Date (for determining entitlements to Scheme Consideration)	7.00pm, 14 November 2016
Implementation Date (Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date)	21 November 2016

All dates in the above table are indicative only and are subject to change. Intecq and Tabcorp may vary any or all of these dates and times. Certain times and dates are conditional on the approval of the Scheme by Intecq Shareholders and by the Court and the satisfaction of certain other Conditions Precedent. Any changes to the above timetable will be announced by Intecq to ASX and published on Intecq's website at www.intecqlimited.com.

1. KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

1.1 Why you should vote in favour of the Scheme

The Scheme has a number of advantages and disadvantages which may affect Intecq Shareholders in different ways depending on their individual circumstances. Intecq Shareholders should seek professional advice on their particular circumstances, as appropriate.

Section 1.1 provides a summary of some of the reasons why the Intecq Board unanimously recommends that Intecq Shareholders vote in favour of the Scheme. This Section should be read in conjunction with Section 1.2, which sets out reasons why Intecq Shareholders may wish to vote against the Scheme. You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting. While the Intecq Directors acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages of the Scheme.

Your Directors unanimously recommend that you should vote in favour of the Scheme, in the absence of a Superior Proposal

Your Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme at the Scheme Meeting to be held on 28 October 2016.

In reaching their recommendation, your Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet.

In the absence of a Superior Proposal, each of your Directors intends to vote all Intecq Shares held or controlled by them in favour of the Scheme. The interests of Intecq Directors are set out in Section 9.1.

The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in your best interests

Your Directors appointed Deloitte Corporate Finance Pty Limited to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of Intecq Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, that the Scheme is in the best interests of Intecq Shareholders, in the absence of a Superior Proposal.

The basis for this conclusion is that the Scheme Consideration of A\$7.15 cash per Intecq Share is within the valuation range (as concluded by the Independent Expert) of A\$6.72 to A\$7.56 per Intecq Share.

A complete copy of the Independent Expert's Report is included as Annexure 4 to this Scheme Booklet and your Directors encourage you to read this report in full.

The \$7.15 cash payment per Intecq Share represents a premium to recent historical volume weighted average Intecq Share prices

Subject to the Scheme becoming Effective, each Intecq Shareholder holding Intecq Shares on the Scheme Record Date will receive total cash payments equal to \$7.15 cash per Intecq Share held.

The proposed cash payments under the Scheme of \$7.15 per Intecq Share represent a 2.4% premium to the ASX closing share price on the last trading day prior to the date of the Scheme Booklet of \$6.98 at 22 September 2016.

The Intecq Share price as at 22 September 2016 reflects market expectations of the Transaction following the announcements by Intecq on 1 August 2016 that it had received an indicative proposal from Tabcorp in respect of the Intecq Shares and on 31 July 2016 that Tabcorp and Intecq had entered into a Scheme Implementation Agreement.

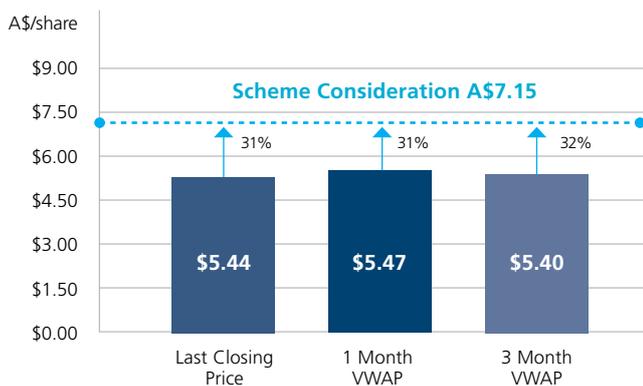
The proposed cash payment under the Scheme of \$7.15 per Intecq Share represents:

- a 31% premium to the ASX closing share prices of Intecq Shares of A\$5.44 on 29 July 2016;
- a 31% premium to the \$5.47 one month volume weighted average ASX share price of Intecq Shares; and
- a 32% premium to the \$5.40 three months volume weighted average ASX share price of Intecq Shares,

up to and including 29 July 2016, being the last trading day prior to the announcement of receipt of an indicative proposal from Tabcorp in respect of the Intecq Shares.

1. KEY CONSIDERATIONS RELEVANT TO YOUR VOTE Continued

Figure 1: Comparison of Scheme Consideration of \$7.15 per Intecq Share to Historical Volume Weighted Average Trading Prices of Intecq Shares



Source: IRESS as at 29 July 2016

You will receive immediate and certain value for your Intecq Shares

The consideration to be provided by Tabcorp Gaming for your Intecq Shares is 100% cash. If the Scheme is implemented, the Scheme Consideration of A\$7.15 cash per Intecq Share provides you with certainty of value for your Intecq Shares.

The certainty of all of Scheme Consideration being cash should be compared with the risks and the uncertainties of remaining an Intecq Shareholder, which include, but are not limited to, the risks set out in Section 6.

Since the announcement of the Scheme, no Superior Proposal has emerged

Since the announcement on 1 August 2016 that Intecq had entered into the Scheme Implementation Agreement with Tabcorp and up to the date of this Scheme Booklet, no Superior Proposal has emerged.

Your Directors have not become aware of any alternative proposal and have no basis for believing that an alternative proposal will be received.

Your Directors believe that the likelihood of receiving an alternate or Superior Proposal is low, having regard to the regulatory environment in which Intecq operates. In particular, the pool of potential buyers that already exist in Australia is limited due to the high level of regulation which prevents, for example, suppliers of gaming equipment applying to be a licensed monitoring operator in Queensland, a licence that Intecq currently holds.

Furthermore, the pool of potential international buyers that do not currently have existing operations in Australia would be subject to extensive and potentially lengthy regulatory approvals given the number of licences Intecq currently holds.

Intecq's share price is likely to fall if the Scheme does not become Effective

If the Scheme does not become Effective, Intecq Shares will continue to remain quoted on ASX and will continue to be subject to market volatility, including general stock market movements, the impact of general economic conditions and the demand for listed securities. As such, if the Scheme does not become Effective, it is likely that the price at which Intecq Shares trade will fall, potentially to a price that is below the A\$7.15 per Intecq Share being made available under the Scheme.

Intecq Shares' ASX share price, during the 12 month period prior to 1 August 2016 (being the date of the announcement that Intecq had entered into the Scheme Implementation Agreement with Tabcorp), have traded with a daily volume weighted average price as low as A\$3.00 per share on 11 February 2016 and as high as A\$5.99 per share on 30 May 2016. The closing share price on the day prior to that announcement was A\$5.44, which represents a discount of 24% to the Scheme Consideration of A\$7.15 for each Intecq Share. Since then, Intecq Shares have traded in the range of A\$6.96 to A\$7.04, representing a discount of approximately 1.5% to 2.7% to the Scheme Consideration. The Scheme provides an opportunity for all Intecq Shareholders to receive immediate and total certain value for all of the Intecq Shares they hold or control.

If the Scheme does not proceed and no Superior Proposal emerges, you will continue to be subject to the risks and uncertainties associated with Intecq's business and general market risks

Your Directors remain positive about the outlook for Intecq, as an independent ASX-listed company, including the capacity to deliver initiatives to deliver growth for Intecq Shareholders into the future. Nevertheless, these initiatives will take time to fully implement and carry execution risks, some of which are outside the control of Intecq.

If the Scheme does not proceed, Intecq Shareholders will continue to be subject to these execution risks, as well as other specific risks inherent in Intecq's business, including those summarised in more detail in Section 6.

The Scheme removes these risks and uncertainties for Intecq Shareholders and allows Intecq Shareholders to fully realise their investment in Intecq at a price that your Directors consider

is attractive. If the Scheme becomes Effective, these risks and uncertainties will be assumed by Tabcorp Gaming, as the sole shareholder of Intecq following implementation of the Scheme.

No brokerage costs on the disposal of your Intecq Shares under the Scheme

Intecq Shareholders will not incur any brokerage costs on the disposal of their Intecq Shares to Tabcorp Gaming under the Scheme.

1.2 Why you may wish to vote against the Scheme

Although the Scheme is recommended by your Directors and the Independent Expert has concluded that the Scheme is in the best interests of Intecq Shareholders (in each case in the absence of a Superior Proposal), factors which may lead you to consider voting against the Scheme include the following:

You may disagree with the Intecq Directors' unanimous recommendation and/or the Independent Expert's conclusion

Despite the view of your Directors and the Independent Expert, you may believe that the Scheme is not in the best interests of Intecq Shareholders or not in your individual interest. You are not obliged to accept the Directors' recommendation or the views of the Independent Expert.

You may prefer to participate in the future financial performance of the Intecq business

If the Scheme becomes Effective, you will cease to be an Intecq Shareholder upon implementation of the Scheme. As such, you will no longer be able to participate in the future financial performance of Intecq or in the future prospects of its ongoing business. However, as with all investments in listed securities, there can be no guarantee as to Intecq's future performance.

You may consider that there is potential for a Superior Proposal to emerge

It is possible that, if Intecq were to continue as an independent listed entity, a corporate control proposal for Intecq may materialise in the future, such as a takeover bid with a higher value than the Scheme Consideration per Scheme Share. However, as at the date of this Scheme Booklet, your Directors have not received or become aware of any alternative proposal and have no basis for believing that an alternative proposal will be received. The Intecq Directors believe that the possibility of a Superior Proposal emerging is low, as substantial time has passed since the entry into the Scheme Implementation Agreement on 1 August 2016 and, up to the date of this Scheme Booklet, no Superior Proposal has been received.

The tax consequences of the Scheme for you may not suit your financial position

Implementation of the Scheme may trigger taxation consequences for Intecq Shareholders. A general guide to the taxation implications of the Scheme is set out in Section 8. This guide is expressed in general terms only and Intecq Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

1.3 Other considerations

The Scheme may proceed even if you do not vote at the Scheme Meeting or if you vote against the Scheme Resolution

The Scheme will be implemented if the Scheme Resolution is duly passed by the requisite majorities of Intecq Shareholders, all other Conditions Precedent are satisfied or waived (as applicable) and the Scheme is approved by the Court, regardless of whether you vote against the Scheme Resolution or do not vote at the Scheme Meeting to be held on 28 October 2016.

If the Scheme is approved and implemented, your Scheme Shares will be transferred to Tabcorp Gaming and you will receive the Scheme Consideration of A\$7.15 per Scheme Share.

Conditions Precedent

The Scheme is subject to a number of Conditions Precedent, which are summarised in Section 9.3(a).

If these Conditions Precedent are not satisfied or waived (as applicable), the Scheme will not proceed (even if it has been approved by the requisite majorities of Intecq Shareholders) and Scheme Shareholders will not receive the Scheme Consideration as contemplated by the Scheme.

As at the date of this Scheme Booklet, the Scheme remained conditional on a number of Conditions Precedent.

Intecq Break Fee

Under the Scheme Implementation Agreement, Intecq is liable to pay Tabcorp a break fee of A\$1.28 million (excluding GST) (Intecq Break Fee) in certain circumstances where the Scheme does not become Effective. These circumstances are summarised in Section 9.3(c) of this Scheme Booklet. The Intecq Break Fee is not payable if the Scheme does not become Effective merely due to insufficient votes in favour of the Scheme by Intecq Shareholders at the Scheme Meeting.

2. FREQUENTLY ASKED QUESTIONS

Question	Answer	More Information
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Intecq and Intecq Shareholders at the Scheme Record Date. The Scheme will give effect to the acquisition of Intecq by Tabcorp Gaming, a wholly-owned Subsidiary of Tabcorp.</p> <p>A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire another company.</p> <p>If the Scheme becomes Effective, Intecq Shareholders at the Scheme Record Date will receive Scheme Consideration in cash of A\$7.15 per Intecq Share on the Implementation Date.</p>	Section 4 contains an overview of the Scheme and a copy of the Scheme is contained in Annexure 2.
Am I entitled to receive the Scheme Consideration?	If the Scheme becomes Effective, persons who are Intecq Shareholders at the Scheme Record Date (currently expected to be Monday, 14 November 2016), are Scheme Shareholders and are entitled to receive the Scheme Consideration for each Scheme Share they hold.	Section 4.3(c)
What will I be entitled to receive if the Scheme becomes Effective?	If the Scheme becomes Effective, each Scheme Shareholder will be entitled to receive A\$7.15 cash on the Implementation Date (currently expected to be Monday, 21 November 2016), for each Scheme Share held by them on the Scheme Record Date (currently expected to be 14 November 2016).	Section 4.1
What do the Intecq Directors recommend and how do they intend to vote?	<p>Your Directors unanimously recommend that all Intecq Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.</p> <p>The Intecq Directors believe that the reasons for Intecq Shareholders to vote in favour of the Scheme significantly outweigh the reasons to vote against the Scheme.</p> <p>Each Intecq Director who holds Intecq Shares intends to vote all Intecq Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal.</p>	Sections 1.1 and 4.2 provide a summary of some of the reasons why the Intecq Board considers that Intecq Shareholders should vote in favour of the Scheme.
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable, and therefore is in the best interests of Intecq Shareholders, in the absence of a Superior Proposal.	A copy of the Independent Expert's Report is contained in Annexure 4.
Why should I vote in favour of the Scheme?	<p>Your Directors unanimously recommend that all Intecq Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.</p> <p>The Intecq Directors believe that the reasons for Intecq Shareholders to vote in favour of the Scheme significantly outweigh the reasons to vote against the Scheme.</p> <p>The Independent Expert has also concluded that the Scheme is fair and reasonable, and therefore is in the best interests of Intecq Shareholders, in the absence of a Superior Proposal.</p>	Section 1.1 of this Scheme Booklet contains further details on why you should vote in favour of the Scheme. Annexure 4 to this Scheme Booklet contains a full report of the Independent Expert on how the Independent Expert concluded that the Scheme is in the best interests of the Intecq Shareholders.
What are the reasons to vote against the Scheme?	<ul style="list-style-type: none"> You may disagree with the Intecq Directors' recommendation and/or the Independent Expert's conclusion; you may wish to participate in the future financial performance of the Intecq business; you may consider that there is potential for a Superior Proposal to emerge; or the tax consequences of the Scheme may not suit your financial position. 	Section 1.2 of this Scheme Booklet provides further details on the possible reasons to vote against the Scheme.

Question	Answer	More Information
<p>What are the risks associated with Intecq's business and risks associated with continuing to hold Intecq Shares?</p>	<p>There are a number of risks associated with Intecq's business and the risks of holding Intecq Shares. Other than the general risk arising from being subject to business cycles, market and economic fluctuations, there are also specific risks relating to Intecq including the following:</p> <ul style="list-style-type: none"> a. risk of competition from new competitors and risk of aggressive competition from incumbents; b. risk associated with pursuing strategic initiatives to deliver growth for the company; c. risk associated with maintaining relationship with Intecq's major customers; d. risk associated with any new technological advancement and technological failure such as computer viruses, data outages or similar issues affecting the performance of Intecq's technology platform and global communication systems; e. risk of change in regulations and government policies; f. risk associated with any cancellation of licenses necessary for Intecq's operations; g. risk associated with any failure to protect intellectual property rights of Intecq's products; h. risk of any intellectual property claims by third parties; i. risk of litigation arising from the operation of business; j. risk of change in taxation regimes; k. risk associated with operating in foreign jurisdictions and any change in the legal and regulatory environment in such jurisdictions; and l. risk of industrial action. 	<p>Section 6 contains further details about the risks associated with Intecq's business and the holding of Intecq Shares.</p>
<p>What is required for the Scheme to become Effective?</p>	<p>The implementation of the Scheme is subject to the satisfaction of a number of Conditions Precedent, including the obtaining of various regulatory and Court approvals, and approval by the requisite majority of Intecq Shareholders.</p>	<p>Section 9.3(a) of the Scheme Booklet contains further details on conditions that must be satisfied or waived before the Scheme can become Effective.</p>
<p>Who are Tabcorp and Tabcorp Gaming?</p>	<p>Tabcorp is a leading Australian gambling entertainment company and one of the largest publicly listed gambling businesses in the world. Tabcorp's businesses comprise Wagering and Media, Gaming Services and Keno.</p> <p>Tabcorp Gaming is an Australian proprietary company and a wholly-owned Subsidiary of Tabcorp. Tabcorp Gaming is the holding company of a number of Subsidiaries, including Subsidiaries that are Keno operators or the providers of certain gaming services.</p>	<p>Section 7 contains further details about Tabcorp and Tabcorp Gaming.</p>
<p>How will the Scheme Consideration be funded?</p>	<p>It is intended that the aggregate Scheme Consideration will be funded through the proceeds of the utilisation of an existing revolving credit facility of a member of the Tabcorp Group, to be made available to Tabcorp Gaming.</p>	<p>Section 7.6 contains further details about the funding of the Scheme Consideration.</p>

Question	Answer	More Information
What are Tabcorp's intentions for Intecq?	<p>Tabcorp's specific intentions for Intecq after the Scheme is implemented (which have been formed on the basis of information concerning Intecq, its business and the general business environment which is known to Tabcorp at the time of the preparation of this Scheme Booklet, and therefore may change as new information becomes available) include:</p> <ul style="list-style-type: none"> • to procure that Intecq applies to the ASX for Intecq to be removed from the official list of the ASX; • to replace the members of the Intecq Board (and the boards of each Subsidiary of Intecq) with nominees of Tabcorp; and • other than as set out in Section 7.7, to carry on the Intecq Group's core businesses in substantially the same manner as they are conducted as at the date of this Scheme Booklet. 	Further details regarding Tabcorp's intentions in relation to Intecq are set out in Section 7.7.
Will I receive any further dividends from Intecq?	The Intecq Board will not declare or pay any dividends prior to the implementation of the Scheme.	Section 4.3(d) contains further details about dividends.
Are there any conditions to be satisfied?	<p>There are a number of conditions that will need to be satisfied or waived (where capable of waiver) before the Scheme can become Effective.</p> <p>In summary, as at the date of this Scheme Booklet, the outstanding conditions include:</p> <ul style="list-style-type: none"> • receiving ACCC and other regulatory approvals; • approval of the Scheme by Intecq Shareholders; • no 'material adverse change' occurs between 31 July 2016 and 8.00am (Sydney time) on the Second Court Date; • no legal restraint prohibiting the completion of the Scheme remaining in effect as at 8:00am (Sydney time) on the Second Court Date; • no 'prescribed event' occurs in relation to Intecq between 31 July 2016 and 8.00am (Sydney time) on the Second Court Date; • the representations and warranties given by Tabcorp and Intecq to each other in the Scheme Implementation Agreement remain true and correct as at the relevant time; • no Insolvency Event occurs in relation to Tabcorp or Tabcorp Gaming between 31 July 2016 and 8.00am (Sydney time) on the Second Court Date; and • receiving Court approval. <p>Intecq intends to announce on ASX the satisfaction (or waiver) of the conditions to the Scheme.</p>	<p>Section 9.3(b) contains further information on the conditions to the Scheme.</p> <p>Section 7.9 contains further information on the status of the regulatory approval conditions to the Scheme.</p>
As at the date of this Scheme Booklet, what Regulatory Approvals need to be obtained for the Scheme to become Effective?	As at the date of this Scheme Booklet, Tabcorp has commenced the application process with various gambling regulatory authorities in order to seek approval in relation to Tabcorp Gaming acquiring the Intecq Shares or members of the Tabcorp Group becoming associates (or equivalent under the applicable legislation) of Intecq or its Subsidiaries, and has also sought informal clearance of the Transaction from the ACCC. As at the date of this Scheme Booklet, the relevant Regulatory Approvals have not been obtained.	Section 9.3(a) contains further details regarding the Conditions Precedent (including the obtaining of necessary Regulatory Approvals) to implementation of the Scheme, and Section 7.9 contains further details regarding the status of the Regulatory Approvals as at the date of this Scheme Booklet.

Question	Answer	More Information
When do the conditions have to be satisfied by?	<p>Apart from the conditions relating to Court approval and Intecq Shareholder approval, the remaining conditions must be satisfied as at 8.00am on the Second Court Date.</p> <p>The Second Court Date is scheduled for Friday, 4 November 2016. If a condition is not satisfied or waived (where capable of waiver) by 8.00am on this date, Intecq will make an application to the Court to change the date of the Second Court Hearing.</p> <p>The conditions must be satisfied or waived (where capable of waiver) by the Sunset Date. The Sunset Date is 31 December 2016, or any later date as agreed in writing by Intecq and Tabcorp.</p> <p>If the relevant conditions are not satisfied by the Sunset Date, the Scheme will not become Effective.</p>	N/A
When will the Scheme become Effective?	If the Court approves the Scheme under paragraph 411 (4)(b) of the Corporations Act and all other Conditions Precedent have been satisfied or waived (where capable of waiver), the Scheme will become Effective on the date when a copy of the Court order approving the Scheme is lodged with ASIC.	Section 4.3(b) sets out further details about when the Scheme becomes Effective.
Can I sell my Intecq Shares now?	<p>You can sell your Intecq Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration).</p> <p>Intecq intends to apply to ASX for Intecq Shares to be suspended from official quotation on ASX from close of trading on the Effective Date (which is currently expected to be Monday, 7 November 2016). You will not be able to sell your Intecq Shares on market after this time.</p>	N/A
What are the taxation implications of the Scheme?	Section 8 of this Scheme Booklet provides a general report on the Australian taxation implications of the Scheme. You should however consult your financial adviser on the financial and taxation implications of the Scheme for your personal financial position.	Section 8 of this Scheme Booklet.
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held on 28 October 2016 at Offices of Whittens & McKeough, Level 29, 201 Elizabeth Street Sydney NSW 2000 commencing at 10.30am (Sydney time).	The Notice of Scheme Meeting contained in Annexure 1 sets out further details on the Scheme Meeting.
What vote is required to approve the Scheme?	<p>For the Scheme to proceed, the Scheme Resolution must be passed by:</p> <ul style="list-style-type: none"> • a majority in number of Intecq Shareholders who vote on the Scheme Resolution; and • at least 75% of the votes cast on the Scheme Resolution. <p>The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.</p>	Section 4.3(a) and the Notice of Scheme Meeting contained in Annexure 1 set out further details on the Scheme approval requirements.
Am I entitled to vote at the Scheme Meeting?	Each Intecq Shareholder who is registered on the Register at 7.00pm (Sydney time) on Wednesday, 26 October 2016 is entitled to attend and vote at the Scheme Meeting.	The Notice of Scheme Meeting contained in Annexure 1 sets out further details on your entitlement to vote at the Scheme Meeting.
How do I vote if I am not able to attend the Scheme Meeting?	If you would like to vote but cannot attend the Scheme Meeting in person, you can vote by appointing a proxy or attorney to attend and vote on your behalf.	The Notice of Scheme Meeting contained in Annexure 1 sets out further details on how to vote at the Scheme Meeting.

Question	Answer	More Information
When will the result of the Scheme Meeting be known?	The result of the Scheme Meeting will be available shortly after the conclusion of the meeting and will be announced to ASX once available. Even if the Scheme Resolution is passed by the Scheme Meeting, the Scheme is subject to approval of the Court.	N/A
What happens to my Intecq Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective?	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective, any Intecq Shares held by you on the Scheme Record Date (currently expected to be Monday, 14 November 2016) will be transferred to Tabcorp Gaming and you will receive the Scheme Consideration, notwithstanding that you may not have voted or may have voted against the Scheme.	N/A
When will I be paid?	Payment of the Scheme Consideration is expected to be made on Monday, 21 November 2016.	Section 4.1 sets out further details on the Scheme Consideration.
How will I be paid?	All payments will be made by direct deposit into the bank account you have nominated for dividend payment, as advised to the Intecq Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be by Australian dollar cheque sent to you by post to your registered address as shown on the Register.	Section 4.1 sets out further details on the Scheme Consideration.
Will I have to pay brokerage?	You will not incur any brokerage costs on the disposal of your Intecq Shares to Tabcorp Gaming under the Scheme.	N/A
Do I have to sign anything to transfer my Intecq Shares under the Scheme?	Other than the proxy form to vote at the Scheme Meeting in the event a proxy will attend on your behalf, you do not need to sign anything to transfer your Intecq Shares under the Scheme.	N/A
What happens if the Court does not approve the Scheme or the Scheme does not otherwise become Effective?	If the Scheme is not approved at the Scheme Meeting, or if it is approved at the Scheme Meeting but is not approved by the Court or another condition to the Scheme is not satisfied or waived (where capable of waiver), then the Scheme will not become Effective and will not be implemented. If the Scheme does not become Effective, Scheme Shareholders will not receive the Scheme Consideration but will retain their Intecq Shares. In these circumstances, Intecq will, in the absence of another proposal, continue to operate as a stand-alone company listed on ASX.	Section 4.4 sets out further details on what happens if the Scheme does not become Effective.
When could Intecq be required to pay a break fee?	Intecq may be required to pay a break fee in certain circumstances including: <ul style="list-style-type: none"> the announcement of a Competing Proposal prior to the Sunset Date which is publicly endorsed by the Intecq Directors; the announcement of a Competing Proposal prior to the Sunset Date which is completed at any time prior to the first anniversary of the date of the Scheme Implementation Agreement (being 31 July 2017); any Intecq Director recommends against, withdraws or modifies his favourable recommendation of, the Scheme; or Tabcorp terminates the Scheme Implementation Agreement due to a material breach by Intecq of a material obligation under the Scheme Implementation Agreement which cannot be remedied, or is not remedied within a prescribed time limit or due to the occurrence of a 'prescribed event'. 	Section 9.3(c) of the Scheme Booklet provides further information on the Intecq Break Fee and Section 9.3(a) describes the events that constitute a 'prescribed event'.
What will happen to Intecq if the Scheme becomes Effective?	If the Scheme becomes Effective, Intecq will become a wholly-owned Subsidiary of Tabcorp Gaming, and Intecq will apply for termination of the official quotation of Intecq Shares on ASX and to have itself removed from the official list of ASX.	Section 4.6 of the Scheme Booklet contains further information on what will happen to Intecq if the Scheme becomes Effective.

<p>What do I do if I oppose the Scheme?</p>	<p>If you, as an Intecq Shareholder, oppose the Scheme, you should:</p> <ul style="list-style-type: none"> • attend the Scheme Meeting either in person or by proxy and vote against the Scheme Resolution; and/or • if Intecq Shareholders pass the Scheme Resolution at the Scheme Meeting and you wish to appear and be heard at the Second Court Hearing to oppose the approval of the Scheme, lodge a notice of intention to appear at the Second Court Hearing, attend the hearing and indicate your opposition to the Scheme. 	
<p>Where can I get further information?</p>	<p>For further information, you can call the Intecq Limited Scheme Information Line on 1300 970 086 (within Australia) or +61 1300 970 086 (outside Australia).</p> <p>If you are in doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser.</p>	<p>N/A</p>

3. HOW TO VOTE

3.1 Your vote is important

For the Scheme to become Effective, it is necessary that sufficient Intecq Shareholders vote in favour of the Scheme.

If you are registered as an Intecq Shareholder at 7.00pm (Sydney time) on Wednesday, 26 October 2016, you will be entitled to vote on the Scheme.

3.2 Notice of Scheme Meeting

The Scheme will be voted on by Intecq Shareholders at a meeting to be held at Offices of Whittens & McKeough, Level 29, 201 Elizabeth Street, Sydney NSW 2000 on Friday, 28 October 2016, commencing at 10.30am (Sydney time).

The Notice of Scheme Meeting is contained in Annexure 1 to this Scheme Booklet.

3.3 Procedure

You may vote on the Scheme by attending the Scheme Meeting in person, by proxy, by attorney or, in the case of an Intecq Shareholder which is a corporation, by corporate representative.

Information on how to vote is contained in the Notice of Scheme Meeting attached as Annexure 1 to this Scheme Booklet.

If you are in favour of the Scheme, you should vote in favour of the Scheme.

The Scheme will not proceed unless the Scheme is approved by the requisite majority of Intecq Shareholders.

3.4 Voting entitlement

Each Intecq Shareholder who is registered on the Register at 7.00pm (Sydney time) on Wednesday, 26 October 2016, is entitled to attend and vote at the Scheme Meeting, in person, by proxy, by attorney or, in the case of an Intecq Shareholder which is a corporation, by its representative appointed in accordance with the Corporations Act.

Information on entitlements to vote, including if you are a joint holder of Intecq Shares, is contained in the Notice of Scheme Meeting which is attached as Annexure 1 to this Scheme Booklet.

4. OVERVIEW OF THE SCHEME

4.1 Scheme Consideration

If the Scheme is approved and implemented, each Scheme Shareholder will receive from Tabcorp Gaming A\$7.15 in cash as Scheme Consideration for every Intecq Share held as at the Scheme Record Date.

Payments will be made by direct deposit into each Scheme Shareholder's nominated bank account for dividend payment, as advised to the Intecq Registry as at the Scheme Record Date. If a Scheme Shareholder has not nominated a bank account, payment will be made by Australian dollar cheque.

Payment of the Scheme Consideration will be made on the Implementation Date, currently expected to be 21 November 2016.

4.2 Intecq Directors' recommendation

The Intecq Directors unanimously recommend that Intecq Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

The Intecq Directors believe that the reasons for Intecq Shareholders to vote in favour of the Scheme significantly outweigh the reasons to vote against the Scheme. See Section 1.1 for key reasons to vote in favour of the Scheme and other relevant considerations for Intecq Shareholders.

4.3 Key steps in the Scheme

(a) Scheme approval requirements

The Scheme will only become Effective and be implemented if it is:

- agreed to by the requisite majorities of Intecq Shareholders at the Scheme Meeting to be held on Friday, 28 October 2016; and
- approved by the Court at the Second Court Hearing.

Agreement by Intecq Shareholders requires the Scheme Resolution to be agreed by:

- a majority in number (more than 50%) of Intecq Shareholders present and entitled to vote at the Scheme Meeting (either in person or by proxy); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Intecq Shareholders present and entitled to vote at the Scheme Meeting (either in person or by proxy).

In the event that:

- the Scheme is agreed to by the requisite majorities of Intecq Shareholders at the Scheme Meeting; and
- all other Conditions Precedent (except Court approval of the Scheme) have been satisfied or waived (where capable of waiver),

then Intecq will apply to the Court for orders approving the Scheme.

Each Intecq Shareholder has the right to appear at the Second Court Hearing.

(b) Effective Date

If the Court approves the Scheme and all other Conditions Precedent have been satisfied or waived (where capable of waiver), the Scheme will become Effective on the date when a copy of the Court order approving the Scheme is lodged with ASIC. Intecq will, on the Scheme becoming Effective, give notice of that event to ASX.

Intecq intends to apply to ASX for Intecq Shares to be suspended from official quotation on ASX from close of trading on the date the Scheme becomes Effective.

(c) Scheme Record Date

Those Intecq Shareholders on the Register on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on Monday, 14 November 2016) will be entitled to receive the Scheme Consideration in respect of the Intecq Shares they hold as at the Scheme Record Date.

i. Dealings on or prior to the Scheme Record Date

For the purpose of determining which Intecq Shareholders are eligible to participate in the Scheme, dealings in Intecq Shares will be recognised only if:

- in the case of dealings of the type effected using CHES, the transferee is registered in the Register as the holder of the relevant Intecq Shares on or before the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on Monday, 14 November 2016); and
- in all other cases, share transfer forms in registrable form or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the Intecq Registry by 5.00pm on the Scheme Record Date at the place where the Register is kept.

For the purposes of determining entitlements under the Scheme, Intecq will not accept for registration or recognise any transfer or transmission application or other request in respect of Intecq Shares received after such times.

ii. Dealings after the Scheme Record Date

For the purpose of determining entitlements to the Scheme Consideration, Intecq must maintain the Register, or cause the Intecq Share Registry to maintain the Register, in its form as at the Scheme Record Date (currently expected to be Monday, 14 November 2016) until the Scheme Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for Intecq Shares will cease to have effect as documents relating to title in respect of such Intecq Shares; and
- each entry on the Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Intecq Shares relating to that entry.

(d) No Dividends

The Intecq Board will not declare or pay any dividends prior to the implementation of the Scheme. In the event the Scheme does not become Effective, the Intecq Board will then assess whether or not a dividend should be declared and paid.

(e) Implementation Date

The Implementation Date is the fifth Business Day after the Scheme Record Date.

No later than the Business Day before the Implementation Date, Tabcorp Gaming must deposit into a trust account nominated by Intecq the aggregate Scheme Consideration payable to Scheme Shareholders.

On the Implementation Date, which is currently expected to be Monday, 21 November 2016, Intecq will pay the Scheme Consideration from that trust account to Scheme Shareholders.

Immediately after the payment of the Scheme Consideration is made to Scheme Shareholders, the Scheme Shares will be transferred to Tabcorp Gaming without Scheme Shareholders needing to take any further action.

(f) Deed Poll

Tabcorp and Tabcorp Gaming have executed the Deed Poll pursuant to which:

- Tabcorp Gaming has undertaken in favour of each Scheme Shareholder to deposit (and Tabcorp has undertaken in favour of each Scheme Shareholder to procure the deposit by Tabcorp Gaming of) an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders into a trust account for the benefit of the Scheme, subject to the Scheme becoming Effective; and
- Tabcorp and Tabcorp Gaming have undertaken in favour of each Scheme Shareholder to perform their obligations under the Scheme.

A copy of the Deed Poll is contained in Annexure 3 to this Scheme Booklet.

4.4 If the Scheme does not become Effective

If the Scheme does not become Effective, Intecq Shareholders will not receive the Scheme Consideration but will retain their Intecq Shares.

In the absence of any alternative or competing proposal to the Scheme, Intecq will continue to operate as a stand-alone company listed on ASX. Intecq Shareholders will be exposed to the risks relating to Intecq's business, as set out in Section 6.

In the absence of an alternative proposal which is similar or superior to the Scheme, it is likely that the price at which Intecq Shares trade will fall.

Depending on the reasons why the Scheme does not become Effective, Intecq may be liable to pay the Intecq Break Fee.

Information on the Intecq Break Fee is set out in Section 9.3(c).

Prior to the Scheme Meeting, transaction costs will have been incurred, or will be committed, by Intecq in relation to the Scheme.

Those transaction costs have either already been paid, or will be payable by Intecq regardless of whether or not the Scheme is implemented. If the Scheme becomes Effective, additional costs will be incurred by Intecq.

If the Scheme does not become Effective, Intecq may declare and pay a dividend. If the Scheme does not become Effective the Intecq Board will assess whether or not such a dividend should be declared and paid at the time of making that assessment.

4.5 Warranties by Intecq Shareholders

The Scheme provides that each Scheme Shareholder is taken to have warranted to Intecq, and Tabcorp Gaming on the Implementation Date, and appointed and authorised Intecq as its attorney and agent to warrant to Tabcorp Gaming on the Implementation Date, that all their Intecq Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Intecq Shares to Tabcorp Gaming together with any rights and entitlements attaching to those shares.

4.6 Delisting of Intecq

On a date after the Implementation Date to be determined by Tabcorp, Intecq must apply:

- for termination of the official quotation of Intecq Shares on ASX; and
- to have itself removed from the official list of ASX.

5. INFORMATION ABOUT INTECQ

5.1 Introduction

Intecq is a leading gaming technology company that develops and markets a range of networked solutions for electronic gaming machines, including gaming management and loyalty systems, licensed monitoring operator services and business intelligence tools and expertise. Intecq provides products and services to over 1,200 venues, which operate more than 73,000 electronic gaming machines across Australia and parts of the Asia-Pacific region. Intecq's proprietary technology allows clubs to monitor customer activity, provide payment systems and benchmark performance within the industry.

Intecq has been listed on ASX since 1999. As at 22 September 2016, Intecq had a market capitalisation of \$A125 million. The Company had A\$53 million in total revenue during the twelve month ended 30 June 2016.

5.2 Overview of operations

Intecq provides services across two main divisions:

- **Gaming Systems Division (Gaming Sales):** Developing and marketing of stand-alone and integrated gaming systems and business solutions. The product offerings include player tracking, gaming machine management, card-based gaming, loyalty systems and network solutions that enhance the efficiency and profitability of gaming operations. This division also includes data analytics, data visualisation and data trend analysis services. Revenue is derived or generated from system sales to new venues, system upgrades to new products and the introduction of new functionality into the venues.
- **Gaming Operations Division:** Encompasses the revenue associated with ongoing service contracts arising from system sales recorded in gaming systems. It provides monitoring, software support and licencing services to its customers.

5.3 Intecq Board

Mr Paul Oneile	Chairman
Mr Anthony Toohey	Executive Deputy Chairman
Mr Michael Hale	Non-Executive Director
Mr Ian James	Non-Executive Director
Dr Allan Sullivan	Non-Executive Director
Mr Simon Kelly	Non-Executive Director

5.4 Intecq senior management

Mr Peter Walford	Acting Chief Executive Officer, Chief Operating Officer
Mr Robert Fredericks	Chief Financial Officer
Mr Glenn Jelfs	Group HR & WHS Manager
Mr Mark Anderson	General Manager of Odyssey Gaming

5.5 Intecq Directors' intentions

Each Intecq Director intends to vote in favour of the Scheme at the Scheme Meeting to be held on 28 October 2016 in relation to the Intecq Shares held or controlled by them in the absence of a Superior Proposal. Details of the Relevant Interests of each Intecq Director in Intecq Securities are set out in Section 9.1.

The Corporations Regulations require a statement by the Intecq Directors of their intentions regarding Intecq's business. If the Scheme is implemented, the current Intecq Directors will resign and an alternative board will be determined by Tabcorp Gaming. It is for the reconstituted Intecq Board to determine its intentions as to

- i. the continuation of Intecq's business or how Intecq's business will be conducted;
- ii. any major changes to be made to the business of Intecq, including any redeployment of fixed assets of Intecq; and
- iii. the future employment of the present employees of Intecq.

If the Scheme becomes Effective, Tabcorp Gaming will have 100% ownership and control of Intecq. The current intentions of Tabcorp and Tabcorp Gaming with respect to these matters are set out in Section 7.7.

If the Scheme does not become Effective, the Intecq Directors intend to continue to operate Intecq's business in the ordinary course of the business.

5.6 Recent share price history

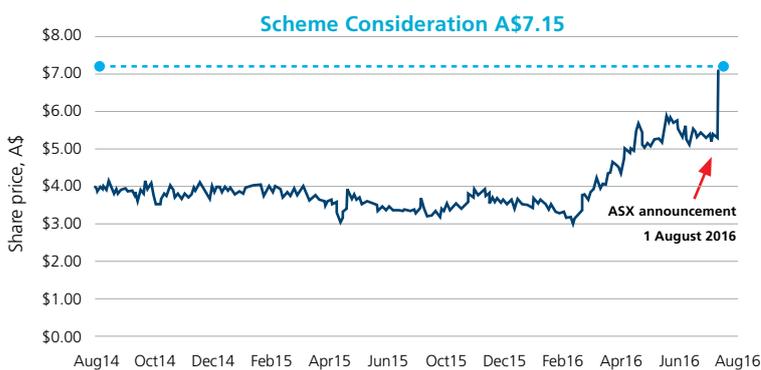
The closing price of Intecq Shares on ASX on 29 July 2016 (being the last trading day prior to the announcement that Intecq had entered into the Scheme Implementation Agreement with Tabcorp) was \$5.44. The closing price for Intecq Shares on ASX on 22 September 2016, the last trading day before the date of this Scheme Booklet, was A\$6.98.

During the three months ending 29 July 2016:

- the highest recorded daily closing price for Intecq Shares on ASX was \$5.99 on 30 May 2016;
- the lowest recorded daily closing price for Intecq Shares on ASX was \$5.12 on 28 June 2016; and
- the volume weighted average ASX share price of Intecq Shares was A\$5.40.

The chart below shows Intecq's share price performance over the 24 months to 1 August 2016, being the date of announcement of the Scheme Implementation Agreement.

Figure 2: Intecq Share 2 year price performance



Source: IRESS as at 1 August 2016

5.7 Historical financial information

This Section 5.7 sets out certain financial information in relation to Intecq for the purpose of this Scheme Booklet. The financial information has been extracted from Intecq's audited financial statements for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016.

The financial information contained in this Section has been presented in an abbreviated form and does not contain all of the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

Intecq's full financial accounts, including all notes to those accounts, can be found in:

- The Intecq Appendix 4E and 2016 Financial Report (released to ASX on 22 August 2016).
- The Intecq Appendix 4E and 2015 Financial Report (released to ASX on 20 August 2015).
- The Intecq Appendix 4E and 2014 Financial Report (released to ASX on 25 August 2014).

Intecq's financial reports for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 were audited in accordance with applicable Australian Accounting Standards. The audit opinions relating to those financial reports were unqualified.

These documents are available from:

- ASX on its website at www.asx.com.au; and
- Intecq on its website at www.intecqlimited.com.

(a) Consolidated income statement

The audited historical consolidated statement of profit or loss and other comprehensive income of Intecq for the years ended 30 June 2014, 30 June 2015 and 30 June 2016, which have been extracted from the relevant Annual Financial Reports of Intecq, are summarised below.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June

(A\$'000)	Consolidated Entity		
	2014	2015	2016
Sales Revenue	40,135	50,968	52,628
Cost of sales	(12,038)	(16,757)	(16,576)
Gross Profit	28,097	34,211	36,052
Other revenue	118	265	218
Consulting expenses	(972)	(896)	(702)
Depreciation and amortisation	(3,984)	(4,395)	(4,011)
Employee benefit expense	(13,861)	(16,182)	(17,076)
Occupancy expense	(1,307)	(1,306)	(1,404)
Sales related expenses	(960)	(1,046)	(1,254)
Other expenses	(3,938)	(4,492)	(4,059)
Results from operating activities	3,193	6,159	7,764
Financial income	564	375	914
Financial expense	(133)	(478)	(103)
Net financing (expense) / income	431	(103)	811
Profit before income tax	3,624	6,056	8,575
Income tax benefit / (expense)	(715)	2,876	(2,417)
Profit after tax for the year	2,909	8,932	6,158
Other comprehensive income	-	-	-
Other comprehensive income for the year	-	-	-
Total other comprehensive income for the year	2,909	8,932	6,158
Profit for the year attributable to members of the parent entity	2,909	8,932	6,158
Total comprehensive income attributable to members of the parent entity	2,909	8,932	6,158
Earnings per share:			
Basic earnings per share (cents per share)	18.98	51.11	34.92
Diluted earnings per share (cents per share)	18.98	50.73	34.39

(b) Consolidated balance sheet

The audited Consolidated Statement of Financial Position of Intecq as at 30 June 2014, 30 June 2015 and 30 June 2016, which have been extracted from the relevant Annual Financial Reports of Intecq, are presented below.

Consolidated Statement of Financial Position
as at 30 June

(A\$'000)	Consolidated Entity		
	2014	2015	2016
Current Assets			
Cash and cash equivalents	2,457	5,313	13,814
Financial Assets	-	2,391	-
Trade and other receivables	12,183	15,109	11,561
Inventories	5,433	8,865	8,243
Other current assets	464	540	406
Total Current Assets	20,537	32,218	34,024
Non-Current Assets			
Trade and other receivables	1,189	257	3,592
Property, plant and equipment	3,570	2,895	2,983
Deferred tax assets	258	3,335	1,972
Intangible assets	14,243	17,077	15,756
Total Non-Current Assets	19,260	23,564	24,303
Total Assets	39,797	55,782	58,327
Current Liabilities			
Trade and other payables	7,351	7,015	5,278
Borrowings	1,595	892	5
Provisions	1,445	2,081	2,104
Derivative financial instruments	7	-	-
Other current liabilities	3,763	4,408	4,737
Current tax payable	-	253	1,160
Total Current Liabilities	14,161	14,649	13,284
Non-Current Liabilities			
Trade and other payables	35	497	-
Borrowings	897	5	-
Provisions	573	381	265
Other non-current liabilities	408	296	324
Total Non-Current Liabilities	1,913	1,179	589
Total Liabilities	16,074	15,828	13,873
Net Assets	23,723	39,954	44,454
Equity			
Share Capital	50,853	57,803	57,842
Reserves	282	349	1,121
Accumulated losses	(27,412)	(18,198)	(14,509)
Total Equity	23,723	39,954	44,454

(c) Consolidated cash flow statement

The audited Consolidated Statement of Cash Flows of Intecq for the years ended 30 June 2014, 30 June 2015 and 30 June 2016, which have been extracted from the relevant Annual Financial Reports of Intecq, are summarised below.

Consolidated Statement of Cash Flows

for the year ended 30 June

(A\$'000)	Consolidated Entity		
	2014	2015	2016
Cash Flows from Operating Activities			
Receipts from customers	37,978	49,771	52,707
Payments to suppliers and employees	(34,788)	(44,306)	(39,564)
Interest received	564	375	914
Interest and other costs of finance paid	(133)	(478)	(103)
Income Taxes Paid	-	-	(145)
Net cash provided by operating activities	3,621	5,362	13,809
Cash Flows from Investing Activities			
Payments for purchases of property, plant and equipment	(1,602)	(1,110)	(1,628)
Payments for software development and other intangibles	(1,055)	(1,049)	(1,172)
Payments for investments	-	(2,391)	-
Net cash outflow on acquisition of Flexinet business	-	(2,800)	(1,500)
Net cash outflow on acquisition of IDOL business	-	-	(39)
Proceeds from sale of property, plant and equipment	-	23	25
Net cash outflow on acquisition of subsidiaries	(362)	-	-
Proceeds from maturity of investments	-	-	2,391
Net cash used in investing activities	(3,019)	(7,327)	(1,923)
Cash Flows from Financing Activities			
Proceeds from issuing shares	-	7,969	39
Payment of capital return to shareholders	-	(1,058)	-
Dividend paid during the year	(536)	(843)	(2,469)
Repayment of borrowings	(1,285)	(1,588)	(892)
Net cash provided by / (used in) financing activities	(1,821)	4,480	(3,322)
Net increase / (decrease) in cash held	(1,219)	2,515	8,564
Effects of exchange rate changes on cash and cash equivalents	-	7	-
Cash held at beginning of the financial year	3,047	1,828	4,350
Cash and cash equivalents at the end of the financial year	1,828	4,350	12,914

5.8 Capital structure

As at the date of this Scheme Booklet, 17,862,089 Intecq Shares are on issue.

5.9 Material changes to Intecq's financial position since 30 June 2016

Other than the accumulation of profits in the ordinary course of trading or as otherwise disclosed to ASX by Intecq, within the knowledge of Intecq, the financial position of Intecq has not materially changed since 30 June 2016, being the date of the Intecq full year 2016 financial report.

A copy of the Intecq full year 2016 financial report was released on ASX announcement platform on 30 August 2016 and is available free of charge on the Company's website <http://www.intecqlimited.com/investor-relations/financial-reports/> or by contacting the Intecq Limited Scheme Information Line on 1300 970 086 (within Australia) or +61 1300 970 086 (outside Australia).

5.10 Public information available for inspection

Intecq is listed on ASX. As such, Intecq is a disclosing entity for the purpose of the Corporations Act and is subject to regular reporting and disclosure obligations. As a company listed on ASX, Intecq is subject to the Listing Rules which require (subject to certain exceptions) continuous disclosure to the market of any information of which Intecq is aware that a reasonable person would expect to have a material effect on the price or value of its Intecq Shares. A list of ASX announcements by Intecq is available at the ASX website.

ASIC also maintains a record of documents lodged with it by Intecq, and these may be obtained from or inspected at any office of ASIC. Information is also available on Intecq's website at www.intecqlimited.com.

Intecq's latest Annual Reports and associated ASX announcements are also available on Intecq's website at <http://www.intecqlimited.com/investor-relations/financial-reports/>, and <http://www.intecqlimited.com/investor-relations/asx-announcements/> respectively.

6. RISK FACTORS

6.1 Introduction

In considering the Scheme, you should be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of Intecq, the value of the Intecq Shares and future dividends. These risks will only continue to be relevant to you if the Scheme does not become Effective and you retain your current investment in Intecq.

If the Scheme becomes Effective and you are a Scheme Shareholder, you will receive the Scheme Consideration, you will cease to be an Intecq Shareholder and you will also no longer be exposed to the risks set out below.

Before deciding how to vote in relation to the Scheme, you should have a sufficient understanding of these matters and should consider whether continuing to hold Intecq Shares is appropriate for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Scheme Booklet or are in any doubt as how to vote in relation to the Scheme, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding how to vote.

This Section 6 describes potential risks associated with Intecq's business and risks associated with continuing to hold Intecq Shares. It does not purport to list every risk that may be associated with an investment in Intecq Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section may be partially or completely outside the control of Intecq, its Directors and senior management team.

6.2 General risks

As with other entities with listed ordinary shares on ASX, the market price of Intecq is influenced by a variety of general business cycles and economic and political factors in Australia, including economic growth, interest rates, inflation, employment levels, changes in government fiscal, monetary and regulatory policy and changes to accounting or financial reporting standards. In addition to these factors, deterioration of general economic conditions, the Australian and overseas stock markets, natural disasters and catastrophic events may also affect Intecq's operating environment, operational performance, reputation, financial performance and/or financial position.

6.3 Specific risk factors relating to Intecq

a. Competition

Intecq will face competition, including from new competitors and aggressive competition from incumbents. The existence of such competition may have an adverse impact on Intecq's business. Intecq's competitors include large domestic and international manufacturers of electronic gaming machines (EGMs) and gaming systems software providers that are increasingly focussed on the Australian club, hotel and casino industry. The competitors may take market share, which would be likely to put pressure on margins and Intecq's growth prospects.

b. Future activities

Intecq's financial and operational goals include being able to deliver acceptable financial returns to its shareholders. In order to be able to deliver on this goal, Intecq intends to pursue a number of strategic initiatives. These initiatives may include the expenditure of a material amount of capital funds, the acquisition of new businesses and divestment of current businesses, expansion into new product categories and territories, the exit from existing businesses, markets, categories or contracts, and investment in new technologies. Whilst such projects will be subject to rigorous evaluation and financial assessment, as well as executive management and board approval, one or more of these future initiatives, if implemented, may be unsuccessful and result in a loss of earnings, loss of asset value or loss of reputation, which could have a material adverse impact on the financial performance of Intecq.

c. Relationships with major customers

Intecq provides services to a number of large customers, including hotels, clubs and casinos. Some of these large customers currently have strong, or could develop stronger, negotiating positions with suppliers due to their size and scale. In the event that a major customer of Intecq was to materially change its contract terms or change suppliers, Intecq's market share and/or profit margins may be adversely impacted, thereby having an adverse impact on its financial performance.

d. Technology risk

Intecq and its customers are dependent on the performance, reliability and availability of Intecq's technology platforms and global communications systems (including servers and hosting services). Inherent in Intecq's business is the challenge

and risk of meeting continuously advancing technology in order to provide its customers with products supported by the latest technology available.

There is also a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, “bugs” or “worms”, malware, internal or external misuse or other disruptions including natural disasters, power outages or other similar events.

Certain of these events may be caused by events outside of Intecq’s control, and may lead to prolonged disruption to Intecq’s information technology platform, or operational or business delays and damage to Intecq’s reputation. This could potentially lead to a loss of customers, legal claims by customers and an inability to attract new customers, any of which could materially adversely impact our financial performance.

e. Regulatory risk and changes in law

Intecq operates in a highly regulated industry with significant penalties for non-compliance with regulations, including fines and enforceable undertakings that may include restrictions on future operations.

Any regulatory change, event or enforcement action which would impact Intecq’s business activities could have a material adverse impact on Intecq’s growth prospects and future financial performance.

f. Licences and authorisations

The Intecq Group holds a number of licence agreements and authorisations that are necessary for it to provide services in Victoria, New South Wales, Tasmania and Queensland. If a member of the Intecq Group fails to comply with the conditions or obligations of any other licence or authorisation, this could result in the suspension or cancellation of the licence or authorisation which could have a material adverse effect on its business.

g. Failure to protect intellectual property rights

The value of Intecq’s products is dependent on its ability to protect its intellectual property, including business processes and know-how, copyrights and trademarks. There is a risk that Intecq may be unable to detect the unauthorised use of its intellectual property rights in all instances. Further, actions which Intecq takes to protect its intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of its intellectual property and proprietary information. Breach of Intecq’s intellectual property may result in the need for it to commence legal action (such as infringement or administrative proceedings) which could be costly, time consuming and potentially difficult to enforce in

certain jurisdictions, and may ultimately prove unfavourable. Intecq’s failure to protect its intellectual property rights could have an adverse impact on Intecq’s operations and financial performance.

h. Breach of third party intellectual property rights

There is a risk that third parties may allege that Intecq’s products use intellectual property derived by them or from their products without their consent or permission. Intecq may be the subject of claims which could result in disputes or litigation, which could result in liability for monetary damages, cause delays and increase costs, which in turn could have an adverse impact on Intecq’s operations, reputation and financial performance.

i. Litigation risk

Like any business, disputes or litigation may arise from time to time in the course of the business activities of the Intecq Group. There is a risk that any material or costly dispute or litigation could adversely affect the Intecq Group’s reputation, financial performance or share price.

j. Taxation risks

A change to the current taxation regime may affect Intecq and Scheme Shareholders. Personal tax liabilities are the responsibility of each individual Scheme Shareholder. Intecq is not responsible for taxation or penalties incurred by Scheme Shareholders.

k. Sovereign risk

Intecq operates a small business development office in Malaysia which provides products and services to a number of international gaming operations in a number of overseas territories including operations in Philippines, Vietnam and India in addition to its operations in Australia. A change in the Laws, regulations or policies in one or more of any of those jurisdictions could adversely impact the net assets or profitability of those businesses.

l. Industrial action

A relatively small proportion of Intecq’s employees are members of unions. Intecq and the unions representing its employees periodically engage in contractual negotiations. Intecq considers that it has good relations with the unions representing its employees and there is no current expectation that operations will be disrupted by any industrial action in the foreseeable future. However, if the parties are unable to reach agreement in the negotiation of new contractual arrangements, or any other dispute arises, it may eventually lead to periods of industrial action. Sustained periods of industrial action may have an adverse impact on the operations and financial performance of Intecq.

7. INFORMATION ABOUT TABCORP AND TABCORP GAMING

7.1 Introduction

The information contained in this Section 7 has been prepared by Tabcorp. The information concerning Tabcorp and its group companies and the intentions, views and opinions contained in this Section 7 are the responsibility of Tabcorp. Intecq and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

7.2 Overview of Tabcorp's operations

a. General

Tabcorp is a leading Australian gambling entertainment company and one of the largest publicly listed gambling businesses in the world. Tabcorp is a leader in the Australian wagering, racing media, gaming services and Keno industries, with operations spread throughout Victoria, New South Wales (NSW), Queensland (QLD), the Northern Territory (NT) and the Australian Capital Territory (ACT). Tabcorp is one of the top 100 listed companies on ASX (based on market capitalisation), with a market capitalisation of approximately A\$3.8 billion as at 30 June 2016.

Tabcorp's three businesses of Wagering and Media, Gaming Services and Keno employ more than 3,000 people. For the 12 months to 30 June 2016, Tabcorp generated from its three businesses total revenue of A\$2,188.7 million, A\$515.8 million in earnings before interest, taxes, depreciation and amortisation (before significant items) and A\$185.9 million in net profit after income tax (before significant items).

b. Overview of Tabcorp's business

Figure 3 below summarises Tabcorp's key businesses and brands and is followed by a summary of each of the key businesses.

Figure 3: Summary of Tabcorp's key businesses and brands



i. Wagering and Media

TAB

Members of the Tabcorp Group hold licences issued under Victorian, NSW and ACT legislation that enable them to conduct totalizator and fixed odds wagering on a range of betting products. Customers can bet at 'TAB' retail outlets, online, via mobile devices, by phone and at metropolitan and country racetracks.

The Tabcorp Group conducts an unincorporated 50:50 joint venture with VicRacing Pty Ltd (VicRacing) in relation to activities conducted under the Victorian wagering and betting licence held by a Tabcorp Group Member.

Members of the Tabcorp Group are party to arrangements with, among others, Racingcorp Pty Limited (NSW Racing) which entitles NSW Racing to a share of wagering revenue and wagering earnings generated pursuant to the NSW totalizator licences held by the relevant Tabcorp Group Member.

Luxbet

Luxbet is a racing and sports bookmaking service operated by a Tabcorp Group Member and based in the NT.

Trackside

Trackside is a computer simulated racing product operating in Victoria, NSW and the ACT, and is licensed in other Australian and overseas jurisdictions.

Sky Racing and Sky Sports Radio

Sky Racing and Sky Sports Radio offer live television and radio coverage of thoroughbred, greyhound and harness racing to audiences in TAB outlets, hotels, clubs, other licensed venues, and into homes to pay television subscribers.

Other

A member of the Tabcorp Group has a 50% interest in the Premier Gateway International (PGI) joint venture in the Isle of Man, which provides wagering services for PGI customers and pooling services to the Tabcorp Group.

A member of the Tabcorp Group has a partnership agreement with News UK to operate 'Sun Bets', an online wagering and gaming business in the United Kingdom and Ireland. The agreement is structured as a revenue share arrangement, and has an initial term of 10 years (subject to the terms of the agreement).

ii. Gaming Services

Tabcorp Gaming Solutions (TGS) operates across NSW and Victoria. TGS provides a mix of gaming expertise, specialised services, strategic advice and financing to licensed gaming venues, with the aim of optimising gaming and total venue performance.

iii. Keno

Members of the Tabcorp Group hold licences or approvals issued under Victorian, QLD, ACT and NSW legislation, to operate Keno in licensed venues and TABs in Victoria, QLD and the ACT, and in licensed venues in NSW, respectively. In NSW, the relevant licence is jointly held with Club Keno Holdings Pty Ltd (a subsidiary of ClubsNSW).

7.3 Tabcorp Board

The Tabcorp Board as at the date of this Scheme Booklet is comprised of the following members:

Paula Dwyer

Chairman and Non Executive Director

Ms Dwyer is Chairman of the Tabcorp Board and has served as a Non Executive Director of Tabcorp since August 2005. Ms Dwyer is currently the Chairman of Healthscope Limited and a Director of Australia and New Zealand Banking Group Limited and Lion Pty Ltd and a Member of the Kirin Holdings International Advisory Board.

Ms Dwyer was formerly a Director of Leighton Holdings Limited, Suncorp Group Limited, Foster's Group Limited, David Jones Limited and Astro Japan Property Group Limited. Ms Dwyer was also a member of the Australian Securities and Investments Commission External Advisory Panel, the Victorian Casino and Gaming Authority, and of the Victorian Gaming Commission from 1993 to 1995. Ms Dwyer had an executive career in finance, holding senior positions in investment management, investment banking and chartered accounting.

David Attenborough

Managing Director and Chief Executive Officer

Mr Attenborough has served as Managing Director and Chief Executive Officer of Tabcorp since June 2011, previously holding the position of Managing Director – Wagering since April 2010. Mr Attenborough is also currently a Director of the Australasian Gaming Council.

Mr Attenborough was previously the Chief Executive Officer (South Africa) of Phumelela Gaming and Leisure Limited and prior to this held several senior executive positions with British bookmaking company Ladbrokes (formerly part of the Hilton Group Plc).

Elmer Funke Kupper

Non Executive Director (on leave of absence)

Mr Funke Kupper served as Tabcorp's Chief Executive, Australian Business from February 2006 until September 2007, at which point he began serving as Managing Director and Chief Executive Officer of Tabcorp, until June 2011. Mr Funke Kupper has been a Non Executive Director of Tabcorp since June 2012.

Mr Funke Kupper was Managing Director and Chief Executive Officer of ASX Limited from October 2011 to March 2016 and he has held several senior executive positions with Australia and New Zealand Banking Group Limited. Prior to this, Mr Funke Kupper was a senior management consultant with McKinsey & Company and AT Kearney.

Steven Gregg

Non Executive Director

Mr Gregg has served as a Non Executive Director of Tabcorp since July 2012. Mr Gregg is currently a Director of Caltex Australia Limited, Challenger Limited and William Inglis & Son Limited. Mr Gregg is also a member of the Grant Samuel non-executive Advisory Board, Trustee of the Australian Museum Trust and a Director of The Lorna Hodgkinson Sunshine Home.

Mr Gregg is the former Chairman of Goodman Fielder Limited and of Austock Group Limited. Mr Gregg had an executive career in investment banking and management consulting, including as Global Head of Investment Banking and CEO at ABN Amro Bank, and Partner and Senior Adviser to McKinsey & Company.

Jane Hemstritch

Non Executive Director

Mrs Hemstritch has served as a Non Executive Director of Tabcorp since November 2008. Mrs Hemstritch is currently a Director of Telstra Corporation Limited and Lend Lease Group and a non-executive member of the Herbert Smith Freehills Global Council, Chairman of Victorian Opera Company Limited, and a Member of the Council of the National Library of Australia.

Mrs Hemstritch was formerly a Director of Santos Limited and the Commonwealth Bank of Australia. Mrs Hemstritch was also Managing Director – Asia Pacific for Accenture Limited where she was a member of Accenture's global executive leadership team and managed its business portfolio in Asia Pacific spanning twelve countries.

Justin Milne

Non Executive Director

Mr Milne has served as a Non Executive Director of Tabcorp since August 2011. Mr Milne is currently the Chairman of MYOB Group Limited and of NetComm Wireless Limited. Mr Milne is also a Director of NBN Co Limited, Members Equity Bank Limited and SMS Management and Technology Limited.

Mr Milne was formerly the Chairman of pieNETWORKS Limited, a Director of Basketball Australia Limited and Chief Executive Officer of OzEmail and The Microsoft Network (Australia) operated by Microsoft Corporation. Mr Milne had an executive career in telecommunications, marketing and media. Mr Milne was Group Managing Director of Telstra's broadband and media businesses from 2002 to 2010, and headed up Telstra's BigPond New Media businesses in China.

Zygmunt Switkowski AO

Non Executive Director

Dr Switkowski has served as a Non Executive Director of Tabcorp since October 2006. Dr Switkowski is currently the Chairman of Suncorp Group Limited and Chairman of NBN Co Limited. Dr Switkowski is also a Director of Oil Search Limited and Healthscope Limited, and Chancellor of the Royal Melbourne Institute of Technology.

Dr Switkowski is a former Director of Lynas Corporation Limited and former Chairman of the Australian Nuclear Science and Technology Organisation and of Opera Australia. From 1999 to 2005, Dr Switkowski was the Chief Executive Officer and Managing Director of Telstra Corporation Limited and he has held the position of Chief Executive Officer of Optus Communications. Dr Switkowski also worked for Kodak (Australasia) for 18 years, serving as the Chairman and Managing Director from 1992 to 1996.

Proposed Tabcorp Directors

In addition to the above members of the Tabcorp Board, on 3 August 2016, Tabcorp announced the proposed appointment of Mr Bruce Akhurst and Ms Vickki McFadden as Non Executive Directors of Tabcorp, subject to the receipt of the necessary regulatory and ministerial approvals. In the meantime, Mr Akhurst and Ms McFadden will act as observers on the Tabcorp Board from 1 September 2016.

Further information about Mr Akhurst and Ms McFadden is set out below.

Bruce Akhurst

Mr Akhurst is currently the Executive Chairman of Adstream and serves as a Director of Paul Ramsay Holdings Pty Ltd and the State Library of Victoria, and is a Council Member of RMIT University. Mr Akhurst was CEO of Sensis Pty Ltd from

2005 to 2012 and a Director and Chairman of FOXTEL. Mr Akhurst also spent seven years as Group Managing Director and Group General Counsel at Telstra and prior to that was a Partner at Mallesons Stephen Jacques.

Vickki McFadden

Ms McFadden is currently Chairman of Eftpos Australia Payments Pty Ltd, President of the Takeovers Panel and a Non Executive Director of Myer Family Investments Pty Ltd. Ms McFadden was Chairman of Skilled Group prior to its acquisition by Programmed Maintenance Services Limited in 2015, and was previously a Non Executive Director of Leighton Holdings Limited. Prior to this, Ms McFadden was Managing Director, Investment Banking at Merrill Lynch (Australia) Pty Ltd. Ms McFadden is also a member of Chief Executive Women and a member of the advisory board and executive committee of the UNSW Business School.

7.4 Overview of Tabcorp Gaming

Tabcorp Gaming is an Australian proprietary company and was incorporated on 4 May 2009. Tabcorp Gaming is a wholly-owned Subsidiary of Tabcorp and is the holding company of a number of Tabcorp Group Members, including Subsidiaries that are Keno operators or the providers of certain gaming services. Certain of these Subsidiaries hold Keno or other relevant gambling related licences in certain jurisdictions across Australia.

The Board of Directors of Tabcorp Gaming as at the date of this Scheme Booklet comprises the following members:

David Attenborough

Director

Mr Attenborough has served as a Director of Tabcorp Gaming since 1 March 2012. Mr Attenborough is currently the Managing Director and Chief Executive Officer of Tabcorp. Refer to Section 7.3 of this Scheme Booklet for further information about Mr Attenborough.

Damien Johnston

Director

Mr Johnston has served as a Director of Tabcorp Gaming since 1 March 2012. Mr Johnston joined Tabcorp in September 2003 and has held the position of Chief Financial Officer since June 2011. Prior to this appointment, Mr Johnston was Tabcorp's Deputy Chief Financial Officer, being responsible for Tabcorp's Corporate Finance function including Treasury and Investor Relations.

Mr Johnston previously had a 21 year career with BHP Billiton with key finance roles in both Australia and Asia. These included both operational finance and corporate roles. Mr Johnston is a member of CPA Australia.

7.5 Rationale for Tabcorp's proposed acquisition of Intecq

Tabcorp views the acquisition of Intecq as an opportunity to strengthen its gaming services business. Tabcorp considers that the acquisition of Intecq, if the Scheme becomes Effective, will:

a. Diversify and complement Tabcorp's current product offerings

Intecq's business is complementary to Tabcorp's existing gaming services business. If the Scheme becomes Effective, it will allow Tabcorp to provide Intecq's gaming and management systems and related services as in-house solutions.

b. Create a platform for expansion

The integration of Intecq's business into Tabcorp's business will increase the scale of Tabcorp's gaming services offering across Australia.

7.6 Funding arrangements for the Scheme Consideration

The Scheme Consideration is 100% cash.

Under the terms of the Deed Poll, Tabcorp Gaming has undertaken in favour of each Scheme Shareholder to deposit (and Tabcorp has undertaken in favour of each Scheme Shareholder to procure the deposit by Tabcorp Gaming of) the Scheme Consideration into a trust account for the benefit of the Scheme Shareholders no later than the Business Day before the Implementation Date, conditional upon, among other things, the Scheme becoming Effective.

If the Scheme becomes Effective, each Scheme Shareholder will become entitled to receive the Scheme Consideration of A\$7.15 per Scheme Share.

Based on Intecq's total issued share capital as at the date of this Scheme Booklet as set out in Section 5.8 of this Scheme Booklet, the total amount to be paid to Scheme Shareholders under the Scheme is approximately A\$127,713,936.

It is intended that the aggregate Scheme Consideration is to be funded through the proceeds of the utilisation of an existing revolving credit facility (Tabcorp Facility), as described further below.

As at 31 August 2016, Tabcorp (on a consolidated basis) had available undrawn borrowing capacity under the Tabcorp Facility of approximately A\$420 million.

The borrower under the Tabcorp Facility is Tabcorp Investments No.4 Pty Ltd (ABN 74 108 197 084) (Borrower). The Borrower is a wholly-owned Subsidiary of Tabcorp. The Tabcorp Facility is provided by a syndicate of lenders comprising a number of financial institutions.

The availability of funds under the Tabcorp Facility is subject to conditions to drawdown, including conditions that no events of default (such as a breach of any representations and warranties or undertakings in, or any payment defaults under, the Tabcorp Facility), or events that would (with the expiry of a grace period or the giving of notice) be an event of default, are subsisting under the Tabcorp Facility or would result from the drawdown.

The total of the undrawn borrowing capacity under the Tabcorp Facility as at 31 August 2016, as set out above, exceeds the maximum total Scheme Consideration. The amount to be drawn under the Tabcorp Facility to satisfy the payment of the total amount of the Scheme Consideration will be made available to Tabcorp Gaming by the Borrower pursuant to inter-company loan arrangements.

On the basis of the arrangements described above, Tabcorp considers that it has a reasonable basis for forming the view, and that it does hold the view, that the payment obligations under the Scheme are able to be satisfied.

7.7 Tabcorp's intentions if the Scheme becomes Effective

This Section 7.7 sets out Tabcorp's intentions in relation to:

- the continuation of the business of Intecq;
- any major changes to the business of Intecq and any redeployment of the fixed assets of Intecq; and
- the future employment of the present employees of Intecq.

These intentions are based on the information concerning Intecq, its business and the general business environment which is known to Tabcorp at the time of the preparation of this Scheme Booklet, which is limited to certain information made available by Intecq to Tabcorp and publicly available information.

Final decisions regarding these matters will only be made by Tabcorp in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section 7.7 are statements of current intention only, which may change as new information becomes available to Tabcorp or as circumstances change.

a. Operations

Based on the information available to Tabcorp as at the date of this Scheme Booklet, Tabcorp considers that, if the Scheme becomes Effective, it can benefit by, among other things:

- providing the complementary service offerings to the gaming services industry;
- expanding Tabcorp's geographical footprint in the gaming services industry; and

- generating operational efficiencies.

Tabcorp intends to undertake a detailed review of Intecq's business and operations to identify opportunities to generate efficiencies and, where appropriate, integrate functions and processes. Depending on the extent of any opportunities identified, the review may or may not lead to changes in the business of Intecq.

b. Intecq to be delisted

If the Scheme becomes Effective, Tabcorp will procure that Intecq applies to the ASX for Intecq to be removed from the official list of the ASX after the Implementation Date.

c. Board of directors

If the Scheme becomes Effective, the existing members of the Intecq Board and the boards of each Subsidiary of Intecq will be replaced with nominees of Tabcorp, which are expected to include Mr Attenborough and Mr Johnston (being the directors of Tabcorp Gaming) and Mr Michael Scott. Further information about Mr Scott is set out below.

Refer to Section 7.3 of this Scheme Booklet for further information about Mr Attenborough, and Section 7.4 of this Scheme Booklet for further information about Mr Johnston.

Mr Michael Scott was appointed as a Company Secretary of Tabcorp in August 2012. Mr Scott has been assistant to the Company Secretary since joining Tabcorp in September 2002. Mr Scott previously worked in corporate communications and public affairs roles at the Office of Gas and Electricity Markets in the United Kingdom and Ashton Mining Limited. Mr Scott is a Fellow of the Governance Institute of Australia, Graduate Member of the Australian Institute of Company Directors and Fellow of Leadership Victoria's Williamson Community Leadership Program.

d. Business continuity and major changes

If the Scheme becomes Effective, other than as set out in this Section 7.7, Tabcorp's intention is to carry on the Intecq Group's core businesses in substantially the same manner as they are conducted as at the date of this Scheme Booklet.

e. Management and employees

Tabcorp recognises that there is talent and industry experience across the Intecq Group's workforce. Tabcorp will evaluate the future staffing and resourcing requirements of Intecq's business as part of the integration process and the review referred to in Section 7.7(a). Subject to the outcomes of that evaluation, Tabcorp will endeavour to minimise any disruption to Tabcorp and Intecq management and employees.

Acting Chief Executive Officer and Chief Operating Officer of Intecq, Mr Peter Walford, and Executive Deputy Chairman of Intecq, Mr Anthony Toohey, have each agreed that they will continue their employment with Intecq following the implementation of the Scheme.

Mr Toohey has accepted the role of General Manager Gaming Integration and Business Development, with effect from the implementation of the Scheme. Mr Toohey will report to Mr Adam Rytenskild, Chief Operating Officer Keno and Gaming, Tabcorp. Mr Toohey will provide gaming advice to Mr Rytenskild in addition to assisting in the integration process.

Mr Walford has accepted the role of General Manager Intecq with effect from the implementation of the Scheme. Mr Walford will be a member of Tabcorp's Keno and Gaming Leadership Team, and will report to Mr Rytenskild.

In summary, the key terms and conditions of Mr Toohey and Mr Walford's employment are:

- each of Mr Toohey and Mr Walford's remuneration packages will include a mix of fixed and at-risk components, including eligibility to receive an annual incentive payment under Tabcorp's Short Term Performance Plan;
- Mr Toohey and Mr Walford's employment may be terminated on six months' written notice or payment in lieu;
- each of Mr Toohey and Mr Walford have committed to remaining employed by Intecq for a period of 12 months after implementation of the Scheme; and
- each of Mr Toohey and Mr Walford will be subject to obligations regarding conflicts of interest, and non-competition and non-solicitation (for a period of 12 months after termination of their employment with Intecq).

Refer to Section 9.4(c) of this Scheme Booklet for further information about Mr Toohey's and Mr Walford's respective contracts of employment with Intecq.

Other than as set out in this Section 7.7, and, in particular, subject to the review referred to in Section 7.7(a), it is Tabcorp's intention to procure that Intecq will:

- generally continue the business of Intecq;
- not make any major changes to the business of Intecq nor to redeploy any of the fixed assets of Intecq; and
- continue the employment of the present employees of Intecq.

7.8 Interests and voting power in Intecq

a. Interests in Intecq Shares

As at the date of this Scheme Booklet, none of Tabcorp Gaming or any of its Associates has any Relevant Interest or voting power in any Intecq Shares.

b. Dealings in Intecq Shares in previous four months

None of Tabcorp Gaming or any of its Associates has provided, or agreed to provide, consideration for any Intecq Shares under any other transaction during the period of four months before the date of this Scheme Booklet.

c. Benefits to holders of Intecq Shares

Except as set out in this Scheme Booklet, during the four months before the date of this Scheme Booklet, none of Tabcorp Gaming or any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of Intecq Shares,

where the benefit was not offered to all Intecq Shareholders.

d. Benefits to Intecq officers

Except as set out in this Scheme Booklet, none of Tabcorp Gaming or any of its Associates will be making any payment or giving any benefit to any current officers of Intecq as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices if the Scheme becomes Effective.

If the Scheme becomes Effective, Mr Toohey and Mr Walford have agreed to continue their employment with Intecq as set out in Section 7.7(e).

7.9 Status of Regulatory Approvals

As at the date of this Scheme Booklet, Tabcorp has commenced the application process with various gambling regulatory authorities in order to seek approval in relation to Tabcorp Gaming acquiring the Intecq Shares or members of the Tabcorp Group becoming associates (or equivalent under the applicable legislation) of Intecq or its Subsidiaries, and has also sought informal clearance of the Transaction from the ACCC. As at the date of this Scheme Booklet, the relevant Regulatory Approvals have not been obtained.

8. TAX IMPLICATIONS

8.1 Introduction

The following is a general description of the Australian tax consequences of the Scheme on the assumption that it becomes effective for Intecq Shareholders who participate in the Scheme.

This description does not purport to provide advice to any particular Intecq Shareholder because the tax position of each shareholder may vary because of their particular circumstances. The description is of a general nature only and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of an Intecq Shareholder. The description is based upon the Australian law and administrative practice in effect at the date of this Scheme Booklet. Intecq Shareholders should obtain independent professional advice which is relevant to their particular circumstances.

The description is only relevant to those Intecq Shareholders which hold their Intecq Shares on capital account.

The description does not address the Australian tax consequences for Intecq Shareholders who:

- Hold their Intecq Shares for the purpose of speculation, profit making or a business of dealing in securities (eg as trading stock); or
- Acquired their Intecq Shares pursuant to an employee share, option or rights plan; or
- Are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Intecq Shares; or
- Have previously been a resident of Australia and chose to disregard a capital gain or loss in relation to their Intecq Shares on ceasing to be a resident.

Intecq Shareholders which are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

8.2 ATO Class Ruling

Intecq has applied to the ATO requesting a class ruling to confirm the key taxation implication of the Scheme for Intecq shareholders as noted below. The class ruling has not been

finalised as at the date of the Scheme Booklet. Intecq is hopeful that the ATO will provide a draft of the class ruling prior to the scheme becoming effective. Intecq will make an announcement to the ASX when it receives the class ruling. When the class ruling is published by the ATO, it will be available on the ATO website at www.law.gov.au. It is anticipated that the Commissioner's views in the class ruling will be consistent with this taxation report. However, it is possible that the Commissioner may reach a different conclusion. Accordingly, it is important that this taxation report be read in conjunction with the class ruling issued by the ATO.

8.3 Australian Resident Shareholders

(a) Capital Gains Tax

Because Intecq was incorporated after 19 September 1985, all shares in Intecq would prima facie fall within the capital gains tax (CGT) provisions.

Under the Scheme, Intecq Shareholders will dispose of their Intecq Shares to Tabcorp Gaming. This disposal will constitute a CGT event A1 for Australian CGT purposes for Intecq Shareholders. The time of the CGT event will be the date the Scheme is implemented.

(b) Calculation of Capital Gain or Loss

Intecq Shareholders may make a capital gain on the disposal of their Intecq Shares to the extent that the capital proceeds from the disposal of the Intecq Shares are more than the cost base of those Intecq Shares. On the other hand, Intecq Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base for those Intecq Shares.

(c) Capital Proceeds

The capital proceeds will be \$7.15 per share, being the amount of the Scheme Consideration.

(d) Cost Base

The cost base of the Intecq Shares generally includes the cost of acquisition, plus non-deductible incidental costs associated with the acquisition and disposal of the Intecq Shares.

(e) Indexation

If Intecq Shares were acquired at or before 11.45am on 21 September 1999, an Intecq Shareholder who is

an individual, a complying superannuation entity or the trustee of a trust may choose to adjust the cost base of their Intecq Shares to include indexation by references to changes in the consumer price index from the calendar quarter in which their Intecq Shares were acquired until the quarter ended 30 September 1999. Intecq Shareholders which are companies must index their shares in the manner noted above. Indexation is only relevant for calculating capital gains; it is ignored when calculating capital losses.

(f) CGT Discount

As an alternative to the indexation choice noted above, an individual, a complying superannuation entity or the trustee of a trust who has held their Intecq Shares for at least 12 months may choose to discount any capital gain (after offsetting any capital losses) from the disposal of their Intecq Shares by fifty percent in the case of individuals and trustees or by one third for complying superannuation entities. For trustees, the ultimate availability of the discount for beneficiaries of the trusts will depend on the particular circumstances of the beneficiaries.

(g) Net Capital Gains and Capital Losses

Capital gains (prior to any CGT discount) less capital losses less any CGT discount of a taxpayer are computed to determine where there is a net capital gain. Any net capital gain is generally included in assessable income and is subject to income tax.

Capital losses cannot be deducted against other income (they can only be offset against capital gains) but can be carried forward to offset against future capital gains (subject to the satisfaction of loss recoupment tests for certain taxpayers).

8.4 Non Resident Shareholders

For an Intecq Shareholder who:

- Is not a resident of Australia for Australian tax purposes; and
- Does not hold their Intecq Shares in carrying on a business through a permanent establishment in Australia;

the disposal of Intecq Shares will generally not result in Australian CGT implications because, amongst other things, Intecq does not have any taxable Australian real property (as defined in the income tax legislation).

8.5 Goods and Services Tax (GST)

Intecq Shareholders should not be liable to GST in respect of a disposal of their Intecq Shares.

9. ADDITIONAL INFORMATION

9.1 Interests of Intecq Directors in Intecq

i. As at the date of this Scheme Booklet, Intecq Directors have the following Relevant Interests in Intecq Shares:

Director	Number of Securities	Description of securities	Amount of securities (at \$7.15 per Intecq Share)
Mr Paul N Oneile	17,474	Of which 16,666 Intecq Shares are held via PNM Management Pty Ltd (as trustee for Kyambra Superannuation Fund), and 808 Intecq Shares are held via Kyambra Management Pty Ltd	A\$124,939.10
Mr Anthony P Toohey	235,625	Of which 96,449 Intecq Shares are held via Boronia International Pty Ltd as trustee for Toohey Superannuation Fund and 139,176 Intecq Shares are held via Trinity Management Pty Ltd as trustee for Intecq's executive share and option plan	A\$1,684,718.75
Mr Michael B Hale	951,439	Held via Gail Force Pty Ltd (as trustee for Hale Agency Super Fund)	A\$6,802,788.85
Mr Ian R James	2,092	Held via the Ian R James National Private Super Fund	A\$14,957.80
Dr Allan C Sullivan	157,066	Held via ACS (NSW) Pty Ltd as trustee for ACS Family Super Fund	A\$1,123,021.90
Mr Simon C M Kelly	25,313	Of which, 15,313 Intecq Shares are directly held personally, and 10,000 Intecq Shares are held via Skelly Pty Limited as trustee for Kelly Family Trust	A\$180,987.95

ii. Each Intecq Director who is also an Intecq Shareholder intends to vote in favour of the Scheme in their capacities as Intecq Shareholders.

9.2 Interests of Intecq Directors in Tabcorp and Tabcorp Gaming

As at the date of this Scheme Booklet, Intecq Directors have the following Relevant Interests in Tabcorp or any of its Related Bodies Corporate:

Director	Number of Securities ordinary fully paid shares in Tabcorp	Description of securities	Amount of securities (at A\$4.98 per Tabcorp Share, being the closing ASX trading price of Tabcorp shares on the last trading day prior to the date of this Scheme Booklet)
Mr Paul N Oneile	Nil	N/A	N/A
Mr Anthony P Toohey	11,285	Held via Boronia International Pty Ltd as trustee for Toohey Superannuation Fund	\$56,199.30
Mr Michael B Hale	Nil	N/A	N/A
Mr Ian R James	Nil	N/A	N/A
Dr Allan C Sullivan	Nil	N/A	N/A
Mr Simon C M Kelly	4,275	Held personally	\$21,289.50

9.3 Summary of Scheme Implementation Agreement

On 31 July 2016, Intecq and Tabcorp entered into a Scheme Implementation Agreement under which, among other things, Intecq agreed to propose the Scheme. The Scheme Implementation Agreement contains terms and conditions that are common for these types of agreements, including in relation to the parties' obligations to implement the Scheme and Intecq's obligation to conduct its business in the ordinary course during the Scheme process.

A summary of the key elements of the Scheme Implementation Agreement is set out below. A full copy of the Scheme Implementation Agreement was lodged with ASX on 1 August 2016 and can be obtained from www.asx.com.au or from <http://www.intecqlimited.com/investor-relations/asx-announcements/>.

(a) Conditions Precedent

Implementation of the Scheme is subject to the following conditions which must be satisfied or waived (where capable of waiver) before the Scheme can become Effective:

- **ACCC Approval:** before 8.00am on the Second Court Date, Tabcorp receives written notice from the ACCC that the ACCC does not oppose the Transaction under section 50 of the *Competition and Consumer Act 2010* (Cth), Tabcorp is granted clearance to implement the Transaction by the ACCC or the Australian Competition Tribunal, or the Federal Court of Australia or other Australian court declares that the implementation of the Transaction would not contravene the *Competition and Consumer Act 2010* (Cth);
- **Other Regulatory Approvals:** before 8.00am on the Second Court Date, Tabcorp receives all other Regulatory Approvals required to implement the Transaction, including any necessary approvals relating to Tabcorp becoming an associate (or the equivalent under the applicable legislation) of Intecq or certain of Intecq's subsidiaries (for the purposes of the relevant gambling legislation) from the Victorian Commission for Gambling and Liquor Regulation, the New South Wales Independent Liquor & Gambling Authority, the Tasmanian Liquor and Gambling Commission, the Australian Capital Territory Gambling and Racing Commission, the Director-General of Licensing in the Northern Territory, the Liquor and Gambling Commissioner in South Australia, and the Commissioner for Liquor and Gaming in Queensland;
- **Independent Expert's Report:** the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of Intecq Shareholders;
- **Intecq Shareholders:** Intecq Shareholders approve the Scheme;
- **Court Approval:** the Court approves the Scheme;
- **No restraint:** no judgement, order, decree, statute, law, injunctions, restraints or prohibitions entered, enacted, enforced or issued by any court or other Agency prohibiting, materially restricting, making illegal or restraining the completion of the Scheme remains in effect as at 8.00am on the Second Court Date;
- **No prescribed events:** no 'prescribed event' (described below) occurs between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date;
- **No material adverse change:** no 'material adverse change' (described below) occurs between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date;
- **Intecq representations and warranties:** the representations and warranties given by Intecq as set out in Schedule 4 to the Scheme Implementation Agreement, where qualified as to materiality, are true and correct, and where not qualified as to materiality, are true and correct in all material respects, as at the date of the Scheme Implementation Agreement and as at 8.00am on the Second Court Date;
- **Tabcorp representations and warranties:** the representations and warranties given by Tabcorp as set out in Schedule 5 to the Scheme Implementation Agreement, where qualified as to materiality, are true and correct, and where not qualified as to materiality, are true and correct in all material respects, at the date of the Scheme Implementation Agreement and as at 8:00am on the Second Court Date; and
- **No Insolvency Event:** No Insolvency Event occurs in relation to Tabcorp or Tabcorp Gaming between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date.

The term '**prescribed events**' refers to, other than with the prior written consent of Tabcorp or as disclosed to Tabcorp at the time of entry into the Scheme Implementation Agreement or contemplated or permitted by the Scheme Implementation Agreement, the occurrence of any of the following events in respect of a member of the Intecq Group:

- a. the conversion of all or any of its shares into a larger or smaller number of shares;
- b. resolving to reduce its share capital in any way;
- c. the entry or approval of entry into a buy-back agreement;
- d. the issuance of any shares or other securities, including convertible notes or any other securities or instruments

- convertible into shares or any other securities, or granting a performance right or an option over or to subscribe for its shares or securities, or agreeing to make such an issue or grant such a right or option other than (among other things) to a wholly-owned Subsidiary of Intecq;
- e. the declaration or distribution of any dividend, bonus or other share of its profits or assets;
 - f. any change to Intecq's constitution;
 - g. the disposal or agreement to dispose the whole, or a substantial part, of its business or property;
 - h. the acquisition or disposal of, agreeing to acquire or dispose of, or the offering, proposing or announcing of a bid for, any business, assets, entity or undertaking, the value of which exceeds A\$750,000 individually or A\$1.5 million in aggregate;
 - i. the incurrence of, or entry into a commitment or a series of commitments involving, expenditure by the Intecq Group of amounts or values exceeding A\$1.5 million in aggregate;
 - j. the termination or amendment in a material manner of any material contract, being contracts that involve annual revenue of A\$1 million or more or expenditure of A\$750,000 or more over the period of the agreement;
 - k. an Insolvency Event occurring in relation to any member of the Intecq Group;
 - l. the entry into, or the resolution to enter into, a transaction with any related party of Intecq (other than a related party that is Intecq or a directly or indirectly wholly-owned Subsidiary of Intecq);
 - m. the incurrence of any financial indebtedness or the issuance of any debt securities other than in the ordinary course of business or pursuant to advances under its existing credit facilities;
 - n. the granting of, or agreement to grant, a security interest over the whole, or a substantial part, of its business or property; or
 - o. directly or indirectly authorising, committing or agreeing to take or announcing any of the actions referred to above.

The term **'material adverse changes'** refers to

- a. an event, occurrence or matter, other than:
 - those required to be undertaken or procured by the Intecq Group pursuant to the Scheme, the Scheme Implementation Agreement or the Deed Poll;

- those disclosed to Tabcorp prior to the execution of the Scheme Implementation Agreement;
- those known to Tabcorp prior to the date of the Scheme Implementation Agreement;
- those agreed in writing between Intecq and Tabcorp;
- those arising as a result of any generally applicable change in accounting standards, Laws or governmental policy in Australia after the date of the Scheme Implementation Agreement; or
- those arising from changes in exchange rates, or interest rates, general economic, political or business conditions including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets, and acts of terrorism, war (whether or not declared) natural disaster or the like, that affect Australia and that impact on Intecq and its competitors in a similar manner,

that, individually or when aggregated with all such events, occurrences or matters:

- i. diminishes, or is reasonably likely to diminish, the consolidated net assets of the Intecq Group by at least A\$9.0 million; or
 - ii. diminishes, or is reasonably likely to diminish, the earnings from ordinary continuing activities of the Intecq Group before interest, tax, depreciation and amortisation in three recurring financial years by at least A\$2.6 million; or
- b. failure by Intecq to obtain in writing and provide to Tabcorp by the date which is 10 Business Days prior to the Second Court Date:
 - i. each third party consent, waiver or release which is required in accordance with a protocol agreed by Tabcorp and Intecq to ensure that there is no right of termination or other material right in favour of a third party as a result of the implementation of the Scheme; or
 - ii. the original or a copy (if applicable) of the agreements referred to in a protocol agreed by Tabcorp and Intecq that are duly executed by the parties to those agreements.

Full details of the Conditions Precedent and the ability of Intecq and Tabcorp to rely on the various conditions and the provisions relating to the satisfaction or waiver of these conditions are set out in clause 4 of the Scheme Implementation Agreement.

(b) Exclusivity

The Scheme Implementation Agreement contains certain exclusivity arrangements in favour of Tabcorp. These arrangements

are in line with market practice in this regard, and include the following restrictions on Intecq:

- **No shop:** Intecq must not solicit any Competing Proposal, inquiry, negotiation, proposal or discussion in relation to a Competing Proposal;
- **No Talk:** Intecq must not participate in any discussions or negotiations in relation to any Competing Proposal;
- **No recommendation:** Intecq must not, unless the Intecq Directors acting in good faith and in consultation with the Intecq's financial and legal advisers determine that a Competing Proposal constitutes a Superior Proposal, recommend or approve any Competing Proposal;
- **Notification:** If Intecq is approached in relation to a Competing Proposal, Intecq must notify Tabcorp of any such approach, and provide details of the material terms of such Competing Proposal; and
- **Matching Right:** Intecq must give Tabcorp not less than five Business Days after its notification of the material terms of the Competing Proposal to provide a matching or superior proposal.

However, Intecq is not required to comply with its exclusivity obligations if, among other things, the Intecq Board acting in good faith and after consultation with its financial and legal advisers, determines that complying with those provisions would constitute or be likely to constitute a breach of the fiduciary or statutory duties owed by any Intecq Director.

The exclusivity arrangements are set out in full in clause 10 of the Scheme Implementation Agreement.

(c) Intecq Break Fee

In accordance with market practice, Intecq has agreed to pay Tabcorp the Intecq Break Fee in certain circumstances. Those circumstances are:

- the announcement of a Competing Proposal prior to the Sunset Date that is publicly endorsed by the Intecq Board or any of the Intecq Directors;
- the announcement of a Competing Proposal prior to the Sunset Date and such announced Competing Proposal is completed at any time prior to the first anniversary of the date of the Scheme Implementation Agreement (being 31 July 2017);
- any Intecq Director or the Intecq Board makes a public statement or makes a statement in this Scheme Booklet:
 - o withdrawing or modifying their recommendation that Intecq Shareholders vote in favour of the Scheme;

- o recommending that Intecq Shareholders vote against the Scheme;
- o that they will not vote in favour of the Scheme all Intecq Shares in respect of which they control the voting rights; or
- o that they will vote against the Scheme all Intecq Shares in respect of which they control the voting rights;
- any Intecq Director or the Intecq Board does not recommend in this Scheme Booklet that Intecq Shareholders approve the Scheme, other than in circumstances where the Independent Expert concludes the Scheme is not in the best interests of the Intecq Shareholders (except where such conclusion is due wholly or in partly to the existence or announcement of a Competing Proposal);
- where Tabcorp terminates the Scheme Implementation Agreement due to Intecq's material breach of a material obligation under the Scheme Implementation Agreement which cannot be remedied or which continues seven days after Intecq gives Tabcorp notice of the breach; or
- where Tabcorp terminates the Scheme Implementation Agreement due to the occurrence of a 'prescribed event' (see Section 9.3(a) above).

The Intecq Directors consider that the Intecq Break Fee is reasonable and appropriate in amount, structure and effect. The Intecq Break Fee is not payable if the Scheme does not become Effective merely because Intecq Shareholders do not vote in favour of the Scheme in sufficient numbers to satisfy the legal requirements.

For full details of the Intecq Break Fee, see clause 9 of the Scheme Implementation Agreement.

(d) Tabcorp Break Fee

Tabcorp has agreed to pay Intecq a break fee of \$1.28 million (excluding GST) (**Tabcorp Break Fee**) in certain circumstances. Those circumstances are:

- i. where Intecq terminates the Scheme Implementation Agreement due to Tabcorp's material breach of any term or warranty under the Scheme Implementation Agreement which cannot be remedied or continues seven days after Intecq gives Tabcorp notice of the breach; or
- ii. where the Scheme Implementation Agreement is terminated by Intecq due to failure by Tabcorp to obtain Regulatory Approvals other than the Regulatory Approval from the ACCC. This does not include a failure in circumstances where the Agency has not issued to Tabcorp a written statement refusing to grant the Regulatory Approval prior to the Sunset Date.

For full details of the Tabcorp Break Fee, see clause 9 of the Scheme Implementation Agreement.

(e) Termination

The Scheme Implementation Agreement can be terminated in various circumstances, including:

- by mutual agreement in writing by Tabcorp and Intecq;
- in the event that a Condition Precedent is not satisfied, by the party which has the benefit of the Condition Precedent, as set out in clause 4.5 of the Scheme Implementation Agreement;
- by Intecq, where there is a material breach by Tabcorp of any term or warranty under the Scheme Implementation Agreement which cannot be remedied or which continues seven days after Intecq gives Tabcorp notice of the breach;
- by Intecq, if Intecq or the Intecq Board accepts, recommends or enters into an arrangement to implement a Superior Proposal, or the Intecq Board does not recommend or withdraws its recommendation of the Scheme;
- by Tabcorp, where there is a material breach by Intecq of a material obligation under the Scheme Implementation Agreement which cannot be remedied or which continues seven days after Tabcorp gives Intecq notice of the breach;
- by Tabcorp, where there is a breach by Intecq of any representation or warranty under the Scheme Implementation Agreement which cannot be remedied or which continues seven days after Intecq gives Tabcorp notice of the breach; and
- by Tabcorp, where any Intecq Director accepts, recommends or enters into an arrangement in respect of a Competing Proposal, any Intecq Director fails to recommend the Scheme or withdraws or modifies their recommendation that Intecq Shareholders vote in favour of the Scheme or publicly recommends another transaction, or the Scheme Meeting is cancelled in certain circumstances.

The Scheme Implementation Agreement is automatically terminated in the event the Scheme is not approved by the Intecq Shareholders or the Court.

(f) Intecq representations and warranties

Under the Scheme Implementation Agreement, Intecq has represented and warranted to Tabcorp and Tabcorp Gaming that certain matters and statements concerning Intecq are true and correct as at the date of the Scheme Implementation Agreement and as at 8.00am on the Second

Court Date. Such representations and warranties are summarised as follows:

- i. Intecq is a corporation duly incorporated or established;
- ii. the issued securities of Intecq, and any securities to be issued by Intecq prior to the Second Court Date, are as set out in the Scheme Implementation Agreement;
- iii. Intecq has all requisite power and authority to enter into the Scheme Implementation Agreement and the entry into the Scheme Implementation Agreement constitutes a valid and binding obligation of Intecq and does not contravene its constitution, any material contracts or any Laws applicable to it;
- iv. Intecq has complied with its continuous disclosure obligations under the Listing Rules;
- v. the information contained in this Scheme Booklet is true and correct in all material respects, complies with all applicable Laws and does not contain any statement that is misleading or deceptive in any material respect;
- vi. Intecq is not aware of any information or event that is materially adverse to Intecq;
- vii. there is no judgement or order that restricts the business activities of Intecq Group that is materially adverse to Intecq;
- viii. Intecq has exclusive possession of the properties it occupies and to the extent that such entitlement arises out of a lease, the leases are valid and are in good standing;
- ix. Intecq or a member of the Intecq Group owns all right, title and interest in all of the material intellectual property owned or purported to be owned by the Intecq Group;
- x. there is no suit, action or proceeding pending or, to the knowledge of Intecq, threatened against the Intecq Group that would reasonably be expected to have a materially adverse effect on Intecq; and
- xi. no Intecq Group entity is affected by or is the subject of an Insolvency Event.

For full details of the Intecq representations and warranties, see clause 6.1 of, and Schedule 4 to, the Scheme Implementation Agreement.

(g) Conduct of business

Subject to fair disclosure to Tabcorp at the time of entry into the Scheme Implementation Agreement, or as expressly contemplated or permitted by the Scheme Implementation Agreement, or otherwise agreed by Tabcorp in writing, Intecq

must, and must cause each Subsidiary to:

- conduct its business only in the ordinary course of business;
- comply in all material respects with all material contracts to which it is a party and with all Laws; and
- use reasonable endeavours to maintain the application of its current insurance policies.

Specifically, Intecq shall not, and not permit to occur, the following with respect to any Intecq Group member:

- i. issue, grant any option over, sell, transfer, pledge, lease, dispose of, or encumber any shares, securities, or assets;
- ii. declare any dividend;
- iii. redeem or buyback its shares or other securities;
- iv. alter its share capital or securities;
- v. enter into joint venture or partnership;
- vi. other than the acquisition of inventories in the ordinary course of business and consistent with past practice, acquire any property or assets that individually exceeds A\$250,000 or in aggregate exceeds A\$600,000;
- vii. make or commit to make any capital expenditure that individually exceeds A\$300,000;
- viii. terminate or amend in any material manner any material contract which involves annual revenue of A\$1mil or more or expenditure of A\$750,000 or more;
- ix. incur or commit to incur guarantee or otherwise become liable for financial indebtedness;
- x. settle any suit, claim or proceeding involving the possible payment or receipt of amounts that exceed, in aggregate, A\$200,000;

xi. modify, amend or terminate any material rights or claims with respect to any confidentiality agreement to which it is a party;

xii. save in extraordinary circumstances take any action that could give rise to a right to severance benefits pursuant to any employment, severance, termination, change of control or similar agreements or arrangements; or

xiii. waive any non-compete right against any employee.

For full details of the Intecq obligation to its conduct of business, see clause 8 of the Scheme Implementation Agreement.

9.4 Benefits and agreements

(a) Benefits in connection with retirement from office:

i. Except as set out in this Scheme Booklet, no payments or other benefits are proposed to be made or given to any director, secretary or executive officer of Intecq as compensation for loss of, or as consideration for or in connection with his retirement from, office in Intecq or in a Related Body Corporate of Intecq.

ii. Except as set out in this Scheme Booklet, no payments or other benefits are proposed to be made or given to any director, secretary or executive officer of a Related Body Corporate of Intecq as compensation for loss of, or as consideration for or in connection with his retirement from, office in that Related Body Corporate or in Intecq.

(b) Agreements connected with or conditional on the Scheme:

The following agreements or arrangements exist between an Intecq Director and another person in connection with, or conditional on, the outcome of the Scheme:

Name of Director	Number of other party	Particulars of the agreement or arrangement
Mr Anthony P Toohey	Intecq	Mr Toohey is entitled to a bonus scaled according to the amount of consideration offered for Intecq Shares under the Scheme. Based on the Scheme Consideration of A\$7.15 per Intecq Share, Mr Toohey is entitled to a bonus of A\$150,000. This bonus is conditional upon the Scheme becoming Effective.

Except as set out in this Scheme Booklet, no agreements or arrangements exist between any director of Intecq and any other person in connection with, or conditional on, the outcome of the Scheme.

(c) Interests of Intecq Directors and officers in contracts with Tabcorp or Tabcorp Gaming

Mr Anthony Toohey has entered into a conditional employment agreement with Intecq, pursuant to which, subject to the completion of the acquisition of Intecq by Tabcorp Gaming, Mr Toohey will be employed as the General Manager of Gaming Integration and Business Development with Intecq. The usual hours of work for this role is the minimum of 3 days per week. The annual gross remuneration for this role is A\$300,000 (inclusive of base salary and superannuation).

Mr Peter Walford, the acting Chief Executive Officer of Intecq, has entered into a conditional employment agreement with Intecq, pursuant to which, subject to the completion of the acquisition of Intecq by Tabcorp Gaming, Mr Walford will be employed as the General Manager of Intecq. This is a full time role for which the annual gross remuneration for this role is A\$345,000 (inclusive of base salary and superannuation).

Except as set out in this Scheme Booklet, no Intecq Director or officers has any interest in any contract entered into by either Tabcorp or Tabcorp Gaming.

9.5 Consents and disclosures

(a) Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- i. Tabcorp and Tabcorp Gaming in respect of the Tabcorp Information only; and
- ii. Deloitte Corporate Finance Pty Limited as the Independent Expert; and
- iii. UHY Haines Norton Corporate Finance Pty Limited as The Investigating Accountant.

Each of Tabcorp and Tabcorp Gaming has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of the Tabcorp Information in the Scheme Booklet. Each of Tabcorp and Tabcorp Gaming has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Tabcorp Information provided by Tabcorp and Tabcorp Gaming, takes no responsibility for any other part of this Scheme Booklet.

Deloitte Corporate Finance Pty Limited has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and

to the inclusion of its Independent Expert's Report contained in Annexure 4 of the Scheme Booklet. Deloitte Corporate Finance Pty Limited has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Independent Expert's Report contained in Annexure 4, takes no responsibility for any other part of this Scheme Booklet.

UHY Haines Norton Corporate Finance Pty Limited has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. UHY Haines Norton Corporate Finance Pty Limited has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Historical Financial Information contained in Section 5.7, takes no responsibility for any other part of this Scheme Booklet.

The following parties have given their consent to be named in this Scheme Booklet, and at the date of this Scheme Booklet, have not withdrawn that consent:

- i. Credit Suisse (Australia) Limited as financial adviser to Intecq;
- ii. UHY Haines Norton as auditor to Intecq;
- iii. Macpherson Kelley as legal adviser to Intecq, and
- iv. Computershare Investor Services Pty Limited as the Intecq Registry.

(b) Disclosure and responsibility

Each person named in Section 9.5(a) above:

- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
 - i. Tabcorp in respect of the Tabcorp Information only, and
 - ii. Deloitte Corporate Finance Pty Limited in relation to the Independent Expert's Report;
- has not caused or authorised the issue of this Scheme Booklet, and
- to the maximum extent permitted by law, expressly disclaims all liability in relation to, takes no responsibility for, and makes no representation regarding, this Scheme Booklet or any part of it, other than a reference to its own name and the statement or statements, if any, included in this Scheme Booklet with that person's consent as specified in Section 9.5(a).

9.6 No unacceptable circumstances

The Intecq Directors consider that the Scheme does not involve any circumstances relating to the affairs of Intecq that could reasonably be characterised as amounting to 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

9.7 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, the Intecq Directors consider that, within the knowledge of any director of Intecq or of any member of the Intecq Group, there is no other information material to the making of a decision in relation to the Scheme that has not previously been disclosed to the Scheme Shareholders.

9.8 Supplementary information

If, between the date that this Scheme Booklet is lodged for registration by ASIC and the Effective Date, Intecq becomes aware that a material statement in this Scheme Booklet is false or misleading, or that there is a material omission from this Scheme Booklet, or that a significant change affecting a matter in this Scheme Booklet has occurred, or a significant new matter has arisen which would have required disclosure in this Scheme Booklet if it had arisen before the Scheme Booklet was lodged with ASIC for registration, Intecq will prepare a supplementary document to this Scheme Booklet.

The form of such supplementary document, and whether it will be sent to each Intecq Shareholder, will depend on the timing and nature of the circumstances giving rise to the need for a supplementary document.

In all cases, the supplementary document will be available from Intecq's website at <http://www.intecqlimited.com/investor-relations/asx-announcements/> and from ASX at www.asx.com.au.

10. DEFINITIONS AND INTERPRETATIONS

10.1 Definitions

In this Scheme Booklet unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
ACCC	the Australian Competition and Consumer Commission.
Agency	any Australian or foreign court, tribunal, federal, state, provincial or local government or governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, agency or authority or any elected or appointed public official and includes any minister, ASIC, the ACCC, the ATO, ASX and any regulatory organisation established under statute.
ASIC	the Australian Securities & Investments Commission.
Associate	has the meaning given in section 12 of the Corporations Act.
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market that it operates.
ATO	the Australian Taxation Office.
Business Day	has the meaning given to that expression in the Listing Rules.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).
Competing Proposal	<p>any expression of interest, proposal or offer with respect to any transaction (whether by purchase, merger, amalgamation, arrangement, business combination, liquidation, dissolution, recapitalisation, takeover bid or otherwise) that would, if entered into or implemented substantially in accordance with its terms:</p> <ol style="list-style-type: none"> a. result in any person (whether alone or with others) other than Tabcorp (or any Related Body Corporate of Tabcorp) acquiring: <ol style="list-style-type: none"> i. all or a substantial part of the assets of Intecq or any of its Related Bodies Corporate; ii. a Relevant Interest in 20% or more of the Intecq Shares or the shares of any Related Body Corporate of Intecq; or iii. Control of Intecq; or b. would require Intecq to abandon or otherwise fail to proceed with the Scheme, by whatever means.
Conditions Precedent	each of the conditions precedent to the Scheme becoming Effective as set out in clause 4.1 of the Scheme Implementation Agreement.
Control	has the meaning given to that term in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Intecq and Tabcorp.
Deed Poll	the deed poll executed by Tabcorp Gaming and Tabcorp, a copy of which is contained in Annexure 3.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date as agreed in writing by Intecq and Tabcorp.

Term	Meaning
Independent Expert	Deloitte Corporate Finance Pty Limited (ABN 19 003 833 127).
Independent Expert's Report	the report in respect of the Scheme prepared and issued by the Independent Expert for inclusion in this Scheme Booklet (or any update or variation of that report), a copy of which report is contained in Annexure 4.
Insolvency Event	means in relation to an entity: <ol style="list-style-type: none"> a. a liquidator, provisional liquidator, administrator, receiver, receiver and manager, trustee or similar official being appointed to the entity or in relation to the whole, or a substantial part, of the entity's assets; b. the entity suspending payments of its debts generally; c. the entity being or becoming unable to pay its debts when they fall due or being unable to pay its debts within the meaning of the Corporations Act; d. the entity entering into or resolving to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them; e. the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of the Scheme Implementation Agreement; f. the entity executing a deed of company arrangement; g. an order being made for the winding up or dissolution of the entity; h. the entity being deregistered as a company or otherwise dissolved; i. a resolution being passed or steps taken to pass a resolution for the winding up or dissolution of the entity; or j. anything analogous to the matters set out in any of paragraphs (a) to (i) inclusive occurs in relation to the entity under the laws of a foreign jurisdiction.
Intecq or the Company	Intecq Limited (ABN 59 056 210 774).
Intecq Board or your Board	the board of directors of Intecq.
Intecq Break Fee	has the meaning given in Section 1.3 of this Scheme Booklet.
Intecq Director or your Director	a member of the Intecq Board.
Intecq Group	Intecq and its Subsidiaries and also includes Gaming Solutions Pty Limited (and a reference to the "Intecq Group" is a reference to each entity within the Intecq Group as well as a reference to all such entities) and each of Intecq and its Subsidiaries and Gaming Solutions Pty Limited is an "Intecq Group Member" and a "member of the Intecq Group".
Intecq Information	the information contained in this Scheme Booklet, other than the Tabcorp Information and the information contained in Annexure 4.
Intecq Share	a fully paid ordinary share in the capital of Intecq.
Intecq Share Registry	Computershare Investor Services Pty Limited of Level 4, 60 Carrington Street, Sydney New South Wales 2000.
Intecq Shareholder	a person who is registered as the holder of an Intecq Share in the Register.
Laws	all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Agency, and includes the Listing Rules.
Listing Rules	the official listing rules of ASX.
Material Adverse Change	has the meaning given to the term 'Material Adverse Change' in clause 1.1 of the Scheme Implementation Agreement, a summary of which is set out in Section 9.3(a) of this Scheme Booklet.
Notice of Scheme Meeting	the notice of Scheme Meeting which is contained in Annexure 1.
Prescribed Event	has the meaning given to the term 'Prescribed Event' in clause 1.1 of the Scheme Implementation Agreement, a summary of which is set out in Section 9.3(a) of this Scheme Booklet.
Register	the register of members of Intecq maintained by Intecq Registry in accordance with subsection 168(1) of the Corporations Act.

Meaning	Meaning
Regulatory Approvals	<p>a. any approval, consent, authorisation, registration, filing, lodgment, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with an Agency; or</p> <p>b. in relation to anything that would be fully or partly prohibited or restricted by law if an Agency intervened or acted in any way within a specified period after lodgment, filing, registration or notification, the expiry of that period without intervention or action,</p> <p>and includes the approvals set out in Schedule 1 to the Scheme Implementation Agreement.</p>
Related Body Corporate	has the meaning given in the Corporations Act.
Relevant Interest	has the meaning given to that term by section 9 of the Corporations Act.
Scheme or Scheme of Arrangement	the scheme of arrangement under Part 5.1 of the Corporations Act between Intecq and the Scheme Shareholders in respect of all Scheme Shares, the form of which is attached as Annexure 2, subject to any alterations or conditions as agreed between Tabcorp and Intecq in writing or made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Intecq and Tabcorp.
Scheme Booklet	this booklet, including the annexures to it.
Scheme Consideration	for each Scheme Share held by a Scheme Shareholder as at the Scheme Record Date, an amount equal to A\$7.15.
Scheme Implementation Agreement	the Scheme Implementation Agreement between Intecq and Tabcorp dated 31 July 2016, a summary of which is set out in Section 9.3 of this Scheme Booklet and a full copy of which can be obtained from Intecq's website at http://www.intecqlimited.com/investor-relations/asx-announcements/ .
Scheme Meeting	the meeting of Intecq Shareholders, ordered by the Court to be convened under subsection 411(1) of the Corporations Act in relation to this Scheme and includes an adjournment or postponement of that meeting.
Scheme Record Date	7.00pm (Sydney time) on the fifth Business Day after the Effective Date or such other time and date agreed in writing by Intecq and Tabcorp.
Scheme Resolution	the resolution set out in the Notice of Scheme Meeting to agree to the terms of the Scheme.
Scheme Share	an Intecq Share on issue as at the Scheme Record Date.
Scheme Shareholder	each person who is registered on the Register as a holder of Scheme Shares as at the Scheme Record Date.
Second Court Date	the first day on which the Court hears the application for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned application or appeal is heard.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to paragraph 411(4)(b) of the Corporations Act approving the Scheme.
Subsidiary	has the meaning given to that term in the Corporations Act.
Sunset Date	31 December 2016, or such later date as may be agreed in writing by Intecq and Tabcorp.
Superior Proposal	<p>a bona fide Competing Proposal received by Intecq that the Intecq Board, acting in good faith and after having obtained written advice from Intecq's external legal and financial advisers, determines:</p> <p>a. is capable of being valued and completed, taking into account all aspects of the Competing Proposal (including its conditions) and the person making it (including such person's identity, reputation and financial standing); and</p> <p>b. would, if completed substantially in accordance with its terms, be more favourable to Intecq Shareholders than the Transaction (if that were completed substantially in accordance with its terms), taking into account all the terms and conditions of the Competing Proposal.</p>
Tabcorp	Tabcorp Holdings Limited (ABN 66 063 780 709).
Tabcorp Board	the board of directors of Tabcorp.
Tabcorp Directors	a member of the Tabcorp Board.

Term	Meaning
Tabcorp Gaming	Tabcorp Gaming Holdings Pty Ltd (ABN 91 136 582 806).
Tabcorp Group	Tabcorp and its Subsidiaries (and a reference to the “ Tabcorp Group ” is a reference to each entity within the Tabcorp Group as well as a reference to all such entities) and each of Tabcorp and its Subsidiaries is a “ Tabcorp Group Member ” and a “ member of the Tabcorp Group ”.
Tabcorp Information	<p>the information contained in:</p> <p>a. the answer to the questions</p> <ul style="list-style-type: none"> • “Who are Tabcorp and Tabcorp Gaming?” • “How will the Scheme Consideration be funded?” • “What are Tabcorp’s intentions for Intecq?” • “As at the date of this Scheme Booklet, what Regulatory Approvals need to be obtained for the Scheme to become Effective?” <p>in Section 2; and</p> <p>b. Section 7.</p>
Transaction	the transaction under which Intecq becomes a wholly-owned Subsidiary of Tabcorp pursuant to the terms of the Scheme Implementation Agreement and the Scheme.

10.2 Interpretation

In this Scheme Booklet, unless the context otherwise appears:

- a. words and phrases have the same meaning (if any) given to them in the Corporations Act;
- b. words importing a gender include any gender;
- c. words importing the singular include the plural and vice versa;
- d. an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- e. a reference to a clause, attachment or schedule is a reference to a clause of and an attachment and schedule to this Scheme Booklet as relevant;
- f. a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by Laws issued under that statute;
- g. headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- h. a reference to time is a reference to Sydney, Australia time;
- i. a reference to writing includes facsimile transmissions; and
- j. a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

ANNEXURE 1 – NOTICE OF SCHEME MEETING

Notice of Scheme Meeting

Notice is hereby given, that by an order of the Supreme Court of New South Wales made on 22 September 2016 pursuant to subsection 411(1) of the Corporations Act 2001 (Cth), a meeting of shareholders of Intecq Limited (**Intecq**) will be held at Offices of Whittens & McKeough, Level 29, 201 Elizabeth Street, Sydney NSW 2000 on Friday, 28 October 2016 at 10.30am (Sydney time).

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Intecq and Tabcorp Holdings Limited (**Tabcorp**) agree) proposed to be made between Intecq and holders of its ordinary shares (the **Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

Business of meeting

The Scheme Meeting will be asked to consider, and, if thought fit, to pass the following resolution (**Resolution**):

“That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Intecq Limited and the holders of its ordinary shares (as contained in and more particularly described in the scheme booklet of which the notice convening this meeting forms part) is agreed to (with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Intecq Limited and Tabcorp Holdings Limited agree).”

Chairman

The Court has directed that Paul Norman Oneile is to act as Chairman of the Scheme Meeting (and that, if Paul Norman Oneile is unable or unwilling to attend, Ian Raymond James is to act as Chairman of the Scheme Meeting) and has directed the Chairman to report the result of the Resolution to the Court

By order of the Court and the board of Intecq.

Date 23 September 2016



Alistair McKeough
Company Secretary

Information for Shareholders

General

This notice of meeting relates to the Scheme and should be read in conjunction with the Scheme Booklet of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Resolution.

A copy of the Scheme is set out in Annexure 2 to the Scheme Booklet.

Capitalised terms used but not defined in this notice, have the same meaning as set out in Section 10 of the Scheme Booklet, unless the context otherwise requires.

Shareholder Approval

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Resolution must be approved by:

- unless the court orders otherwise, a majority in number of Intecq Shareholders present and voting (either in person or by proxy, attorney or , in the case of Intecq Shareholders which are corporations, by body corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Resolution (either in person or by proxy, attorney or, in the case of Intecq Shareholders which are corporations, by body corporate representative).

Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alterations or conditions required by Court to which Intecq and Tabcorp agree) is subject to the approval of the Court. If the Resolution is approved by the requisite majorities and the other Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, Intecq intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

Entitlement to attend and vote

The time for determining eligibility to vote at the Scheme Meeting is 7.00pm (Sydney time) on Wednesday, 26 October 2016. Only those Intecq Shareholders entered on the Register at that time will be entitled to attend and vote at the Scheme Meeting. You may vote by attending the Scheme Meeting in person or by proxy or attorney, or in the case of an Intecq Shareholder which is a corporation, by body corporate representative.

If you are attending in person, please bring your personalised proxy form to the Scheme meeting to assist with your registration.

The remaining comments in these explanatory notes are addressed to Intecq Shareholders entitled to attend and vote at the Scheme Meeting.

How to vote

Voting on the Resolution at the Scheme Meeting will be conducted by poll.

If you are an Intecq Shareholder entitled to attend and vote at the Scheme Meeting, you may vote by:

- attending and voting in person;
- appointing a proxy to attend on your behalf, using the proxy form that accompanied this Scheme Booklet (or by using the online proxy lodgement facility);
- appointing an attorney to vote on your behalf, using a power of attorney; or
- in the case of a corporation which is an Intecq Shareholder, by appointing an authorised corporate representative to attend on your behalf using a certificate of appointment of body corporate representative.

Attendance

All persons attending the Scheme Meeting are asked to arrive at least 30 minutes prior to the time the Scheme Meeting is to commence, so that either their shareholding may be checked against the Register, their power of attorney or appointment as corporate representative can be verified (as the case may be), and their attendance noted.

Jointly held securities

If the Intecq Shares are jointly held, each of the joint shareholders is entitled to vote. However, if more than one shareholder votes in respect of jointly held Intecq Shares, only the vote of the shareholder whose name appears first on the Register will be counted.

Voting

1. Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting to be held at Offices of Whittens & McKeough, Level 29, 201 Elizabeth Street, Sydney NSW 2000 on Friday, 28 October 2016. The meeting will commence at 10.30am (Sydney time).

An Intecq Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card on disclosure at the point of entry to the Scheme Meeting of their name and address.

2. Voting by proxy

An Intecq Shareholder entitled to attend and vote at the Scheme Meeting is also entitled to appoint a proxy to vote on his/her or its behalf. The proxy form is enclosed with this Scheme Booklet. You may appoint not more than 2 proxies to attend and act for you at the Scheme Meeting. A proxy need not be an Intecq Shareholder. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes.

If no such number or proportion is specified, each proxy may exercise half of your votes.

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Scheme Meeting.

A proxy will be admitted to the Scheme Meeting and given a voting card on providing (at the point of entry to the Scheme Meeting) written evidence of their name and address.

The sending of a proxy form will not preclude an Intecq Shareholder from attending in person and voting at the Scheme Meeting if the Intecq Shareholder is entitled to attend and vote.

For the appointment of a proxy to be effective, the proxy form enclosed with this Notice of Scheme Meeting, together with any authority under which the proxy form was executed, or a certified copy of that authority, must be completed and:

- lodged online at www.investorvote.com.au;
- deposited at the Intecq Registry, Computershare Investor Services Pty Limited, located at Level 4, 60 Carrington Street, Sydney NSW 2000;
- sent by post to Computershare Investor Services Pty Limited to GPO Box 242, Melbourne Victoria 3001, Australia;
- sent by facsimile to the Intecq Registry to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- for custodians that use Intermediary Online only, lodged on www.intermediaryonline.com.

Please note that proxy forms must be received by the Intecq Registry by no later than 10.30am (Sydney time) on Wednesday, 26 October 2016.

Intecq Shareholders wishing to lodge electronic proxies online may do so by accessing the Investor Vote System on the Intecq Registry's website at www.investorvote.com.au and then inputting the shareholder's secure access information to commence voting. Shareholders must lodge electronic proxies online no later than 10.30am (Sydney time) on Wednesday, 26 October 2016.

3. Voting by attorney

For the appointment of an attorney to be effective, the instrument appointing the attorney and the power of attorney under which it was executed, or a certified copy of that power, must be deposited in the manner and within the time period set out above.

An attorney will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry of the Scheme Meeting written evidence of their appointment, their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude an Intecq Shareholder from attending in person and voting at the Scheme Meeting if the Intecq Shareholder is entitled to attend and vote.

4. Voting by corporate representative

To vote at the Scheme Meeting (other than by proxy or by attorney), a corporation that is an Intecq Shareholder must appoint a person (either by name or position and whether an Intecq Shareholder or not) to act as its representative. The appointment must comply with section 250D of the Corporations Act.

An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

Intecq Registry Address details

The address and details of the Intecq Registry are set out below:

Computershare Investor Services Pty Limited.
Level 4, 60 Carrington Street
Sydney New South Wales 2000



Scheme of arrangement

Intecq Limited (ABN 59 056 210 774)

and

Scheme Shareholders

ANNEXURE 2 – SCHEME OF ARRANGEMENT



Scheme of arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between

Intecq **Intecq Limited (ABN 59 056 210 774)** of Unit 13, 112-118 Talavera Road, North Ryde, New South Wales 2113

(Intecq)

Scheme Shareholders Each person who is registered as the holder of Intecq Shares recorded in the Share Register as at the Scheme Record Date (each a **Scheme Shareholder**, together the **Scheme Shareholders**)

RECITALS

- (A) Intecq is a public company limited by shares, incorporated in Australia and registered in New South Wales, and is admitted to the official list of the ASX.
- (B) As at the date of the Implementation Agreement, there were on issue 17,634,492 Intecq Shares, which are officially quoted on the stock market conducted by ASX.
- (C) Tabcorp is a public company limited by shares, incorporated in Australia and registered in Victoria. Tabcorp is admitted to the official list of the ASX and its shares are officially quoted on the stock market conducted by ASX.
- (D) Bidco is a company incorporated in Australia and is a company limited by shares.
- (E) If this Scheme becomes Effective:
 - (i) Bidco must provide, and Tabcorp must procure that Bidco provides, the Scheme Consideration to the Scheme Shareholders in accordance with, and subject to, the terms of this Scheme and the Deed Poll;
 - (ii) all of the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Bidco and Intecq will enter the name of Bidco in the Share Register in respect of the Scheme Shares; and
 - (iii) it will bind Intecq and all Scheme Shareholders, including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting.

ANNEXURE 2 – SCHEME OF ARRANGEMENT



- (F) Intecq and Tabcorp have agreed, subject to the terms and conditions set out in the Implementation Agreement, to implement this Scheme.
- (G) Tabcorp and Bidco have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including Bidco providing and Tabcorp procuring that Bidco provides the Scheme Consideration to the Scheme Shareholders subject to the terms of the Deed Poll.

1. Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market that it operates.
Bidco	Tabcorp Gaming Holdings Pty Ltd (ABN 91 136 582 806).
Business Day	has the meaning given to that expression in the Listing Rules.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Intecq and Tabcorp.
Deed Poll	the deed poll dated 14 September 2016 executed by Tabcorp and Bidco under which each of Tabcorp and Bidco has covenanted in favour of the Scheme Shareholders to perform the obligations attributed to it under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.

ANNEXURE 2 – SCHEME OF ARRANGEMENT



Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, including a stock or other securities exchange, or any minister of the Crown in right of the Commonwealth of Australia or any State or Territory, or any other federal, state, territorial, provincial, local or other government, whether foreign or Australian.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date as agreed in writing by Intecq and Tabcorp.
Implementation Agreement	the scheme implementation agreement dated 31 July 2016 between Intecq and Tabcorp relating to the implementation of this Scheme.
Intecq Registry	Computershare Investor Services Pty Ltd (ABN 48 078 279 277) of Level 3, 60 Carrington Street, Sydney NSW 2000, or any replacement share registry services provider to Intecq.
Intecq Share	a fully paid ordinary share in the capital of Intecq.
Intecq Shareholder	a person who is registered as the holder of an Intecq Share in the Share Register.
Listing Rules	the official listing rules of ASX.
Registered Address	in relation to an Intecq Shareholder, its address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Intecq and the Scheme Shareholders in respect of all Scheme Shares, subject to any alterations or conditions as agreed between Tabcorp and Intecq in writing or made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Intecq and Tabcorp.
Scheme Consideration	for each Scheme Share held by a Scheme Shareholder as at the Scheme Record Date, an amount equal to \$7.15.
Scheme Meeting	the meeting of Intecq Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act in relation to this Scheme and

ANNEXURE 2 – SCHEME OF ARRANGEMENT



	includes any adjournment or postponement of that meeting.
Scheme Record Date	7:00pm (Sydney time) on the fifth Business Day after the Effective Date or such other time and date agreed in writing by Intecq and Tabcorp.
Scheme Share	an Intecq Share on issue as at the Scheme Record Date.
Scheme Shareholder	each person who is registered on the Share Register as a holder of Scheme Shares as at the Scheme Record Date.
Scheme Transfer	for each Scheme Shareholder, one or more proper instruments of transfer in respect of their Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Bidco as transferee, which may be or include a master transfer of all or part of all of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned application or appeal is heard.
Share Register	the register of members of Intecq maintained by Intecq or the Intecq Registry in accordance with section 168(1) of the Corporations Act.
Subsidiary	has the meaning given to that term in the Corporations Act.
Sunset Date	31 December 2016, or such later date as may be agreed in writing by Tabcorp and Intecq.
Tabcorp	Tabcorp Holdings Limited (ABN 66 063 780 709).

1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included; and

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- (c) the following rules apply unless the context requires otherwise:
- (i) the singular includes the plural and the plural includes the singular;
 - (ii) words of any gender include all genders;
 - (iii) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
 - (iv) a reference to a person includes any corporation, trust, partnership, unincorporated body or other entity and any Government Agency (whether or not it comprises a separate legal entity) as well as an individual;
 - (v) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Scheme;
 - (vi) a reference to any legislation or to a provision of legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
 - (vii) a reference to an agreement or document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that agreement or document, except to the extent prohibited by this document or that other agreement or document;
 - (viii) a reference to writing includes any method of representing or reproducing words, figures, drawings, or symbols in a visible and tangible form;
 - (ix) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
 - (x) a reference to any time is a reference to that time in Sydney, Australia;
 - (xi) a word or expression defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
 - (xii) a reference to a party to a document includes that party's executors, administrators, successors, permitted substitutes and permitted assigns (and, where applicable, the person's legal representatives);
 - (xiii) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision; and

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(xiv) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:

(A) which ceases to exist; or

(B) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2. Conditions Precedent

2.1 Conditions precedent to this Scheme

This Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions precedent in clause 4.1 of the Implementation Agreement (other than the condition precedent in clause 4.1(d) of the Implementation Agreement) having been satisfied or waived in accordance with the terms of the Implementation Agreement by 8.00am on the Second Court Date or such other time specified in that condition precedent;
- (b) neither the Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Tabcorp and Intecq;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by Tabcorp and Intecq having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act, on or before the Sunset Date.

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2.2 Certificate

- (a) Each of Intecq and Tabcorp will provide to the Court on or before the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not the conditions precedent in clauses 2.1(a) and 2.1(b) have been satisfied or waived as at 8.00am on the Second Court Date.
- (b) The certificates referred to in clause 2.2(a) constitute conclusive evidence that the relevant conditions precedent were satisfied, waived or taken to be waived.

2.3 Sunset Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the Sunset Date; or
- (b) the Implementation Agreement or the Deed Poll is terminated in accordance with its terms, unless Intecq and Tabcorp otherwise agree in writing.

3. The Scheme

3.1 Lodgement of Court orders with ASIC

Intecq must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible, and in any event by 5:00pm on the first Business Day after the day on which the Court approves this Scheme.

3.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 4.2(a) and Bidco having provided Intecq with written confirmation of that having occurred, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Bidco, without the need for any further act by any Scheme Shareholder (other than acts performed by Intecq or any of its directors, officers and secretaries as attorney and agent for Scheme Shareholders under clause 7.5), by:
 - (i) Intecq delivering to Bidco a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Intecq, to transfer all the Scheme Shares to Bidco; and

ANNEXURE 2 – SCHEME OF ARRANGEMENT



- (ii) Bidco duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Intecq for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 3.2(a)(ii), but subject to the stamping of the Scheme Transfer (if required), Intecq must enter, or procure the entry of, the name of Bidco in the Share Register in respect of all the Scheme Shares transferred to Bidco in accordance with this Scheme.

4. Scheme Consideration

4.1 Entitlement to Scheme Consideration

Subject to the terms and conditions of this Scheme, each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares.

4.2 Provision of Scheme Consideration

- (a) Bidco must, and Tabcorp must procure that Bidco does, by no later than the Business Day before the Implementation Date, deposit in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to the Scheme Shareholders in an Australian dollar denominated trust account operated by Intecq as trustee for the Scheme Shareholders and notified to Bidco and Tabcorp at least 3 Business Days prior to the Implementation Date (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidco's account).
- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 4.2(a), Intecq must pay or procure the payment, from the trust account referred to in clause 4.2(a), to each Scheme Shareholder the Scheme Consideration to which that Scheme Shareholder is entitled under this clause 4.
- (c) The obligations of Intecq under clause 4.2(b) will be satisfied by Intecq (in its absolute discretion):
 - (i) where a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Intecq Registry to receive dividend payments from Intecq by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (ii) otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 4.2(c)(i), dispatching, or procuring the dispatch of, a cheque for the relevant

ANNEXURE 2 – SCHEME OF ARRANGEMENT



amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address, such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 4.3).

- (d) To the extent that, following satisfaction of Intecq's obligations under clause 4.2(b), there is a surplus in the amount held by Intecq as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus shall be paid by Intecq to Bidco.

4.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 4.2(c), the Scheme Consideration is payable to the joint holders of such Scheme Shares and any cheque required to be sent under this Scheme will be made payable to those joint holders and sent to either, at the sole discretion of Intecq, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Intecq, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

4.4 Unclaimed monies

- (a) Intecq may cancel a cheque issued under this clause 4 if the cheque:
 - (i) is returned to Intecq; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Intecq (or the Intecq Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Intecq must reissue a cheque that was previously cancelled under clause 4.4(a).
- (c) The *Unclaimed Money Act 2008 (Vic)* will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008 (Vic)*).

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4.5 Orders of a court or Government Agency

If written notice is given to Intecq (or the Intecq Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Intecq in accordance with this clause 4, then Intecq will be entitled to make that payment (or procure that it is made) in accordance with that order or direction; or
- (b) prevents Intecq from making a payment to any particular Scheme Shareholder in accordance with clauses 4.2(b) and 4.2(c), or the payment is otherwise prohibited by applicable law, Intecq will be entitled to retain an amount, in Australian dollars, equal to the amount of the relevant payment until such time as payment in accordance with this clause 4 is permitted by that order or direction or otherwise by law.

5. Dealings in Intecq Shares

5.1 Determination of Scheme Shareholders

For the purposes of determining who is a Scheme Shareholder, dealings in Intecq Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type effected using CHES, the transferee is registered in the Share Register as the holder of the relevant Intecq Shares on or before the Scheme Record Date; and
- (b) in all other cases, share transfer forms in registrable form or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by 5:00pm on the Scheme Record Date at the place where the Share Register is kept,

and Intecq must not accept for registration, nor recognise for any purpose, any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, other than a transfer to Bidco in accordance with this Scheme and any subsequent transfer by Bidco or its successors in title.

5.2 Register

- (a) Intecq must register any registrable transfers or transmission applications received in accordance with clause 5.1(b) by the Scheme Record Date.

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- (b) If this Scheme becomes Effective, each Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Scheme Record Date, and any attempt to do so will have no effect and Intecq shall be entitled to disregard any such disposal, purported disposal or agreement.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Intecq must maintain, or cause the Intecq Registry to maintain, the Share Register in accordance with the provisions of this clause 5.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Intecq Shares (other than statements of holding in favour of Bidco and any of its successors in title) will cease to have effect after the Scheme 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 (other than entries on the Share Register in respect of Bidco) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of Intecq Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Intecq will ensure that details of the names, Registered Addresses and holdings of Intecq Shares for each Scheme Shareholder as shown in the Share Register are available to Bidco in the form that Bidco reasonably requires.

6. Quotation of Intecq Shares

- (a) Intecq must apply to ASX to suspend trading on the ASX in Intecq Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Tabcorp, Intecq must apply:
 - (i) for termination of the official quotation of Intecq Shares on the ASX; and
 - (ii) to have itself removed from the official list of the ASX.

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7. General Scheme provisions

7.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions under section 411(6) of the Corporations Act:

- (a) Intecq may, by its counsel, consent on behalf of all persons concerned to those alterations or conditions to this Scheme to which Tabcorp has consented in writing; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Intecq has consented to.

7.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
 - (i) agrees to the transfer of their Intecq Shares together with all rights and entitlements attaching to those Intecq Shares in accordance with this Scheme;
 - (ii) agrees to the variation, cancellation or modification of the rights attached to their Intecq Shares constituted by or resulting from this Scheme;
 - (iii) acknowledges that this Scheme binds Intecq and all Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting); and
 - (iv) consents to Intecq and Bidco doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder is taken to have warranted to Intecq and Bidco on the Implementation Date, and appointed and authorised Intecq as its attorney and agent to warrant to Bidco on the Implementation Date, that all their Intecq Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Intecq Shares to Bidco together with any rights and entitlements attaching to those shares. Intecq undertakes

ANNEXURE 2 – SCHEME OF ARRANGEMENT



that it will provide such warranty to Bidco as agent and attorney of each Scheme Shareholder.

7.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidco will, at the time of transfer of them to Bidco, vest in Bidco free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Bidco will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Intecq of Bidco in the Share Register as the holder of the Scheme Shares.

7.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 4, and until Intecq registers Bidco as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Bidco as attorney and agent (and directed Bidco in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidco as its sole proxy and, where applicable or appropriate, its corporate representative to attend shareholders' meetings of Intecq, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution of Intecq;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 7.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidco reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 7.4(a), Bidco and any director, officer, secretary or agent nominated by Bidco under clause 7.4(a) may act in the best interests of Bidco as the intended registered holder of the Scheme Shares.

7.5 Authority given to Intecq

Each Scheme Shareholder, without the need for any further act, on the Effective Date irrevocably appoints Intecq and each of its directors, officers

ANNEXURE 2 – SCHEME OF ARRANGEMENT



and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of:

- (a) enforcing the Deed Poll against Tabcorp and Bidco, and Intecq undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Tabcorp and Bidco on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Intecq accepts each such appointment. Intecq as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 7.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

7.6 Binding effect of Scheme

This Scheme binds Intecq and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Intecq.

8. General

8.1 Stamp duty

Bidco will, and Tabcorp must procure that Bidco will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 8.1(a).

8.2 Consent

Each of the Scheme Shareholders consents to Intecq doing all things necessary for or incidental to the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Intecq or otherwise.

8.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Intecq, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is

ANNEXURE 2 – SCHEME OF ARRANGEMENT



actually received at Intecq's registered office or at the office of the Intecq Registry.

- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an Intecq Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

8.4 Governing law

- (a) This Scheme is governed by the laws in force in New South Wales, Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

8.5 Further action

Each Scheme Shareholder and Intecq must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

8.6 No liability when acting in good faith

Each Scheme Shareholder agrees that none of Intecq, Tabcorp, Bidco, nor any director, officer, secretary or employee of any of those entities shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

ANNEXURE 3 – DEED POLL

VICTORIA | NEW SOUTH WALES | QUEENSLAND



Deed Poll

Tabcorp Holdings Limited

Tabcorp Gaming Holdings Pty Ltd

N-5569014:2

ANNEXURE 3 – DEED POLL

Deed Poll



Date 14 September 2016

This deed poll is made

By **TABCORP HOLDINGS LIMITED ABN 66 063 780 709** of 5 Bowen Crescent, Melbourne Victoria 3004 (**Tabcorp**); and

TABCORP GAMING HOLDINGS PTY LTD ABN 91 136 582 806 of 5 Bowen Crescent, Melbourne Victoria 3004 (**Bidco**)

in favour of

Each person registered as a holder of fully paid ordinary shares in Intecq Limited ABN 59 056 210 774 (**Intecq**) in the Share Register as at the Scheme Record Date.

BACKGROUND

- A. Intecq and Tabcorp have entered into the Implementation Agreement.
- B. Tabcorp is the ultimate holding company of Bidco.
- C. Under the Implementation Agreement, Intecq has agreed to propose the Scheme in accordance with the Implementation Agreement.
- D. In accordance with the Implementation Agreement, each of Tabcorp and Bidco is executing this deed poll for the purpose of covenanting in favour of the Scheme Shareholders that it will perform the obligations contemplated of it under the Scheme.

This deed poll provides as follows:

1. Definitions and interpretation

1.1 Definitions

- (a) In this deed poll:

First Court Date means the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard;

Implementation Agreement means the scheme implementation agreement between Intecq and Tabcorp dated 31 July 2016 relating to the implementation of the Scheme; and

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Intecq and the Scheme Shareholders, a copy of which is set out in the Schedule to this deed poll, subject to any alterations

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Deed Poll



or conditions as agreed between Tabcorp and Intecq in writing or made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Tabcorp and Intecq.

- (b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Each of Tabcorp and Bidco acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Intecq and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Tabcorp and Bidco.

2. Conditions to obligations and termination

2.1 Conditions

This deed poll and the obligations of each of Tabcorp and Bidco under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Tabcorp and Bidco under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme does not become Effective on or before the Sunset Date, unless Tabcorp, Bidco and Intecq otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

ANNEXURE 3 – DEED POLL

Deed Poll



- (a) each of Tabcorp and Bidco is released from its obligations under this deed poll, except those obligations under clause 7.1; and
- (b) each Scheme Shareholder retains any rights, powers or remedies that it has against Tabcorp or Bidco in respect of any breach of this deed poll which occurred before it was terminated.

3. Scheme obligations

- (a) Subject to clause 2, Bidco undertakes in favour of each Scheme Shareholder to:
 - (i) deposit, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Intecq as trustee for the Scheme Shareholders and notified to Bidco and Tabcorp at least 3 Business Days prior to the Implementation Date, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidco's account; and
 - (ii) undertake all other actions attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme.
- (b) Subject to clause 2, Tabcorp undertakes in favour of each Scheme Shareholder to:
 - (i) procure the deposit by Bidco of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Intecq as trustee for the Scheme Shareholders and notified to Bidco and Tabcorp at least 3 Business Days prior to the Implementation Date, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidco's account; and
 - (ii) undertake all other actions attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme.

4. Warranties

Each of Tabcorp and Bidco represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

ANNEXURE 3 – DEED POLL

Deed Poll



- (a) it is a corporation validly existing under the laws of the place of its 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;
- (c) it has taken 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 and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) the execution and performance by it of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
 - (i) a law, judgment, ruling, order or decree binding on it; or
 - (ii) its constitution or other constituent documents.

5. Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until the earlier of:

- (a) each of Tabcorp and Bidco having fully performed their obligations under this deed poll; and
- (b) termination of this deed poll under clause 2.

6. Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sender; and
- (b) addressed to Tabcorp and Bidco in accordance with the details set out below (or any alternative details nominated by Tabcorp or Bidco in writing).

Party	Address	Addressee	Email	Fax Number
Intecq	c/o Whittens & McKeough Level 5, 137 – 139 Bathurst	Paul Oneile	poneile@ebetgroup.com	+61 2 9283 1970
		Alistair McKeough	amckeough@whittens.com.au	

ANNEXURE 3 – DEED POLL

Deed Poll



Street				
Sydney NSW 2000				
Tabcorp	5 Bowen Crescent, Melbourne VIC 3004	The Company Secretary	Fiona.Mead@tabcorp.com.au	+61 3 9868 2933
Bidco	5 Bowen Crescent, Melbourne VIC 3004	The Company Secretary	Fiona.Mead@tabcorp.com.au	+61 3 9868 2933

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9:00am and 5:00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By email to the nominated email address	The earliest to occur of: <ul style="list-style-type: none"> (i) the time that the sender receives an automated message from the intended recipient's information system confirming delivery of the email; (ii) the time that the email is first opened or read by the intended recipient, or an employee or officer of the intended recipient; and (iii) two hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that two hour period, an automated message that the email has not been delivered.

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Deed Poll



Method of giving Notice	When Notice is regarded as given and received
By fax to the nominated fax number	On receipt by the sender of a transmission control report from the dispatching machine showing the relevant number of pages and the correct destination fax number or name of the intended recipient and indicating that the transmission has been made without error.

7. General

7.1 Stamp duty

- (a) Bidco must pay, and Tabcorp must procure that Bidco pays, all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll.
- (b) Bidco must indemnify each Scheme Shareholder against any liability arising from any failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in New South Wales, Australia.
- (b) Tabcorp and Bidco irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Tabcorp and Bidco irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 No Waiver

No failure to exercise nor any delay in exercising any right, power or remedy by any of Tabcorp and Bidco or by any Scheme Shareholder operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

7.4 Variation

A provision of this deed poll may not be varied unless the variation is agreed to by Tabcorp and Bidco and:

- (a) if before the First Court Date, the variation is agreed to by Intecq; or

ANNEXURE 3 – DEED POLL

Deed Poll



- (b) if on or after the First Court Date, the variation is agreed to by Intecq and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Tabcorp and Bidco will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of Tabcorp and Bidco and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights and obligations created by this deed poll are personal to Tabcorp and Bidco and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Tabcorp and Bidco.

- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Further action

Each of Tabcorp and Bidco must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

ANNEXURE 3 – DEED POLL

Deed Poll



Schedule

Scheme



Scheme of arrangement

Intecq Limited (ABN 59 056 210 774)

and

Scheme Shareholders

ANNEXURE 3 – DEED POLL



Scheme of arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between

Intecq **Intecq Limited (ABN 59 056 210 774)** of Unit 13, 112-118 Talavera Road, North Ryde, New South Wales 2113

(Intecq)

Scheme Shareholders Each person who is registered as the holder of Intecq Shares recorded in the Share Register as at the Scheme Record Date (each a **Scheme Shareholder**, together the **Scheme Shareholders**)

RECITALS

- (A) Intecq is a public company limited by shares, incorporated in Australia and registered in New South Wales, and is admitted to the official list of the ASX.
- (B) As at the date of the Implementation Agreement, there were on issue 17,634,492 Intecq Shares, which are officially quoted on the stock market conducted by ASX.
- (C) Tabcorp is a public company limited by shares, incorporated in Australia and registered in Victoria. Tabcorp is admitted to the official list of the ASX and its shares are officially quoted on the stock market conducted by ASX.
- (D) Bidco is a company incorporated in Australia and is a company limited by shares.
- (E) If this Scheme becomes Effective:
 - (i) Bidco must provide, and Tabcorp must procure that Bidco provides, the Scheme Consideration to the Scheme Shareholders in accordance with, and subject to, the terms of this Scheme and the Deed Poll;
 - (ii) all of the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Bidco and Intecq will enter the name of Bidco in the Share Register in respect of the Scheme Shares; and
 - (iii) it will bind Intecq and all Scheme Shareholders, including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting.

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- (F) Intecq and Tabcorp have agreed, subject to the terms and conditions set out in the Implementation Agreement, to implement this Scheme.
- (G) Tabcorp and Bidco have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including Bidco providing and Tabcorp procuring that Bidco provides the Scheme Consideration to the Scheme Shareholders subject to the terms of the Deed Poll.

1. Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market that it operates.
Bidco	Tabcorp Gaming Holdings Pty Ltd (ABN 91 136 582 806).
Business Day	has the meaning given to that expression in the Listing Rules.
CHES	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Intecq and Tabcorp.
Deed Poll	the deed poll dated 14 September 2016 executed by Tabcorp and Bidco under which each of Tabcorp and Bidco has covenanted in favour of the Scheme Shareholders to perform the obligations attributed to it under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.

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Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, including a stock or other securities exchange, or any minister of the Crown in right of the Commonwealth of Australia or any State or Territory, or any other federal, state, territorial, provincial, local or other government, whether foreign or Australian.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date as agreed in writing by Intecq and Tabcorp.
Implementation Agreement	the scheme implementation agreement dated 31 July 2016 between Intecq and Tabcorp relating to the implementation of this Scheme.
Intecq Registry	Computershare Investor Services Pty Ltd (ABN 48 078 279 277) of Level 3, 60 Carrington Street, Sydney NSW 2000, or any replacement share registry services provider to Intecq.
Intecq Share	a fully paid ordinary share in the capital of Intecq.
Intecq Shareholder	a person who is registered as the holder of an Intecq Share in the Share Register.
Listing Rules	the official listing rules of ASX.
Registered Address	in relation to an Intecq Shareholder, its address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Intecq and the Scheme Shareholders in respect of all Scheme Shares, subject to any alterations or conditions as agreed between Tabcorp and Intecq in writing or made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Intecq and Tabcorp.
Scheme Consideration	for each Scheme Share held by a Scheme Shareholder as at the Scheme Record Date, an amount equal to \$7.15.
Scheme Meeting	the meeting of Intecq Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act in relation to this Scheme and

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	includes any adjournment or postponement of that meeting.
Scheme Record Date	7:00pm (Sydney time) on the fifth Business Day after the Effective Date or such other time and date agreed in writing by Intecq and Tabcorp.
Scheme Share	an Intecq Share on issue as at the Scheme Record Date.
Scheme Shareholder	each person who is registered on the Share Register as a holder of Scheme Shares as at the Scheme Record Date.
Scheme Transfer	for each Scheme Shareholder, one or more proper instruments of transfer in respect of their Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Bidco as transferee, which may be or include a master transfer of all or part of all of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned application or appeal is heard.
Share Register	the register of members of Intecq maintained by Intecq or the Intecq Registry in accordance with section 168(1) of the Corporations Act.
Subsidiary	has the meaning given to that term in the Corporations Act.
Sunset Date	31 December 2016, or such later date as may be agreed in writing by Tabcorp and Intecq.
Tabcorp	Tabcorp Holdings Limited (ABN 66 063 780 709).

1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included; and

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- (c) the following rules apply unless the context requires otherwise:
- (i) the singular includes the plural and the plural includes the singular;
 - (ii) words of any gender include all genders;
 - (iii) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
 - (iv) a reference to a person includes any corporation, trust, partnership, unincorporated body or other entity and any Government Agency (whether or not it comprises a separate legal entity) as well as an individual;
 - (v) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Scheme;
 - (vi) a reference to any legislation or to a provision of legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
 - (vii) a reference to an agreement or document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that agreement or document, except to the extent prohibited by this document or that other agreement or document;
 - (viii) a reference to writing includes any method of representing or reproducing words, figures, drawings, or symbols in a visible and tangible form;
 - (ix) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
 - (x) a reference to any time is a reference to that time in Sydney, Australia;
 - (xi) a word or expression defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
 - (xii) a reference to a party to a document includes that party's executors, administrators, successors, permitted substitutes and permitted assigns (and, where applicable, the person's legal representatives);
 - (xiii) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision; and

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(xiv) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:

(A) which ceases to exist; or

(B) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2. Conditions Precedent

2.1 Conditions precedent to this Scheme

This Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions precedent in clause 4.1 of the Implementation Agreement (other than the condition precedent in clause 4.1(d) of the Implementation Agreement) having been satisfied or waived in accordance with the terms of the Implementation Agreement by 8.00am on the Second Court Date or such other time specified in that condition precedent;
- (b) neither the Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Tabcorp and Intecq;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by Tabcorp and Intecq having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act, on or before the Sunset Date.

2.2 Certificate

- (a) Each of Intecq and Tabcorp will provide to the Court on or before the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not the conditions precedent in clauses 2.1(a) and 2.1(b) have been satisfied or waived as at 8.00am on the Second Court Date.
- (b) The certificates referred to in clause 2.2(a) constitute conclusive evidence that the relevant conditions precedent were satisfied, waived or taken to be waived.

2.3 Sunset Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the Sunset Date; or
- (b) the Implementation Agreement or the Deed Poll is terminated in accordance with its terms, unless Intecq and Tabcorp otherwise agree in writing.

3. The Scheme

3.1 Lodgement of Court orders with ASIC

Intecq must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible, and in any event by 5:00pm on the first Business Day after the day on which the Court approves this Scheme.

3.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 4.2(a) and Bidco having provided Intecq with written confirmation of that having occurred, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Bidco, without the need for any further act by any Scheme Shareholder (other than acts performed by Intecq or any of its directors, officers and secretaries as attorney and agent for Scheme Shareholders under clause 7.5), by:
 - (i) Intecq delivering to Bidco a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Intecq, to transfer all the Scheme Shares to Bidco; and

- (ii) Bidco duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Intecq for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 3.2(a)(ii), but subject to the stamping of the Scheme Transfer (if required), Intecq must enter, or procure the entry of, the name of Bidco in the Share Register in respect of all the Scheme Shares transferred to Bidco in accordance with this Scheme.

4. Scheme Consideration

4.1 Entitlement to Scheme Consideration

Subject to the terms and conditions of this Scheme, each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares.

4.2 Provision of Scheme Consideration

- (a) Bidco must, and Tabcorp must procure that Bidco does, by no later than the Business Day before the Implementation Date, deposit in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to the Scheme Shareholders in an Australian dollar denominated trust account operated by Intecq as trustee for the Scheme Shareholders and notified to Bidco and Tabcorp at least 3 Business Days prior to the Implementation Date (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidco's account).
- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 4.2(a), Intecq must pay or procure the payment, from the trust account referred to in clause 4.2(a), to each Scheme Shareholder the Scheme Consideration to which that Scheme Shareholder is entitled under this clause 4.
- (c) The obligations of Intecq under clause 4.2(b) will be satisfied by Intecq (in its absolute discretion):
 - (i) where a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Intecq Registry to receive dividend payments from Intecq by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (ii) otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 4.2(c)(i), dispatching, or procuring the dispatch of, a cheque for the relevant



amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address, such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 4.3).

- (d) To the extent that, following satisfaction of Intecq's obligations under clause 4.2(b), there is a surplus in the amount held by Intecq as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus shall be paid by Intecq to Bidco.

4.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 4.2(c), the Scheme Consideration is payable to the joint holders of such Scheme Shares and any cheque required to be sent under this Scheme will be made payable to those joint holders and sent to either, at the sole discretion of Intecq, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Intecq, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

4.4 Unclaimed monies

- (a) Intecq may cancel a cheque issued under this clause 4 if the cheque:
- (i) is returned to Intecq; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Intecq (or the Intecq Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Intecq must reissue a cheque that was previously cancelled under clause 4.4(a).
- (c) The *Unclaimed Money Act 2008 (Vic)* will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008 (Vic)*).

4.5 Orders of a court or Government Agency

If written notice is given to Intecq (or the Intecq Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Intecq in accordance with this clause 4, then Intecq will be entitled to make that payment (or procure that it is made) in accordance with that order or direction; or
- (b) prevents Intecq from making a payment to any particular Scheme Shareholder in accordance with clauses 4.2(b) and 4.2(c), or the payment is otherwise prohibited by applicable law, Intecq will be entitled to retain an amount, in Australian dollars, equal to the amount of the relevant payment until such time as payment in accordance with this clause 4 is permitted by that order or direction or otherwise by law.

5. Dealings in Intecq Shares

5.1 Determination of Scheme Shareholders

For the purposes of determining who is a Scheme Shareholder, dealings in Intecq Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Intecq Shares on or before the Scheme Record Date; and
- (b) in all other cases, share transfer forms in registrable form or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by 5:00pm on the Scheme Record Date at the place where the Share Register is kept,

and Intecq must not accept for registration, nor recognise for any purpose, any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, other than a transfer to Bidco in accordance with this Scheme and any subsequent transfer by Bidco or its successors in title.

5.2 Register

- (a) Intecq must register any registrable transfers or transmission applications received in accordance with clause 5.1(b) by the Scheme Record Date.

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- (b) If this Scheme becomes Effective, each Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Scheme Record Date, and any attempt to do so will have no effect and Intecq shall be entitled to disregard any such disposal, purported disposal or agreement.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Intecq must maintain, or cause the Intecq Registry to maintain, the Share Register in accordance with the provisions of this clause 5.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Intecq Shares (other than statements of holding in favour of Bidco and any of its successors in title) will cease to have effect after the Scheme 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 (other than entries on the Share Register in respect of Bidco) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of Intecq Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Intecq will ensure that details of the names, Registered Addresses and holdings of Intecq Shares for each Scheme Shareholder as shown in the Share Register are available to Bidco in the form that Bidco reasonably requires.

6. Quotation of Intecq Shares

- (a) Intecq must apply to ASX to suspend trading on the ASX in Intecq Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Tabcorp, Intecq must apply:
 - (i) for termination of the official quotation of Intecq Shares on the ASX; and
 - (ii) to have itself removed from the official list of the ASX.

7. General Scheme provisions

7.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions under section 411(6) of the Corporations Act:

- (a) Intecq may, by its counsel, consent on behalf of all persons concerned to those alterations or conditions to this Scheme to which Tabcorp has consented in writing; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Intecq has consented to.

7.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
 - (i) agrees to the transfer of their Intecq Shares together with all rights and entitlements attaching to those Intecq Shares in accordance with this Scheme;
 - (ii) agrees to the variation, cancellation or modification of the rights attached to their Intecq Shares constituted by or resulting from this Scheme;
 - (iii) acknowledges that this Scheme binds Intecq and all Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting); and
 - (iv) consents to Intecq and Bidco doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder is taken to have warranted to Intecq and Bidco on the Implementation Date, and appointed and authorised Intecq as its attorney and agent to warrant to Bidco on the Implementation Date, that all their Intecq Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Intecq Shares to Bidco together with any rights and entitlements attaching to those shares. Intecq undertakes

that it will provide such warranty to Bidco as agent and attorney of each Scheme Shareholder.

7.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidco will, at the time of transfer of them to Bidco, vest in Bidco free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Bidco will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Intecq of Bidco in the Share Register as the holder of the Scheme Shares.

7.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 4, and until Intecq registers Bidco as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Bidco as attorney and agent (and directed Bidco in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidco as its sole proxy and, where applicable or appropriate, its corporate representative to attend shareholders' meetings of Intecq, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution of Intecq;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 7.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidco reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 7.4(a), Bidco and any director, officer, secretary or agent nominated by Bidco under clause 7.4(a) may act in the best interests of Bidco as the intended registered holder of the Scheme Shares.

7.5 Authority given to Intecq

Each Scheme Shareholder, without the need for any further act, on the Effective Date irrevocably appoints Intecq and each of its directors, officers

and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of:

- (a) enforcing the Deed Poll against Tabcorp and Bidco, and Intecq undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Tabcorp and Bidco on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Intecq accepts each such appointment. Intecq as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 7.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

7.6 Binding effect of Scheme

This Scheme binds Intecq and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Intecq.

8. General

8.1 Stamp duty

Bidco will, and Tabcorp must procure that Bidco will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 8.1(a).

8.2 Consent

Each of the Scheme Shareholders consents to Intecq doing all things necessary for or incidental to the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Intecq or otherwise.

8.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Intecq, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is

actually received at Intecq's registered office or at the office of the Intecq Registry.

- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an Intecq Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

8.4 Governing law

- (a) This Scheme is governed by the laws in force in New South Wales, Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

8.5 Further action

Each Scheme Shareholder and Intecq must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

8.6 No liability when acting in good faith

Each Scheme Shareholder agrees that none of Intecq, Tabcorp, Bidco, nor any director, officer, secretary or employee of any of those entities shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

ANNEXURE 3 – DEED POLL

Deed Poll



Executed as a deed poll

EXECUTED by **TABCORP HOLDINGS LIMITED ABN 66 063 780 709** in accordance with the *Corporations Act 2001 (Cth)*


.....
Signature of Director


.....
Signature of Director/Secretary

DRH ATTANBOROUGH
.....
Name of Director

MICHAEL SCOTT
.....
Name of Director/Secretary

EXECUTED by **TABCORP GAMING HOLDINGS PTY LTD ABN 91 136 582 806** in accordance with the *Corporations Act 2001 (Cth)*


.....
Signature of Director


.....
Signature of Director/Secretary

DRH ATTANBOROUGH
.....
Name of Director

MICHAEL SCOTT
.....
Name of Director/Secretary

Deloitte.

Intecq Limited

Independent expert’s report and Financial Services Guide

13 September 2016

ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT



Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance), which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

We will receive a fee of approximately \$125,000 exclusive of GST in relation to the preparation of this report. This fee is not contingent upon the success or otherwise of the proposed transaction with Tabcorp Gaming Pty Limited (Tabcorp Gaming or Bidco), an entity wholly-owned by Tabcorp Holdings Limited, under which Tabcorp Gaming would acquire 100% of the issued capital of Intecq Limited by way of a scheme of arrangement.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

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- may provide professional services to issuers of financial products in the ordinary course of business.

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If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

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The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Fax: +61 2 9255 8434

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
info@fos.org.au
www.fos.org.au
Tel: 1800 367 287
Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

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ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT



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13 September 2016

Dear Directors

Independent expert’s report

Introduction

On 1 August 2016 (the Announcement Date), Intecq Limited (Intecq or the Company), together with the Board of Tabcorp Holdings Limited (Tabcorp), announced a proposal under which Tabcorp Gaming Holdings Pty Limited (Tabcorp Gaming or Bidco), an entity wholly-owned by Tabcorp, would acquire 100% of the issued shares in Intecq via a scheme of arrangement (the Proposed Scheme). If the Proposed Scheme is approved, holders of Intecq shares other than Tabcorp (Shareholders) will receive cash consideration of \$7.15 per Intecq share (the Cash Consideration).

Upon completion of the Proposed Scheme, which is expected to be in November 2016, Intecq would become a wholly-owned subsidiary of Tabcorp Gaming and would subsequently be delisted from the Australian Securities Exchange (ASX). The board of Intecq have prepared a scheme booklet containing the detailed terms of the Proposed Scheme (the Scheme Booklet) and an overview of the Proposed Scheme is provided in Section 1 of this report.

Purpose of the report

Section 411 of the Corporations Act 2001 (Section 411) regulates schemes of arrangement between companies and their shareholders. Part 3 prescribes the information to be provided to shareholders in relation to schemes of arrangement.

Whilst an independent expert’s report is not required in respect of the Proposed Scheme, the directors of Intecq (the Directors) have requested that Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) provide an independent expert’s report advising whether, in our opinion, the Proposed Scheme is in the best interests of Shareholders.

This report is to be included in the Scheme Booklet to be sent to Shareholders and has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Proposed Scheme. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and Intecq, in respect of this report, including any errors or omissions, however caused.

Basis of evaluation

This independent expert’s report has been prepared in a manner consistent with Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cth) (Part 3) to assist Shareholders in their consideration of the Proposed Scheme. Part 3 prescribes the information to be provided to shareholders in relation to schemes of arrangement. We have prepared this report having regard to Part 3 and Australian Securities and Investments Commission (ASIC) Regulatory Guide 111: Contents of experts reports and ASIC Regulatory Guide 112: Independence of experts.

ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT



According to ASIC Regulatory Guide 111, where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid. Accordingly, if an expert were to conclude that a proposal was ‘fair and reasonable’ if it was in the form of a takeover bid, it will also be able to conclude that the proposal is in the best interests of the members of the company.

To assess whether the Proposed Scheme is in the best interests of Shareholders, we have adopted the tests of whether the Proposed Scheme is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

Further details regarding the basis of evaluation are set out at Section 2 of our detailed report.

Definition of value

For the purpose of our opinion, we have referred to the concept of fair market value. Fair market value is defined as the amount at which the shares in the entity valued would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm’s length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation has not been premised on the existence of a special purchaser.

Summary and conclusion

In our opinion the Proposed Scheme is fair and reasonable and therefore in the best interests of Shareholders. In arriving at this opinion, we have had regard to the following factors.

The Proposed Scheme is fair

According to ASIC Regulatory Guide 111, in order to assess whether the Proposed Scheme is fair, the independent expert is required to compare the fair market value of a share in Intecq on a control basis with the fair market value of the consideration to be received under the Proposed Scheme. The Proposed Scheme is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer.

Set out in the table below is a comparison of our assessment of the fair market value of a share in Intecq with the Cash Consideration.

Table 1: Fairness assessment

	Low (\$)	High (\$)
Estimated fair market value of a share in Intecq (on a control basis)	6.72	7.56
Value of Cash Consideration	7.15	7.15

Source: Deloitte Corporate Finance analysis

Note 1: All amounts stated in this report are in AUD unless otherwise stated and may be subject to rounding

The Cash Consideration offered by Tabcorp Gaming is within the range of our estimate of the fair market value of a share in Intecq. Accordingly it is our opinion that the Proposed Scheme is fair.

Valuation of Intecq shares

We have estimated the fair market value of Intecq by applying the capitalisation of maintainable earnings method, which estimates the value of Intecq by capitalising its maintainable earnings with an appropriate earnings multiple.

We have assessed Intecq’s maintainable level of earnings before interest, tax, depreciation and amortisation (EBITDA) to be \$14.0 million, based on our consideration of historical earnings for the 2014 financial year (FY2014) to FY2016, earnings projections from equity research analysts, budgets for FY2017 prepared by management and various normalisation adjustments applicable to Intecq. The earnings multiple of 7.5 times to 8.5 times (on a control basis) was selected based on the multiples of listed comparable companies and previous mergers and acquisitions in the gaming industry.

ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT



Table 2: Valuation of Intecq

Section	Unit	Low	High
Maintainable earnings (EBITDA)	\$'million	14.0	14.0
Earnings multiple (on a control basis)	times	7.5	8.5
Enterprise value (on a control basis)	\$'million	105.0	119.0
Add: net cash ¹	\$'million	15.6	15.6
Equity value (on a control basis)	\$'million	120.6	134.6
Deloitte assessed fair market value	\$'million	120.0	135.0
Number of shares on issue (fully diluted)	'million	17.9	17.9
Value per Intecq share	\$	6.72	7.56

Source: Deloitte Corporate Finance analysis

Note: 1. Includes a liability relating to the final earn-out payment for the calendar year 2016 payable by Intecq in relation to the acquisition of Industry Data Online Pty Ltd (CDOL) in 2014, expected to be paid post implementation of the Proposed Scheme and contingent on certain hurdles being met.

We have cross-checked our valuation under the capitalisation of EBITDA maintainable earnings using Intecq’s implied FY2016 EBITDA and FY2016 earnings before interest and tax (EBIT) multiples. We have also conducted an analysis of recent share trading Intecq. These cross-checks provide support for our valuation. Details of this analysis are set out in Section 5.7.

Valuation of the Cash Consideration

Under the Cash Consideration, Shareholders will receive \$7.15 per share. There are no variable components to the Cash Consideration and thus this is its fair market value.

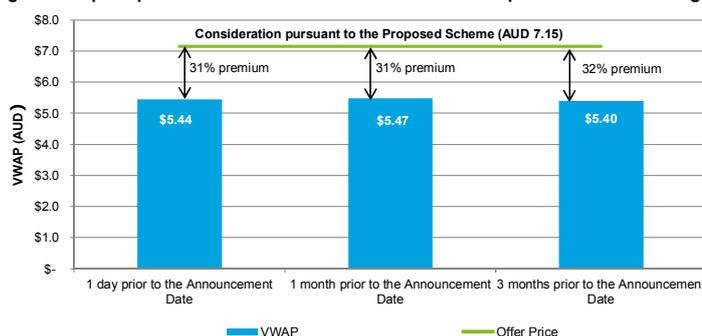
The Proposed Scheme is reasonable

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Scheme is reasonable. We have also considered the following factors in assessing the reasonableness of the Proposed Scheme.

Shareholders are receiving a premium to the share price of Intecq prior to the announcement of the Proposed Scheme

The Cash Consideration of \$7.15 per share represents a premium to Intecq’s recent share trading price prior to the announcement of the Proposed Scheme on 1 August 2016, as set out below:

Figure 1: Implied premium of the Cash Consideration to Intecq’s recent share trading



Source: Scheme Booklet, Deloitte Corporate Finance analysis

Note: VWAP: volume weighted average price.

The premium to Intecq’s recent share trading implied by the Cash Consideration is broadly in line with that typically observed in Australian public takeovers. Having regard to the time periods referred to above, the premium implied by the Cash Consideration is greater than 30%. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values, however, the extent to which premiums are paid by purchasers will often depend on the degree to which the purchaser can extract synergies from a transaction. Further details on studies conducted by Deloitte Corporate Finance in relation to control premiums are provided in Appendix E.

ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT



Other relevant considerations concerning the implied premium paid are as follows:

- whilst Intecq’s share trading is impacted by relatively low liquidity when compared, say, to the S&P ASX 200 index in the months prior to the Announcement Date, it is also noted that Intecq’s share trading has been impacted by takeover speculation prior to the Announcement Date. On or around March 2016, there was speculation that Intecq had received a conditional takeover offer, although the Company confirmed that it had only received a highly conditional letter of intent regarding a potential acquisition of the Company. Accordingly, it may be possible that Intecq’s share trading prior to the Announcement Date already reflected market expectations of a takeover premium
- Intecq has a substantial net cash position forecast to be \$15.6 million (or circa \$0.87 per share) as at the date of the scheme meeting. It is unlikely that any premium would be paid on its face value.

No superior alternative offer has emerged to date

As at the date of this report, no superior alternative offers for Intecq have emerged. The regulatory environment that Intecq operates in provides barriers for existing market participants that operate across multiple segments to form business combinations. It also provides certain barriers to entry for new entrants, such as length of time required to obtain specific regulatory and licencing approvals. In particular, the pool of strategic buyers is limited due to certain regulations which prevent, for instance, suppliers of gaming equipment (which include a range of market participants that could benefit from acquiring and integrating Intecq’s operations) applying to be a licensed monitoring operator (LMO) in Queensland, a licence that Intecq currently holds. Accordingly, the options available to Intecq’s shareholders to realise a premium upon a change of control transaction is somewhat limited. Further details on the key industry dynamics affecting Intecq, including an analysis of major market participants by segment and the barriers to entry are set out in Section 4 of our detailed report.

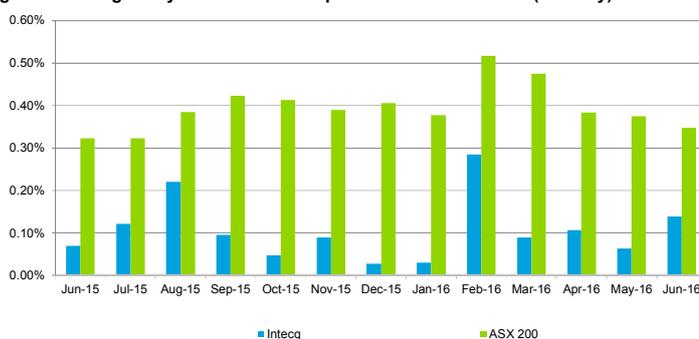
The Directors of Intecq have unanimously recommended that, in the absence of a superior proposal, Shareholders vote in favour of the Proposed Scheme. The Directors have also indicated that they have no basis for believing that an alternative proposal will be received by Intecq. In evaluating the Proposed Scheme, the Directors have also considered maintaining the status quo of the Company and have concluded that the Proposed Scheme is in the best interests of Shareholders.

Certainty of Cash Consideration and access to liquidity for Shareholders

The Proposed Scheme represents an opportunity for Shareholders to realise their investment in Intecq with the certainty of the Cash Consideration offered under the Proposed Scheme, without incurring any brokerage costs (although the Cash Consideration may be subject to withholding and other tax, depending on Shareholders’ individual circumstances).

The free float of Intecq’s shares has historically been thinly traded, with only 0.12%, on average, of Intecq’s outstanding shares being traded daily over the past six months to June 2016, resulting in low liquidity for Shareholders. The average daily turnover of Intecq compared to the S&P ASX 200 index as a percentage of market capitalisation in each month since June 2015 until June 2016 is set out in the figure below.

Figure 2: Average daily turnover of Intecq and S&P ASX200 index (monthly)



Source: S&P Capital IQ, Reserve Bank of Australia, Deloitte Corporate Finance analysis

ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT



The Cash Consideration offered under the Proposed Scheme provides Shareholders with access to liquidity at a premium to prices at which Intecq shares were trading prior to the announcement of the Proposed Scheme.

In the absence of the Proposed Scheme, shares in Intecq may trade at lower prices

Intecq’s share price has been volatile in the 12 months prior to the Proposed Scheme, having traded with a daily VWAP as low as \$3.00 per share on 11 February 2016 and as high as \$5.99 per share on 30 May 2016. The closing share price on the day prior to the announcement of the Proposed Scheme was \$5.44 per share. Since the Announcement Date, Intecq’s shares have traded in the range of \$6.97 to \$7.04 representing a discount of approximately 1.5% to 2.5% to the Cash Consideration.

It is common for the share price of a target company the subject of a takeover offer to trade at or around the price of the takeover offer during the offer period, particularly if the market has formed the view that the takeover will proceed at that price. It is also not uncommon for the share price to fall back to pre-takeover levels or lower in the event that the takeover offer is unsuccessful.

In the absence of an alternative offer and in the event that the Proposed Scheme is unsuccessful, Intecq’s share price may decline to the levels achieved prior to the Announcement Date in the short term, noting that:

- trading in Intecq’s shares has historically been subject to low liquidity
- Intecq’s stock is followed only by small number of equity analysts, possibly due to the small market capitalisation of the Company and the complexity of the regulatory environment it operates in.

Inability to participate in the possible future growth potential of Intecq

Our valuation of Intecq recognises the value attributable to the potential future growth of Intecq’s business based on our expectation of associated future earnings.

Intecq’s historical earnings growth has partly been fuelled by recent acquisitions as well as the roll-out of new and innovative gaming management systems and solutions. Notwithstanding this, Intecq’s ability to continue to grow in the future years at historical growth levels may be somewhat challenging due to the capped nature of Intecq’s addressable electronic gaming machine (EGM) market within Australia, the cyclical nature of technology offerings (and therefore market share) and a limited number of potential acquisition targets of scale operating in the same segment.

Large international players operating in the gaming industry have historically been more focused on the manufacture and supply of EGMs and the provision of gaming management systems to larger venues such as casinos. Intecq’s strong Australian market share could be impacted if these players increased their focus on the Australian club and hotel segment. Notwithstanding this, the nature of the EGM regulatory environment is expected to continue to drive revenue growth for Intecq and represent a key strategic opportunity due to:

- the barriers to market entry, resulting from the stringent regulatory environment, which limit the number of potential market entrants
- venues operating EGMs are required to continuously upgrade their gaming management systems to comply with new gaming regulations.

However, if Intecq were able to generate earnings beyond those factored into our valuation, for example, by achieving better growth than contemplated in our valuation or by capturing greater than expected market share, particularly through its value-add loyalty solution, Wager Exchange, or through the acquisition of other businesses that may complement Intecq’s current service offerings, the value of an Intecq share may be enhanced to a value that may exceed the Cash Consideration offered under the Proposed Scheme.

Accordingly, if the Proposed Scheme proceeds, to the extent that Intecq’s future growth exceeds the levels assumed in our valuation, Shareholders will forgo the opportunity to participate in this potential upside.

There are limited other listed investment vehicles with operations closely comparable to Intecq. There would therefore appear to be no directly comparable alternatives in which Shareholders could invest, to the extent Shareholders wish to retain exposure to Intecq’s business model.

Shareholders could still be exposed to Intecq’s growth and, possibly, to any future synergies to be realised by Tabcorp, by acquiring Tabcorp’s publicly traded shares. However, we note that Tabcorp is significantly larger and more diversified than Intecq and thus exposure to Intecq’s growth would be highly diluted.

As set out in Section 9 of the Scheme Booklet, Intecq is liable to pay a break fee amounting to \$1.28 million in certain circumstances where the Proposed Scheme does not proceed. The break fee is not payable if the Proposed

ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT



Scheme does not proceed due to insufficient votes in favour of the Proposed Scheme by Shareholders at the scheme meeting.

Other factors

Tabcorp has the potential to realise synergies over and above our valuation and Shareholders will not benefit from them unless they happen to be shareholders of Tabcorp.

Intecq currently has tax losses of approximately \$5.9 million available for utilisation against future profits and available franking credits of approximately \$1.2 million, which could allow fully franked dividends to be paid to Shareholders up to a certain amount. Intecq has announced that, due to the Proposed Scheme, it will not be paying a dividend in respect of the FY2016 year.

By accepting the Cash Consideration, Shareholders will not benefit from the future utilisation of tax losses by the Company or receive a franked dividend out of the profits of the Company.

We have not treated Intecq’s existing tax losses as a surplus asset for the purposes of our valuation for the reasons discussed in Section 5.4 of our detailed report.

Tax implications

The tax implications of accepting the Proposed Scheme will vary depending on the individual circumstances of each of the Shareholders. Further details of the tax implications to Shareholders are set out in Section 8 of the Scheme Booklet.

Shareholders should seek advice and evaluate the taxation consequences of the Proposed Scheme based on their individual circumstances.

Opinion

In our opinion, the Proposed Scheme is fair and reasonable to Shareholders. It is therefore in the best interests of Shareholders. An individual shareholder’s decision in relation to the Proposed Scheme may be influenced by his or her particular circumstances. If in doubt the Shareholder should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

Stephen Ferris

Authorised Representative Number: 460999

Michele Picciotta

Authorised Representative Number: 462446

ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT



Glossary

Reference	Definition
ACCC	Australian Competition and Consumer Commission
AFSL	Australian Financial Services Licence
Ainsworth	Ainsworth Game Technology Limited
Announcement Date, the	Date that Intecq announced the transaction to the market, 1 August 2016
AR	Authorised Representative
Aristocrat	Aristocrat Leisure Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
AUASB	Auditing and Assurance Standards Board
AUD or \$	Australian dollars
ATM	Automated teller machine
Banktech	Banktech Group Pty Ltd
CAGR	Compound annual growth rate
Cash Consideration, the	Cash consideration of \$7.15 per Intecq share
CDOL	Industry Data Online Pty Ltd
CMS	Central monitoring system
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
Directors, the	Directors of Intecq
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Electronic gaming machine
EV	Enterprise value
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY	Financial year
GTECH	GTECH S.P.A
IBIS	IBIS World Pty Ltd
Intecq or the Company	Intecq Limited
International Game Technology or IGT	International Game Technology PLC
Intralot	Intralot Gaming Services Pty Limited
LMO	Licensed monitoring operator
Maxgaming	Maxgaming NSW Limited
n/a	Not available
n/m	Not meaningful
NPAT	Net profit after tax
NPBT	Net profit before tax
NSW	New South Wales
Odyssey Gaming	Odyssey Gaming Limited
P/E	Price to earnings
Proposed Scheme, the	Proposed scheme of arrangement
Scheme Booklet, the	Scheme booklet containing detailed terms of the Proposed Scheme
Section 411	Section 411 of the Corporations Act 2001
Section 640	Section 640 of the Corporations Act 2001
Shareholders	Existing holders of Intecq shares
Tabcorp	Tabcorp Holdings Limited
Tabcorp Gaming or Bidco	Tabcorp Gaming Holdings Pty Limited, a wholly owned subsidiary of Tabcorp
Tatts Group	Tatts Group Limited
TITO	Ticket in/Ticket out
US, the	United States of America
VWAP	Volume weighted average price

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1 Overview of the Proposed Scheme

1.1 Summary

On 1 August 2016, Intecq announced that it had entered into a scheme implementation deed with Bidco, an entity wholly-owned by Tabcorp, under which Bidco would acquire 100% of the issued capital of Intecq by way of a scheme of arrangement. If the Proposed Scheme is approved, Shareholders will receive Cash Consideration of \$7.15 per share.

Full details of the Proposed Scheme are provided in Section 4 of the Scheme Booklet for the Proposed Scheme.

1.2 Background to Tabcorp Gaming and Tabcorp

Tabcorp is a top 100 ASX listed company, providing gambling and entertainment services in Australia through three business segments, Wagering and Media, Keno and Gaming Services. It is one of the largest publically listed gambling companies in the world.

Tabcorp Gaming is a wholly-owned subsidiary of Tabcorp. Further details on Tabcorp Gaming and Tabcorp are provided in Section 7 of the Scheme Booklet.

1.3 Key conditions of the Proposed Scheme

The Proposed Scheme is subject to the meeting or waiver of various conditions, the most significant being:

- regulatory approvals, including from the Australian Competition and Consumer Commission (ACCC), the Victorian Commission for Gambling and Liquor Regulation, the New South Wales Independent Liquor & Gambling Authority, the Tasmania Liquor and Gambling Commission, the Australian Capital Territory Gambling and Racing Commission, the Director-General of Licensing in the Northern Territory, the Liquor and Gambling Commissioner in South Australia, and the Commissioner for Liquor and Gaming in Queensland
- obtaining Court approval for the Proposed Scheme in accordance with paragraph 411(4)(b) of the Corporations Act 2001 (Cth)
- the independent expert concluding that the Proposed Scheme is in the best interests of the Shareholders
- Shareholders approving the Proposed Scheme at the scheme meeting (with at least 75% of votes cast and more than 50% of Shareholders voting in favour of the Proposed Scheme)
- no ‘material adverse changes’ in relation to Intecq as defined in the Scheme Implementation Deed which include:
 - a diminution of the consolidated net assets of Intecq by at least \$9.0 million
 - a diminution in the earnings from ordinary continuing activities of Intecq before interest, tax, depreciation and amortisation in three recurring financial years by at least \$2.6 million.
- no ‘prescribed occurrences’ in relation to Intecq as defined in the Scheme Implementation Deed.

Further details of the conditions precedent are set out in Section 9 of the Scheme Booklet.

1.4 Intentions if the Proposed Scheme proceeds

If the Proposed Scheme proceeds, Intecq will become a wholly-owned subsidiary of Tabcorp Gaming and will be delisted from the ASX.



2 Basis of evaluation of the Proposed Scheme

2.1 Guidance

In undertaking the work associated with this report, we have had regard to ASIC Regulatory Guide 111 in relation to the content of expert’s reports and ASIC Regulatory Guide 112 in respect of the independence of experts.

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a Chapter 6 takeover bid. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

Section 640 of the Corporations Act 2001 (Cth) (Section 640) requires an independent expert’s report in connection with a takeover offer to state whether, in the expert’s opinion, the takeover offer is fair and reasonable. Where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid, however, the opinion reached should be whether the proposed scheme is ‘in the best interests of the members of the company’. Accordingly, if an expert were to conclude that a proposal was ‘fair and reasonable’ if it was in the form of a takeover bid, it will also be able to conclude that the proposed scheme is in the best interests of the members of the company.

ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert’s reports prepared for a range of transactions.

ASIC Regulatory Guide 111 refers to a ‘control transaction’ as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611, a selective capital reduction or selective buy back under Chapter 2J.

In respect of control transactions, under ASIC Regulatory Guide 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the securities subject to the proposed scheme. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium)
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, security holders should accept the offer under the proposed scheme, in the absence of any higher bids before the close of the offer.

To assess whether the Proposed Scheme is in the best interests of Shareholders, we have adopted the tests of whether the Proposed Scheme is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

2.2 Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming 100% ownership of the target company.

Accordingly we have assessed whether the Proposed Scheme is fair by comparing the Cash Consideration offered with the value of a share in Intecq on a control basis.

We have assessed the value of each Intecq share by estimating the current equity value of Intecq on a control basis and dividing this value by the number of shares on issue (on a fully diluted basis).

The shares in Intecq have been valued at fair market value, which we have defined as the amount at which the shares would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious buyer, and a knowledgeable willing, but not anxious seller, acting at arm’s length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of a share in Intecq has not been premised on the existence of a special purchaser.

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2.3 Reasonableness

ASIC Regulatory Guide 111 considers an offer in respect of a control transaction to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, Shareholders should accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the Proposed Scheme we considered the following significant factors in addition to determining whether the Proposed Scheme is fair:

- the extent to which Shareholders are receiving a premium for control
- the fact that the Proposed Scheme allows Shareholders to realise their investment in Intecq without incurring transaction costs
- the likely Intecq share price and liquidity of Intecq shares in the absence of the Proposed Scheme
- the likelihood of an alternative offer being made
- other implications associated with Shareholders rejecting the Proposed Scheme.

2.4 Limitations and reliance on information

This report should be read in conjunction with the declarations outlined in Appendix A.

3 Profile of Intecq

3.1 Company history

Formerly known as eBET Limited, Intecq is headquartered in Sydney and provides integrated gaming management solutions, LMO services, and other value-added business intelligence systems to gaming venues. Intecq has deployed its gaming management solutions across more than 73,000 EGMs as at 30 June 2016, primarily in New South Wales (NSW), Queensland, Victoria and Tasmania, with a small international footprint in Asia.

With approximately 170 employees, Intecq is led by key management personnel including Mr Anthony Toohey, Executive Deputy Chairman and Board member since 2004, and Mr Peter Walford, Acting Chief Executive Officer and Chief Operating Officer. Both have extensive experience within the entertainment, leisure and gaming industries.

As at 31 July 2016, the day prior to the announcement of the Proposed Scheme, Intecq had a market capitalisation of approximately \$96 million.

Since listing on the ASX in 1999 (as eBET Limited), Intecq has grown both organically and as a result of numerous acquisitions which has led to Intecq being the leading gaming systems provider across the eastern states of Australia.

An overview of the company history is provided below.

Figure 2: Company history

1999	<ul style="list-style-type: none"> eBET Limited listed on the ASX
2000	<ul style="list-style-type: none"> Acquisition of Dataview Gaming Systems, a data analysis business Acquisition of Netcash Gaming Systems Ltd, a gaming systems developer
2001	<ul style="list-style-type: none"> Acquisition of City Index Australia (rebranded to Sports Acumen in 2002), a sports and race betting business. eBET Limited entered the Australian Capital Territory market through this acquisition
2002	<ul style="list-style-type: none"> Acquisition of Turbo Bonus Systems, resulting in further expansion into NSW, Queensland and South Australia. Turbo Bonus Systems supplied card-based loyalty systems for gaming venues
2003	<ul style="list-style-type: none"> Sale of Sports Acumen to Bet Worldwide Pty Ltd
2008	<ul style="list-style-type: none"> Acquisition of Bounty Limited, a software and systems solution developer for the gaming industry
2009	<ul style="list-style-type: none"> Exclusive distribution and services agreement signed for the NSW market with WMS Inc., a US based gaming machine manufacturer
2011	<ul style="list-style-type: none"> Acquisition of Odyssey Gaming Limited, a LMO in Queensland Extension and expansion of the exclusive distribution and services agreements with WMS Inc., with additional exclusive distribution rights in Queensland and Victoria
2014	<ul style="list-style-type: none"> Sale of eBET Online, US online wagering business, to Sportech PLC eBET Limited completed a share consolidation
	<ul style="list-style-type: none"> Acquisition of CDOL, a provider of web-based intelligence tools to the gaming industry Following the regulatory decision to terminate the historical duopoly held by Tabcorp and Tatts Group Limited (Tatts Group) in Victoria, eBET Limited received regulatory approval to enter the Victorian market as a systems provider
2015	<ul style="list-style-type: none"> Acquisition of Flexi-NET, a gaming technology systems provider
	<ul style="list-style-type: none"> eBET Limited exited the gaming machines market following the termination of its agreement with WMS Inc. eBET Limited rebranded Intecq
2016	<ul style="list-style-type: none"> Intecq won a major contract with casino operator, Federal Group, to supply its full suite of gaming management solutions, expanding its footprint in Tasmania
	<ul style="list-style-type: none"> Intecq announced the Proposed Scheme

Source: Intecq, ASX announcements

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3.2 Overview of operations

3.2.1 Products and operations

As a provider of integrated gaming management solutions, Intecq is exposed to technological cycles. The Company has historically achieved growth through the acquisition of a number of gaming software and solutions companies, the upgrade of legacy systems and through the roll-out of new solutions across new customers. Intecq has a sales business model characterised by upfront sales of systems and modules, complemented by an ongoing recurring revenue model. Intecq’s flagship technology solutions are discussed below.

eBET

Intecq’s gaming systems division, eBET, offers complete gaming system solutions for EGMs to venues, predominantly through the Metropolis management system and a range of value-added solutions set out in the figure below. In FY2016, the eBET gaming systems division accounted for approximately 57% of Intecq’s total recurring revenue.

Figure 3: eBET products



Source: Intecq

Intecq’s current EGM footprint is composed of approximately 45%¹ legacy systems, developed prior to Metropolis, which are not compatible with the above value-added solutions, and 55%¹ Metropolis systems. The success of Metropolis has been supported by a strong adoption by venues of the CARD-IT solution. The transition of the legacy systems to the Metropolis system has been identified as a key growth driver for Intecq due to the bundled nature of additional products that can be offered in conjunction with Metropolis.

Odyssey

Intecq acquired Odyssey Gaming Limited (Odyssey Gaming) in August 2011 for approximately \$2.8 million. As a result of this acquisition, Intecq improved its EGM footprint in Queensland, Australia’s second largest market by number of EGMs. It also expanded its product portfolio through becoming an LMO. Odyssey Gaming utilises a range of Intecq’s flagship solutions, including Metropolis, CARD-IT and Astute. In FY2016, Odyssey Gaming’s operations division contributed approximately 43% of Intecq’s total recurring revenues.

Flexi-NET

Flexi-NET was acquired in July 2014 by Intecq for consideration of \$4.8 million, plus inventory valued at under \$0.6 million. The Flexi-NET system offers customers an alternative Ticket in/Ticket out (TITO) solution through enabling all EGMs to operate a form of TITO with re-writable tickets. The Flexi-NET system is compatible with all types of EGMs in NSW. The combination of the eBET and Flexi-NET management systems has allowed for a system migration path to be developed, enabling the transition of customers from the existing Flexi-NET management system to the eBET management system (Metropolis) and the full suite of compatible gaming management products.

¹ Data current to February 2016



Gaming machines

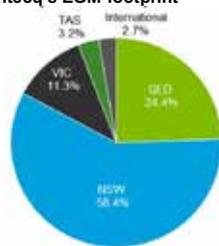
In 2009, Intecq entered into an exclusive agreement with WMS Inc., a US manufacturer of EGMs, to distribute WMS Inc.’s Bluebird and Bluebird 2 EGMs into the NSW market and potentially to other states. Intecq terminated the agreement with WMS Inc. in 2015 as a result of low margins from this business, in order to focus on its core business, gaming management solutions.

3.2.2 Operating markets

Geographical footprint

NSW is Intecq’s largest market, with over 43,000² EGMs accounting for approximately 58% of the Company’s total EGM footprint, followed by Queensland, with over 18,000 EGMs accounting for approximately 24% of the Company’s total EGM footprint, and Victoria and Tasmania, with over 8,400² and 2,300² EGMs, respectively. Intecq additionally has a small level of international operations in Asia. The following figure outlines the geographical distribution of Intecq’s EGM footprint as at February 2016.

Figure 4: Intecq’s EGM footprint²



Source: Intecq

Key customers

Intecq’s customers are predominantly made up of club and hotel venues, and to a lesser extent casino venues. Intecq’s gaming management systems are currently being used at Reef Casino in Cairns and two casinos in Noumea, New Caledonia. As at February 2016, Intecq’s products serviced 557² venues in NSW, 332² venues in Queensland, 162² venues in Victoria, 167² venues in Tasmania and 16² international venues. In recent years, Intecq’s business model and revenue contributions have shifted from a predominantly outright sales model to a recurring revenue model, which has been supported by a number of venues transitioning from legacy systems to the updated Metropolis system. Whilst customer contracts have different terms, many contracts encompass automatic roll-overs and are considered by Intecq to be recurring.

Market position

The Australian gaming industry is highly regulated which has historically led to certain barriers to entry. The industry is fragmented, with Intecq competing with large international players as well as smaller local participants. Larger players are typically international companies with more diversified operations and greater weighting to the manufacturing of EGMs or the provision of gaming technology systems often aimed at larger venues such as casinos.

In NSW, Intecq’s gaming management systems have been deployed across approximately 45%² of the EGMs located state-wide. This has been achieved through increased market share and customer acquisition as a result of Intecq’s particular focus on the local market and ability to respond to customer needs. In comparison, most large international competitors have been less efficient in tailoring their products to adapt to the continually changing regulatory environment.

Within the Queensland market, Intecq’s LMO entity, Odyssey Gaming, has a market share of 20%, with the remaining 80% of the monitoring market being serviced by Tatts Group’s Maxgaming business.

Intecq only recently entered the Victorian market after obtaining regulatory approval in April 2014, following the end of Tabcorp and Tatts Group’s duopoly in 2012. Intecq’s gaming management systems have been

² Data current to February 2016

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deployed across approximately 30%² of the EGMs located in Victoria. Intecq is currently seeking technical and regulatory approval for CARD-IT in the Victorian market.

In Tasmania, Intecq’s gaming systems have been deployed across approximately 68%² of the State’s EGMs. In April 2016, Intecq was awarded a seven year contract, which can be extended to 10 years, to supply its gaming management systems across the Wrest Point Casino in Hobart and the Country Club Tasmania in Launceston, both owned by Federal Group. The contract, as approved by the Tasmanian Gaming Commission, is expected to deliver revenues of \$2.4 million for Intecq in FY2017 and an additional \$350,000 per annum in recurring revenue over the subsequent years of the contract.

3.2.3 Outlook and strategy

The gaming industry is subject to strict and constantly evolving regulation, with the technology used in the market being a direct reflection of the prevailing regulatory environment. This has prompted gaming venues to continually review and renew their gaming management systems. This creates an addressable market within the static EGM-capped industry that Intecq can penetrate as a further source of growth.

Intecq’s growth strategy is underpinned by the ongoing development of solutions to broaden the range of value-added gaming management systems solutions, in order to further expand customer base and foster additional market share growth. Growth is expected to be achieved through the following drivers:

- continued demand from venues for upgrade of existing legacy systems
- continued deployment of market leading solutions such as the Metropolis management system, responding to stringent and diverse regulatory environments across the various Australian States and Territories
- roll-out of additional solutions (e.g. Wager Exchange).

These growth drivers are expected to further strengthen Intecq’s shift to a predominantly recurring revenue model.

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3.3 Financial performance

The table below summarises Intecq’s financial performance for the financial years ended 30 June 2014 to 30 June 2016.

Table 3: Financial performance

(\$'000)	Audited FY2014	Audited FY2015	Audited FY2016
Sales – Systems (Hardware & Software)	13.8	24.3	23.2
Sales – Operations	21.6	25.7	29.4
Sales – Machines	4.7	0.9	0.0
Sales revenue	40.1	51.0	52.6
Cost of sales	(12.0)	(16.8)	(16.6)
Gross profit	28.1	34.2	36.1
Other revenue	0.1	0.3	0.2
Operating expenses	(21.0)	(23.9)	(24.5)
EBITDA	7.2	10.6	11.8
Depreciation and amortisation	(4.0)	(4.4)	(4.0)
EBIT	3.2	6.2	7.8
Net finance income/(expense)	0.4	(0.1)	0.8
Net profit before income tax (NPBT)	3.6	6.1	8.6
Income tax benefit/(expense)	(0.7)	2.9	(2.4)
Net profit after tax (NPAT)	2.9	8.9	6.2
<i>Sales revenue growth</i>	<i>(5.3%)</i>	<i>27.0%</i>	<i>3.3%</i>
<i>Proportion of sales – Systems & Software</i>	<i>34.4%</i>	<i>47.7%</i>	<i>44.1%</i>
<i>Proportion of sales – Operations</i>	<i>53.9%</i>	<i>50.5%</i>	<i>55.9%</i>
<i>Proportion of sales – Machines</i>	<i>11.7%</i>	<i>1.8%</i>	<i>0.0%</i>
<i>Gross profit margin</i>	<i>70.0%</i>	<i>67.1%</i>	<i>68.5%</i>
<i>EBITDA margin</i>	<i>17.9%</i>	<i>20.7%</i>	<i>22.4%</i>
<i>EBIT margin</i>	<i>8.0%</i>	<i>12.1%</i>	<i>14.8%</i>
<i>NPAT margin</i>	<i>7.2%</i>	<i>17.5%</i>	<i>11.7%</i>

Source: Intecq, Deloitte Corporate Finance analysis

Note: 1. Numbers subject to rounding.

We note the following in relation to Intecq’s financial performance:

- sales from “Systems (Hardware and Software)” are made up of upfront sales of systems and modules, including core gaming management systems solutions, Metropolis, CARD-IT and Engage, as well as other add-on solutions. Revenue relating to “Operations” relates to recurring revenue derived from eBet’s business and Odyssey Gaming’s business in Queensland
- total sales revenue has increased strongly in FY2015 and moderately in FY2016. In FY2015, revenue growth was driven by strong growth in the Systems (Hardware and Software) sales (+76.1%), as a result of the strong adoption of Intecq’s flagship gaming systems solutions and valued-added technologies and Intecq’s entry into the Victorian gaming market, along with increased revenues from Operations (+19.1%), as a result of Intecq’s strategy to shift to a recurring revenue model which was supported by an expansion in the network of EGMs and an increased penetration of Metropolis and CARD-IT
- in FY2016, Systems(Hardware and Software) sales have declined by 4.7% whilst recurring revenue has increased by 14.3%, driven by a continued roll-out of Metropolis and other value-added solutions, across an expanded network of EGMs, and including venues upgrading their systems to Intecq’s systems

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- revenue from gaming machines has declined between 2014 and 2015 as a result of Intecq’s decision to exit this business in 2015 by terminating its agreement with WMS Inc. for the sale and logistics of WMS Inc.’s gaming machines in Australia
- total operating expenses increased by 14% in FY2015 as a result of increased employee benefit expenses and remained broadly stable in FY2016 due to tight control of costs
- EBITDA and EBIT margin expansion has been driven by strong recurring revenue growth which has provided greater operating leverage
- have experienced continued increases as a result of strong revenue growth whilst controlling operating expenses
- depreciation and amortisation comprise primarily amortisation in the relation to the Company’s intangible assets, and to a lesser extent depreciation in relation to property, plant and equipment
- in FY2015, the Company recognised an income tax benefit as a result of bringing to account previously unrecognised tax losses and the recognition and partial realisation of prior year research and development tax credits.

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3.4 Financial position

The historical financial position of Intecq as at 30 June 2014, 30 June 2015 and 30 June 2016 is presented below.

Table 4: Financial position

(\$ million)	Audited 30-Jun-14	Audited 30-Jun-15	Audited 30-Jun-16
Cash and cash equivalents	2.5	5.3	13.8
Financial assets	-	2.4	-
Trade and other receivables	12.2	15.1	11.6
Inventories	5.4	8.9	8.2
Other current assets	0.5	0.5	0.4
Total current assets	20.5	32.2	34.0
Trade and other receivables	1.2	0.3	3.6
Property, plant and equipment	3.6	2.9	3.0
Deferred tax assets	0.3	3.3	2.0
Intangible assets	14.2	17.1	15.8
Total non-current assets	19.3	23.6	24.3
Total assets	39.8	55.8	58.3
Trade and other payables ¹	7.4	7.0	5.3
Borrowings	1.6	0.9	0.0
Provisions	1.4	2.1	2.1
Derivative financial instruments	0.0	-	-
Other current liabilities	3.8	4.4	4.7
Current tax payable	-	0.3	1.2
Total current liabilities	14.2	14.6	13.3
Trade and other payables	0.0	0.5	-
Borrowings	0.9	0.0	-
Provisions	0.6	0.4	0.3
Other non-current liabilities	0.4	0.3	0.3
Total non-current liabilities	1.9	1.2	0.6
Total liabilities	16.1	15.8	13.9
Net assets	23.7	40.0	44.5

Source: Intecq financial statements

Notes:

1. Includes a deferred contingent consideration payable in relation to the CDOL acquisition which has been partly settled in August 2016 through the issue of shares
2. Numbers subject to rounding.

We note the following in relation to Intecq’s historical financial position:

- cash and cash equivalents primarily comprise cash at bank and on hand, and to a lesser extent cash at bank held for jackpots which is held in trust accounts
- current financial assets in FY2015 relate to term deposits. In FY2016, term deposits were included in cash equivalents as they are due to mature within a three month period
- current trade receivables predominantly include trade receivables from customers in the ordinary course of business. In FY2016, trade receivables included approximately \$3.7 million of receivables relating to Victorian venues which were expected to be paid within the next 12 month period via an external financier
- inventories are made up of proprietary hardware, computers and parts, accounted for at cost
- property, plant and equipment comprise plant and equipment, leasehold improvements and leased motor vehicles

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- as at 30 June 2015, Intecq had approximately \$11 million of tax losses available for recoupment against future taxable income, at a loss recoupment fraction of 0.4. Deferred tax assets increased in FY2015 as a result of an increase in Intecq’s assessed future income being sufficient for the utilisation of the tax benefit from previously generated tax losses. As at 30 June 2016, the deferred tax assets have declined following the partial utilisation of prior year tax losses. The carry forward tax losses available as at 30 June 2016 are approximately \$5.9 million
- intangible assets are made up of goodwill, software development costs, customer contracts, software, patents and trademarks, intellectual property licences
- trade and other payables are made up of unsecured liabilities, jackpot liability, and other payables and accruals
- Intecq has implemented an ongoing debt reduction program to adjust the Company’s capital structure and decrease risk exposure to capital markets. This program has led to a reduction in total borrowings, from \$2.5 million as at 30 June 2014 to nil as at 30 June 2016. As at 30 June 2016, Intecq had \$5,000 relating to finance leases
- current and non-current provisions relate to employee entitlements and employee benefits
- current and non-current other liabilities comprise deferred income.

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3.5 Capital structure

3.5.1 Equity

The following table summarises the top ten shareholders of Intecq as at 9 August 2016.

Table 5: Top ten shareholders of Intecq

Investor	Number of shares held ('million)	% of total issued shares
Perpetual Investments	2.3	13.1%
Perennial Value Management	2.2	12.3%
MicroEquities	1.4	7.7%
Colonial First State - Growth Australian Equities	1.1	6.1%
Mr Michael Hale	1.0	5.4%
Wilson Asset Management	0.7	4.1%
Milfors Asset Management	0.7	3.9%
Ms Faina Stolyar	0.5	3.1%
Acorn Capital	0.4	2.3%
Mr & Mrs Chris Carr	0.4	2.3%
Substantial shareholders	10.7	60.3%
Other shareholders	7.0	39.7%
Total shareholders	17.7	100.0%

Source: Intecq

Intecq’s top three shareholders hold together more than 30% of issued ordinary shares.

The directors of Intecq collectively hold approximately 7.1% of total shares outstanding. These directors include Mr Paul Oneile, Mr Simon Kelly, Mr Michael Hale, Mr Ian James, Mr Allan Sullivan and Mr Anthony Toohey.

In December 2012, Intecq completed a share consolidation on the basis of 15 fully paid ordinary shares consolidated into one fully paid share, reducing the number of shares on issue from 229.4 million fully paid ordinary shares to 15.3 million.

To fund the acquisition of Flexi-NET in July 2014, Intecq completed a share placement of 2,296,975 new shares raising \$8.3 million at an issue price of \$3.65 per share. The new shares were issued to professional and sophisticated investors through Blue Ocean Equities Limited, and ranked equally in all respects with the existing ordinary shares of the Company. The new shares began trading on the ASX on 21 July 2014.

The Company issued an additional 13,470 ordinary shares in August 2015, and a further 36,769 ordinary shares in August 2016, in relation to the earn-out payments for the 2014 and 2015 calendar years in connection with the acquisition of CDOL.

On 26th and 29th August 2016, the Company issued 89,195 Intecq shares to certain employees in respect of FY2015 and an additional 101,633 Intecq shares in respect of FY2016, respectively, under the terms and conditions of the Company’s executive share option plan.

There are 17,862,089 ordinary shares on issue as at the date of our report. There are no other shares expected to be issued prior to the completion of the Proposed Scheme.

3.5.2 Share price performance

On 18 August 1999, Intecq (under the Company’s previous name, eBET Limited) listed a total of approximately 49.7 million shares, at an offer price of \$0.50 a share, on the ASX through an initial public offering.

Intecq’s historical share price, together with historical shares traded since 1 January 2013, i.e. post share consolidation which occurred in December 2012, is presented graphically in the figure below.

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Figure 5: Intecq’s share prices and trading volume



Source: S&P Capital IQ, Deloitte Corporate Finance analysis

The main movements in Intecq’s share price and trading volumes, as identified by the numbers in the figure above, are summarised in the following table.

Table 6: Summary of potentially price-sensitive ASX announcements and other key events

Reference	Date	Note
1	26-Feb-13	eBET Limited announces 1H FY2013 results
2	21-Aug-13	eBET Limited announces NPBT of \$2.85 million for the year ended 30 June 2013 and declares maiden dividend of 3.5 cents per share to be paid on 27 September 2013
3	31-Oct-13	Change in substantial shareholding by Vix Investments Limited
4	08-Apr-14	eBET Limited completed the acquisition of CDOL, a provider of web-based business intelligence tools
5	23-Jul-14	eBET Limited completed the acquisition of the Flexi-NET gaming systems business
6	26-May-15	eBET Limited announces projections for a 52% to 60% increase in NPBT
7	20-Aug-15	eBET Limited releases its financial report for the period ended 30 June 2015 and announces that strong growth delivered a 67% increase in NPBT to \$6.1 million and further increased its dividends.
8	08-Dec-15	eBET Limited changes name to Intecq Limited
9	23-Feb-16	Intecq releases 1HY2016 results, announcing NPBT up 83% in strong interim result
10	23-Mar-16	Intecq announces clarification of media article regarding highly conditional letter of intent regarding a possible acquisition of the Company, commenting that the offer did not reflect the fundamental value of the Company
11	11-Apr-16	Intecq wins major contract with Federal Group
12	30-May-16	Intecq releases FY2016 profit guidance with expectations that NPBT will be in the range of \$7.7 million to \$8.2 million
13	01-Aug-16	Intecq announced a proposal under which Bidco, an entity owned by Tabcorp, would acquire 100% of the issued shares in Intecq via a scheme of arrangement

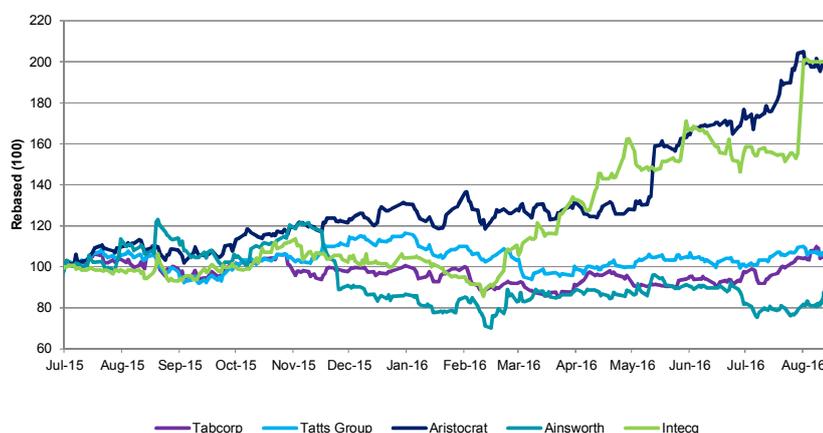
Source: ASX announcements

The following chart illustrates Intecq’s share price performance over the past 12 month period relative to other Australian listed companies operating in the gaming industry, including Tabcorp, Tatts Group, Aristocrat Leisure Limited (Aristocrat) and Ainsworth Game Technology Limited (Ainsworth).

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Figure 6: Intecq’s share price performance



Source: S&P Capital IQ, Deloitte Corporate Finance analysis

Intecq and Aristocrat’s security trading prices have doubled over the past 12 month period, whilst the security trading prices of Tabcorp and Tatts Group have moderately increased (+8% and +7%, respectively) and Ainsworth’s share price has decreased by 19%.

Intecq’s recent strong share price performance can be attributed to improvements in key operating metrics as supported by the release of the results for the first half of FY2016 and the profit guidance for FY2016 and a generally positive growth outlook for the Company with recent contract wins such as the contract with Federal Group.

We also note that speculation over a potential takeover offer around March 2016 is likely to have further supported the share trading price and caused a re-rating of the stock. Since the announcement of the Proposed Scheme, Intecq’s share price has spiked and has been trading at a marginal discount to the Cash Consideration.

A summary of Intecq’s recent share price performance and the share volumes traded is provided below.

Table 7: Trading details in recent quarters

Quarter ending	High (\$)	Low (\$)	Last trade (\$)	Traded volume (million)	Volume traded as % of total shares outstanding
31-Mar-13	1.70	1.27	1.60	1.5	9.6%
30-Jun-13	1.61	1.13	1.45	0.4	2.5%
30-Sep-13	2.75	1.30	2.56	2.0	12.9%
31-Dec-13	3.40	2.46	2.84	3.4	22.0%
31-Mar-14	3.13	2.78	3.00	0.7	4.9%
30-Jun-14	3.94	2.90	3.94	4.0	26.0%
30-Sep-14	4.25	3.76	3.96	3.1	17.5%
31-Dec-14	4.24	3.60	3.95	0.9	5.2%
31-Mar-15	4.10	3.75	3.85	0.6	3.6%
30-Jun-15	3.98	3.13	3.47	0.7	4.2%
30-Sep-15	3.72	3.26	3.50	1.6	9.3%
31-Dec-15	3.98	3.45	3.65	0.6	3.4%
31-Mar-16	4.69	3.00	4.65	1.5	8.2%
30-Jun-16	5.99	4.47	5.45	1.1	6.4%
Announcement Date ¹	7.03	5.30	7.03	0.4	2.0%
Post-Announcement Date ²	7.04	6.99	6.99	0.5	2.7%

Source: S&P Capital IQ, Deloitte Corporate Finance analysis
Notes:

1. Period from 1 July 2016 to 1 August 2016
2. Period from 2 August 2016 to the date of this report.

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Over the past six quarters to 30 June 2016, between 3% and 9% of Intecq’s outstanding shares were traded quarterly. In the preceding five quarters, ending 31 December 2013 through to 31 December 2014, between 5% and 26% of Intecq’s shares were traded. These high volumes are attributable to multiple changes in substantial shareholdings over the period, in addition to further trading associated with Intecq’s acquisitions of CDOL and Flexi-NET.

4 Key industry dynamics affecting Intecq

4.1 Gaming industry regulation

A number of regulatory measures have been introduced in Australia over the past decades in an effort to reduce the incidence of gambling related harm. These harm minimisation measures include:

- money management measures around cashing of cheques, limits on withdrawals from automated teller machines (ATM), restricted access to ATMs and EFTPOS, money laundering prevention protocols, implementation of ticket-in ticket-out technology as well as pre-commitment tools
- changes impacting the gaming machines with the application of caps on the number of gaming machines in most states, bet and win limits, ban of note acceptors in gaming machines and compulsory display of odds and return to players
- changes to the gambling environment which include mandatory provisions for exclusion schemes, implementation of player session length monitoring, restrictions for advertising, promotions and loyalty programs, ban on smoking in gaming areas, and staff training in responsible gambling.

All key participants of the gaming industry are required to hold an appropriate licence to operate (e.g. gaming machine licence, gaming machine monitoring licence, gaming machine dealer’s licence, gaming machine service licence). Regulation of the industry has traditionally been undertaken by the individual States and Territories; as such legislation varies between States and Territories.

All EGMs in operation in clubs and hotels located in each State and Territory must be connected to a centralised monitoring system for taxation, integrity and research purposes. The monitoring function is granted in each state to a third party, on an exclusive basis and for a defined period of time, except for Queensland which operates under a competitive framework.

Further details on key regulations recently implemented are summarised below.

New South Wales

- In NSW, Liquor & Gaming NSW is responsible for the regulation of wagering and gaming activities under the Gaming and Liquor Administration Act 2007 and the *Gaming Machines Act 2001*
- The *Gaming Machines Regulation 2010* implemented under the *Gaming Machines Act 2001* legislated the implementation of a cap system aimed at reducing the number of EGMs in the State. The number of gaming machines located state-wide is capped at 99,000. Under this scheme, hotel venues are subject to an EGM maximum of 30. In addition, the transfer of gaming machine entitlements and permits owned by hotels and clubs is generally subject to a compulsory retirement of one entitlement in every block of three EGMs licences being sold to other establishments, referred to as the forfeiture rule
- In NSW, Maxgaming NSW Ltd (Maxgaming), a subsidiary of Tatts Group, holds the licence to operate the central monitoring system (CMS) of all gaming machines. Maxgaming’s licence was recently renewed for a 15 year period to December 2032
- In July 2015, the NSW Government increased the threshold for the amount of prize money from poker machines that can be paid in cash, instead of by cheque or electronic funds transfer, from \$2,000 to \$5,000. The NSW Government also increased the amount EGM players can hold in one account or smartcard, from \$200 to \$1,000, and fixed the banknote acceptor limit at gaming machines to \$7,500. These regulatory changes prompted venues to adopt card based gaming systems designed to easily transfer credits, such as Intecq’s flagship product, CARD-IT.

Queensland

- In Queensland, the gaming industry is regulated by the Office of Liquor and Gaming Regulation (OLGR) under the Gaming Machine Act 1991. Since May 2011, the number of EGMs has been capped state-wide at 24,705 in clubs and at 19,500 in hotels. Under the Electronic Gaming Machine Reallocation Scheme, which governs the transfer of EGM licenses that become available, the reallocation of EGM licences for commercial hotels is subject to the normal licensing approval process whilst EGM licences for community clubs can be obtained via transfer of gaming machine entitlements from another club or via a competitive tender process

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- LMOs cannot have any vested interests in hotels, clubs, other gaming operators or gaming manufacturers in Queensland. Queensland is the sole state which operates under a competitive licensing framework, with three LMOs: Maxgaming, which has a market share of around 80%, Odyssey Gaming, subsidiary of Intecq with a market share in the vicinity of 20%, and recently licenced LMO, Banktech Group Pty Ltd (Banktech), which is yet to capture any market share.

Victoria

- In Victoria, the gaming industry is regulated by the Victorian Commission for Gambling and Liquor Regulation under the *Gambling Regulation Act 2003*. The number of gaming machines located state-wide is capped at 30,000, made up of 2,628 in the Melbourne casino and 27,372 in hotels and clubs.
- In 2011, Intralot Gaming Services Pty Limited (Intralot) was awarded a 15 year EGM monitoring licence by the Victorian Government, becoming the only LMO entitled to operate in Victoria
- In 2012, the Victorian Government undertook a number of regulatory changes including a move to a venue-operator model for hotels and clubs, leading to the end of the duopoly held by Tabcorp and Tatts Group, whereby both entities were entitled to operate 50% each of the total machines available in the State. Gaming machine entitlements were allocated following an auction process for a period of 10 years starting in 2022
- Victoria was the first State to adopt voluntary pre-commitment tools on every EGM, in December 2015, aiming to limit both gaming time and losses and track players’ gaming machine activity across the state. This regulatory change prompted venues to adopt gaming tracking solutions by December 2014 with compulsory implementation of the regulatory change by 1 December 2015 at the latest.

Other States and Territories

- The Federal Group was awarded in 1968 the exclusive entitlements to Tasmania’s gambling business, and has maintained since that date a legislated monopoly on the State’s gambling venues and poker machines. Federal Group’s monopoly agreement was renewed in 2003 until 2023. The number of gaming machines state-wide is capped at 2,500
- In South Australia, gaming machine entitlements were created for hotels and clubs in 2005 through the *Gaming Machines Act 1992*. At that time, the concept of gaming machine entitlements did not extend to the Adelaide Casino. In January 2014, a State-wide cap on gaming machines was implemented, with a maximum of 13,081 gaming machines across the State. The Adelaide Casino was awarded 995 non-transferrable entitlements, subsequently increased to 1,500, subject to a forfeiture system for all entitlements being sold by the casino (for every four licences being sold, one will be cancelled). South Australia is the only State that prohibits gamblers from using notes in slot machines
- In July 2008, the number of slot machines approved for commercial usage in hotels and clubs was capped at 1,190 by the Northern Territory Government. The cap was lifted on 1 January 2015, with venues being now allowed to apply for gaming machines up to a maximum venue capacity
- In ACT, the number of gaming machines is capped at 5,024
- Western Australia is considered to be the most restrictive State in Australia for the gaming machine industry, with slot machines being banned from all venues except for the Crown Perth casino.

Recent regulatory measures implemented in key gaming markets such as NSW, Queensland and Victoria are moving away from a “blanket approach” to regulatory measures specifically aimed at improving gaming monitoring, while ensuring that tax revenues generated by the respective State Governments from the gaming industry are not impacted. As a result of these regulatory changes, venues have been prompted to install gaming management systems in order to adhere to a stringent and continuously evolving regulatory framework, which effectively led to increased demand for gaming management solutions.



4.2 A capped and competitive industry

Market size

There are currently more than 196,000 EGMs in Australia. NSW has the largest number of EGMs with approximately 48% of total EGMs in Australia, followed by Queensland and Victoria, with 24% and 15% of the total number of gaming machines, respectively. Gaming machines are mostly located in hotel and club venues across the different states, with the exception of Western Australia, where slot machines are only allowed at the Crown Perth casino.

Figure 7: Gaming machines per State (FY2015)

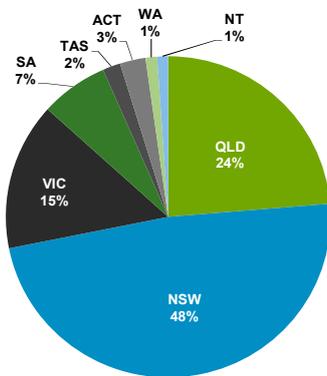
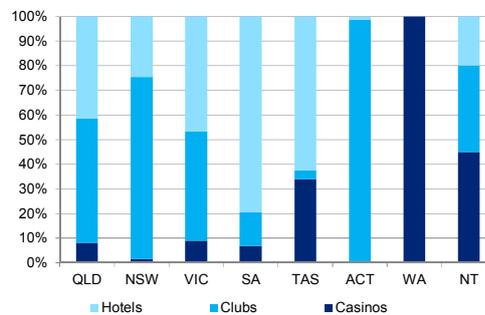


Figure 8: Gaming machines by venue (FY2015)

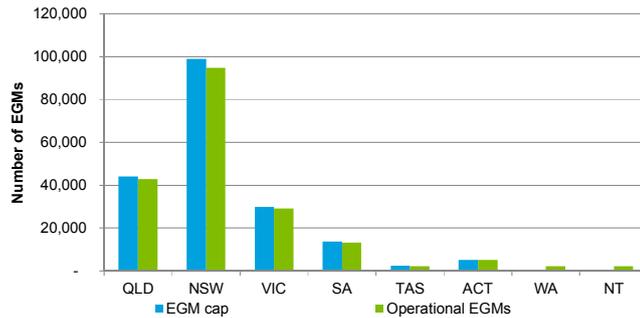


Source: Annual reports, Deloitte Corporate Finance analysis

Source: Annual reports, Deloitte Corporate Finance analysis

The number of EGMs is capped across all states of Australia, with the exception of Western Australia, where slot machines are only allowed at the Crown Perth casino, and the Northern Territory, where the cap was lifted from 1 January 2015. The number of operational EGMs across each State and Territory is close to the regulatory caps in place in each respective state, as illustrated in the figure below.

Figure 9: Number of operational EGMs vs regulatory caps (FY2015)



Source: Annual reports, Deloitte Corporate Finance analysis

Note: In Queensland and South Australia, caps are only impacting hotel and club venues.

Over the ten years to 30 June 2015, the number of gaming machines across Australia has declined at a compounded rate in the vicinity of 0.2%. The number of gaming machines is forecast to continue to decline in the short to medium term as a result of the capping system enforced across most States as well as the forfeiture system prevailing in the largest market, NSW.

In NSW, recent trends have shown that large market players have been prompted to acquire smaller venues in order to counter the natural attrition prevailing in the market through the forfeiture rule regime and to increase their local footprint. Notwithstanding this, measures such as EGM caps are unlikely to result in a substantial decrease of the number of machines in the longer term, as State and Territory Governments generate significant revenue from gaming taxes.

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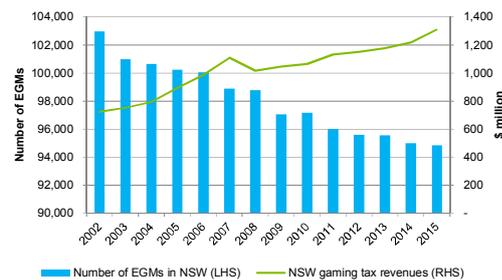


In NSW, the number of EGMs has declined at a compounded rate of 0.6% between 2001-02 and 2014-15, whilst gaming taxes levied by the Government have increased at a compounded annual growth rate of 4.7% over the same period. Since 1 July 2010, gaming machines located in NSW hotels and clubs are taxed at a rate varying from nil to 50.0 %, depending on the level of annual profits derived from gaming machines. The NSW Government forecast in its 2015-16 budget that revenues derived from club and hotel gaming devices will increase at a compounded annual growth rate of 4.8% between 2013-14 and 2018-19, which, based on historical rates, is unlikely to be achieved if the number of EGMs declines at higher rates than historically achieved.

Figure 10: Forecast number of EGMs in Australia



Figure 11: NSW's EGMs and gaming tax (FY2002-FY2015)



Source: Queensland Government Statistician's Office, IBIS

Source: NSW Government, Queensland Government Statistician's Office

Market dynamics

The Australian gaming machine industry can be sub-divided into three segments, being:

- machine manufacturing, which includes the organisations selling or supplying the gaming machines to venues holding a gaming machine licence
- gaming management systems, which includes the organisations providing gaming system technology and solutions to venues holding a gaming machine licence and owning or leasing gaming machines
- gaming monitoring, which includes the organisations licensed to provide and operate computer systems for monitoring the EGM operations in each State for research, taxation and compliance purposes.

The figure below sets out the key players in each segment of the industry.

Table 8: Major market participants by segment

Key participants	Gaming management systems						Machine manufacturing						Gaming monitoring										
	NSW	QLD	VIC	SA	NT	TAS	WA	NSW	QLD	VIC	SA	NT	TAS	WA	NSW	QLD	VIC	SA	NT	TAS	WA		
Intecq	x	x	x				x																
Aristocrat Leisure Ltd	x		x					x	x	x	x	x	x	x									
International Game Technology PLC	x	x	x			x		x	x	x	x	x	x	x									
Bally Technologies, Inc. (Scientific Scientific Game Corp.)	x	x	x	x				x	x	x	x	x	x	x									
Konami Holdings Corporation	x	x	x					x	x	x	x	x	x	x									
Ainsworth Game Technology Ltd								x	x	x	x	x	x	x									
Maxgaming (Tatts Group)			x	x																			
Banktech Group Pty Ltd	x	x																					
Intralot Gaming Services Pty Ltd				x																			

Source: Intecq

We note the following in relation to the above:

- Aristocrat and International Game Technology PLC (International Gaming Technology or IGT) are key players in the gaming management systems segment, particularly in the NSW market. Aristocrat's gaming management system, System 7000, is primarily targeted at customers in NSW. IGT's gaming management systems are offered to major casino groups across most States as well as smaller venues such as hotels and clubs. IGT has a partnership with Tabcorp in the Victorian market
- Bally Technologies Inc., a subsidiary of Scientific Game Corporation, and Konami Holdings Corporation's gaming management system offerings are typically aimed at large scale casino systems which can be scaled down to smaller venues. Both companies have limited footprints in the largest markets of NSW, Queensland and Victoria
- Ainsworth is absent from the gaming management systems segment, although it is, after Aristocrat, the largest supplier of gaming machines in Australia
- Maxgaming, Banktech and Intralot have all been granted gaming monitoring licences across various states of Australia. Maxgaming was recently awarded an extension of its CMS entitlement in NSW until 2032, whereas Intralot's licence in Victoria is set to expire in 2027. Banktech was recently awarded an

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LMO licence in Queensland but has not commenced operations. Tatts Group recently confirmed that they have moved forward in their discussions for a potential acquisition of Intralot SA’s Australian and New Zealand businesses which include Intralot Gaming Services Pty Ltd.

As a result of different company size, product and solution offerings, market presence and strategy, there is a lack of comparability amongst market participants, particularly for the providers of gaming management solutions. In addition, the regulatory environment has intensified the requirements for venues to adopt increasingly sophisticated gaming management solutions. Such conditions have led to create a competitive advantage for the organisations offering solutions which comply with the following features:

- advancement of the technology to respond to increasingly sophisticated requirements from gaming venues and local regulators
- adaptability of the technology to a constantly changing regulatory environment, requiring a particular focus from the solution provider to the demand from the local gaming markets
- flexibility of the gaming management systems to respond to diversity in scale demand, local markets and player profiles
- reliability of the solution offerings.

The above factors and in particular the regulatory environment also provide barriers for existing market participants that operate across multiple segments to form business combinations as well as providing certain barriers to entry for new entrants, such as length of time required to obtain specific regulatory and licensing approvals.

5 Valuation of Intecq

5.1 Introduction

For the purpose of our opinion, fair market value is defined as the amount at which the shares in an entity would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller, acting at arm’s length. We have not considered special value in this assessment.

We have assessed the enterprise value of Intecq using the capitalisation of maintainable earnings method before adding/subtracting the value of surplus assets and liabilities and deducting net debt to derive the equity value on a control basis.

Refer to Appendix B for a detailed discussion on the various valuation methodologies which can be adopted in valuing corporate entities and businesses.

In selecting the capitalisation of maintainable earnings method to value Intecq, we have considered the following factors:

- Intecq has shown a steady growth pattern in historical earnings
- there is a number of publicly listed companies with operations broadly similar to those of Intecq to provide a meaningful comparison
- Intecq does not have a finite lifespan
- Intecq management have not prepared long term projections with a level of detail and rigour that we consider adequate for the purpose of our assessment.

Our valuation based on the capitalisation of maintainable earnings is set out in the Executive Summary of this report. The analysis underpinning the key valuation parameters selected and cross-checks adopted to corroborate our conclusion are set out in the following sections.

5.2 Selection of maintainable earnings

Future maintainable earnings represent the level of maintainable earnings that the existing operations of Intecq could reasonably be expected to generate. We have selected EBITDA as an appropriate measure of earnings for Intecq because earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies and effective tax rates than multiples based on EBIT or NPAT. This allows a better comparison with earnings multiples of other companies.

In determining future maintainable earnings we have considered the following:

- Intecq’s historical earnings and growth profile, with total sales revenue having increased at a compound annual growth rate (CAGR) of 14.5% between FY2014 and FY2016, whilst EBITDA has increased at a CAGR of 28.1% over the same period
- Intecq’s historical earnings growth has partly been fuelled by recent acquisitions as well as the roll-out of new and innovative gaming management systems and solutions. Notwithstanding this, Intecq’s ability to continue to grow in the future years at historical growth levels may be somewhat challenging due to the capped nature of Intecq’s addressable EGM market within Australia, the cyclical nature of technology offerings (and therefore market share) and the limited number of potential acquisition targets of scale operating in the same segment
- Intecq has a strong market position and earnings growth prospects are supported by the Company’s strategy underpinned by ongoing development of solutions and further penetration of the Metropolis management system in order to grow the customer base and market share
- budget and other strategic documents prepared by Intecq management which are not in the public domain
- corporate costs that would be avoidable for a hypothetical acquirer of Intecq (such as listing fees)
- Intecq is followed by a number of brokers who forecast the Company’s future financial performance. These brokers have in the past three year period demonstrated a good track record in terms of their forecasting accuracy in relation to Intecq’s future earnings.



Based on the above, we have judgementally assessed maintainable EBITDA to amount to \$14.0 million. This level of maintainable EBITDA is higher than the historical EBITDA achieved by Intecq, however, we do not consider it unreasonable given Intecq’s recent growth profile as well as Intecq’s current position in the Australian gaming systems market.

5.3 Selection of the earnings multiple

In selecting an earnings multiple for Intecq, we have considered earnings multiples derived from share market prices of comparable listed companies and the implied multiple paid to acquire companies with similar operations based on publicly available information (refer to Appendices C and D).

Our valuation of Intecq has been undertaken on a control basis, consistent with the requirements of ASIC Regulatory Guide 111.

Earnings multiples derived from share market trading (which we refer to as “listed company multiples” in this section) do not typically reflect the fair market value for control of a company as they are based on transactions in only small parcels of shares in the subject companies. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control.

The owner of a controlling interest has the ability to do many things that the owner of a minority interest does not. These include:

- control the cash flows of the company, such as dividends, capital expenditure and compensation for directors
- determine the strategy and policy of the company
- make acquisitions or divest operations
- control the composition of the board of directors.

Included at Appendix C are share market trading multiples for companies broadly comparable to Intecq. As discussed above, earnings multiples derived from share market trading do not reflect the market value for control of a company as they are for portfolio holdings. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values, however, the extent to which premiums are paid by purchasers will often depend on the degree to which the purchaser can extract synergies from a transaction. Further details on studies conducted by Deloitte Corporate Finance in relation to control premiums are provided in Appendix E. We have adjusted the observed multiples to include a notional premium for control of 30%.

In comparison, the acquisition price achieved in mergers or acquisitions of companies represents the market value of a controlling interest in that company.

5.3.1 Selection of comparable listed companies and transactions

In selecting the comparable listed companies, we have had particular regard to the fact that Intecq’s business comprises two core activities, the provision of gaming management systems and solutions and licensed monitoring operations; and mainly operates in the Australian regulatory environment.

We have conducted a global search for listed companies comparable to Intecq and have categorised the comparable companies into three general groups: suppliers of gaming equipment and systems, Australian lotteries and wagering companies and Australian and New Zealand casinos. Whilst we have identified a pool of comparable listed companies (as set out in Appendix C), we have focused our review on the suppliers of gaming equipment and systems due to the greater level of similarities to Intecq.

Furthermore, we note that there are a limited number of companies directly comparable to Intecq on a standalone basis as the majority of the identified companies are significantly larger and have more diversified operations, including operations in different segments of the gaming market compared to Intecq (e.g. gaming equipment manufacturing) or with a limited footprint in the Australian market. These companies are therefore exposed to different risks and market dynamics, including different market sizes, regulations and competition conditions.

We have categorised the comparable transactions into three general groups: Australian suppliers of gaming equipment and systems, Australian lotteries and wagering companies and international suppliers of gaming equipment and systems (refer to Appendix D).

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We have only considered transactions that have occurred in the last five years as we consider transactions prior to this period to be less relevant for our valuation. Furthermore, all things being equal, we would consider the most recent transactions to reflect the relative values being paid in the current business and market environment.

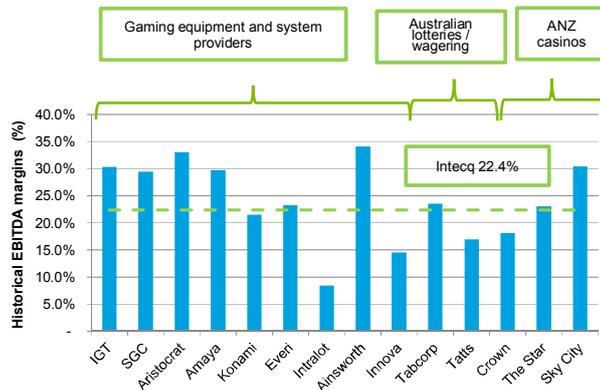
Transaction multiples are typically calculated with reference to historical earnings and, as a result, we would expect the transaction multiples (being inclusive of a control premium) to be higher than the unadjusted trading multiples observed for listed comparable companies, which have been calculated with reference to forecast earnings, given that most of the comparable companies are projected to exhibit earnings growth in the short to medium term (based on consensus broker estimates).

5.3.2 EBITDA margin and EBITDA growth comparison

In the following sections, we discuss our analysis used to determine our preferred comparable listed companies. To assist us with this, we have calculated the average EBITDA margin for each comparable listed company group and the projected two year EBITDA CAGR for each listed comparable company for comparison to Intecq.

The EBITDA margin comparison is illustrated in the following figure.

Figure 12: EBITDA margin



Source: S&P Capital IQ, Deloitte Corporate Finance analysis

Note: NYX Gaming Group Limited has not been included in the figure above as it generated a negative EBITDA in the year ended 31 December 2015.

Most of the preferred comparable listed companies in the “gaming equipment and system providers” group have exhibited broadly in line or materially higher EBITDA margins than Intecq, with the exception of Intralot SA and Innova Gaming Group Inc. (refer to Appendix C). All other things being equal, companies with higher EBITDA margins should attract higher multiples. We have been cognisant of the comparable companies’ higher EBITDA margins when selecting the appropriate multiple for Intecq.

In addition, we have placed lower reliance on the Australian lotteries and wagering companies, Tatts Group and Tabcorp. Whilst these companies are exposed to a similar regulatory environment to Intecq, Tabcorp does not operate in the gaming management systems market. Tatts Group, a leader in the lotteries, wagering, lotteries and gaming markets, owns Maxgaming which holds the licences for the central monitoring operations in New South Wales and the Northern Territory and is also an LMO in Queensland, however its operations are much more diverse than Intecq’s.

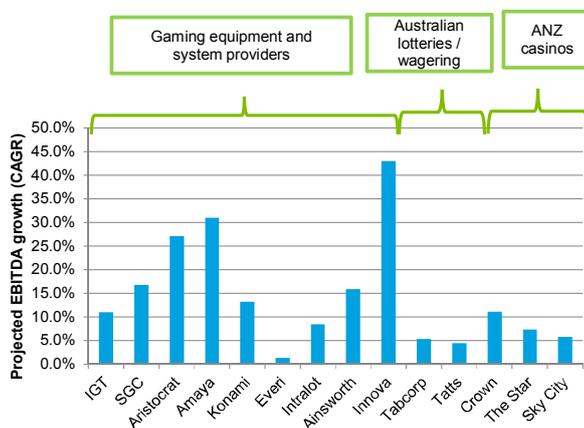
We have also placed lower reliance on the Australian and New Zealand casinos, due to their materially different business models compared to Intecq. Notwithstanding this, we included these companies in our analysis as they are subject to the same regulatory framework as Intecq in Australia and can therefore be considered as broadly comparable to Intecq.

The comparison of projected EBITDA growth between the listed comparable companies is illustrated in the following figure.

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Figure 13: EBITDA growth comparison



Source: S&P Capital IQ, Deloitte Corporate Finance analysis

Note: NYX Gaming Group Limited has not been included in the figure above as it generated a negative EBITDA in the year ended 31 December 2015.

All other things being equal, companies with higher projected EBITDA growth should attract higher multiples and vice versa. We have been cognisant of the comparable companies’ relative projected EBITDA growth rates when selecting multiples for Intecq.

5.3.3 Listed company multiples

The table below sets out our preferred panel of comparable listed companies.

Table 9: Preferred comparable listed companies

Company	Enterprise value ¹ (\$ million)	Gearing	Historical revenue ¹ (\$ million)	Historical EBITDA margin	EBITDA multiples ² (current)	EBITDA multiples ² (forecast)	Projected EBITDA growth (2 year CAGR)
International Game Technology	16,582	63.4%	6,439	30.4%	7.9x	7.6x	11.0%
Scientific Games Corporation ⁴	11,781	91.5%	3,788	29.5%	8.4x	7.9x	16.8%
Aristocrat Leisure Ltd.	10,990	11.2%	1,582	33.1%	18.2x ³	16.5x ³	27.2%
Amaya, Inc.	7,308	45.1%	1,357	29.7%	12.8x	11.9x	31.1%
Konami Holdings Corporation	5,488	(18.1%)	2,894	21.5%	10.2x	9.3x	13.2%
Everi Holdings Inc.	1,568	88.2%	1,136	23.2%	6.3x	6.0x	1.4%
Intralot SA	1,021	70.1%	2,856	8.4%	4.0x	3.8x	8.5%
Ainsworth Game Technology Ltd.	769	(0.1%)	241	34.1%	10.6x	9.1x	15.8%
NYX Gaming Group Limited	256	25.3%	52	n/m	5.6x	3.3x	n/m
Innova Gaming Group Inc.	14	(70.6%)	29	14.5%	3.0x	2.4x	43.1% ³
Average		30.6%		24.9%	7.6x	6.8x	15.6%
Median		35.2%		29.5%	7.9x	7.6x	14.5%
Low		(70.6%)		8.4%	3.0x	2.4x	1.4%
High		91.5%		34.1%	12.8x	11.9x	31.1%

Source: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. Enterprise value (EV) and revenue based on most recent actual results
2. EBITDA multiples have been adjusted to include a 30% premium
3. Considered to be outliers. These metrics have been excluded from the calculated averages and medians
4. Scientific Games Corporation had equity investments amounting to US\$199.8million as at 30 June 2016 that we have not adjusted for in the table above. We note that this does not materially impact the earnings multiples of the company.
5. n/m: not meaningful.

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These companies are, with the exception of NYX Gaming Group Limited and Innova Gaming Group Inc., significantly larger than Intecq. Larger companies generally trade at higher earnings multiples as they often have greater access to new markets and ability to raise capital which can increase growth prospects. Intecq has exhibited in recent years a strong growth pattern due to acquisitions, rollout of new solutions, entry into the Victorian market and further penetration in existing markets in relation to the Metropolis solution.

These companies are more operationally diverse than Intecq, in that they have more diverse product offerings and sell their products to a much wider market, and are required to comply with diverse regulations in each jurisdiction they operate in. Greater diversification generally means lower risk resulting in higher multiples (all else being equal).

Aristocrat, International Game Technology and Scientific Games Corporation each provide gaming systems solutions to the Australian gaming market, with Aristocrat and International Game Technology considered to be Intecq’s largest competitors in the NSW market, whilst Scientific Games Corporation, through its subsidiary, Bally Technologies Inc., has a solution offering targeted to larger venues such as casinos. In the discussion below, we note the key limitations of the comparability of these companies to Intecq.

Aristocrat assembles and supplies EGMs and develops and produces gaming software aimed at North America, Latin America, Australia and New Zealand. The core products and services offered by Aristocrat are:

- EGMs and games: Aristocrat provides a range of gaming cabinets including electronic poker tables and computerised card game simulators. It also supplies games for the gaming industry for which it has a number of key patents
- Casino/gaming management systems: Aristocrat offers complete management systems for gaming venues. Aristocrat combines sales, marketing and development functions to provide continuous product and customer support
- Online: Aristocrat provides online slot machine games with the ability to integrate with physical machines, offering land-based games on several online sites.

Aristocrat is a key player in the NSW gaming management systems market, which is Intecq’s largest market. In addition, Aristocrat derives a large proportion of its total revenues from recurring sales (45.7% for FY2015) and is, similarly to Intecq, exposed to the highly regulated Australian gaming industry.

The EBITDA multiples of Aristocrat are considered to be outliers for the purposes of our analysis due to the following factors:

- Aristocrat is a materially larger company than Intecq and has a higher level of diversification
- Aristocrat’s share price has recently exhibited a strong performance attributable to strong operating metrics in the first half of FY2016 ahead of market expectations and resulting from important market share gains and profit growth in its core businesses, including US Class III premium gaming operations, Australian recurring sales and the Digital social gaming business
- as a result of its current clear dominance of the Australian market and strong growth outlook in the North American and Digital segments in particular, Aristocrat’s stock has been trading at a premium compared to its Australian and international gaming peers.

International Game Technology specialises in the design, development, manufacture, and marketing of electronic gaming equipment and systems in the USA, Canada, Italy and internationally. The company provides technology products and services across lotteries, EGMs, sports betting, and interactive gaming markets. International Game Technology has a strong market position in the NSW club and hotel segment in which Intecq operates, offers systems comparable to eBet’s systems for the management of casino floors (IGT Advantage) and it derived a significant portion of its revenues from recurring revenue arrangements (service revenues accounted for 84.8% of total revenues in FY2015). We note that, in July 2014, International Game Technology and the Italian company GTECH S.P.A (GTECH) signed a definitive merger acquisition which led to GTECH acquiring International Game Technology for a consideration of US\$4.7 billion funded in cash (via the issue of a series of senior secured notes) and shares, and took on approximately \$US1.7 billion of International Game Technology’s net debt. The acquisition significantly increased the level of gearing of the company. This differs materially from Intecq, which exhibits a net cash position.

Scientific Games Corporation develops technology-based products and services for the gaming, lottery and interactive markets in North America, South America, Europe and Asia. Its portfolio includes sale and support of gaming content and gaming machines, casino management systems as well as loyalty and rewards programs, interactive gaming and social casino solutions. In 2014, Scientific Games Corporation acquired Bally Technologies Inc., a US-based electronic gaming company, providing table game products, systems and

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iGaming solutions, with a total transaction value of approximately \$US 5.1 billion, comprising approximately \$US 1.9 billion of net debt. The equity component of the transaction (approximately \$US 3.2 billion) was predominantly funded through additional debt, therefore effectively making the acquisition 100% debt funded. In 2014, Bally Technologies won an exclusive gaming system agreement with the Australian Leisure and Hospitality Group for the deployment of its gaming applications (e.g. pre-commitment tools, common player card) at more than 270 venues throughout all Australian States, except Western Australia. Bally Technologies Inc.’s offering is typically targeted at casino venues. In 2014, Scientific Games Corporation was also appointed to provide the central monitoring systems in South Australia under a 10 year contract with the Independent Gaming Corporation Limited of South Australia. Scientific Games Corporation’s systems will be deployed across 12,500 EGMs throughout the state.

International Game Technology and Scientific Games Corporation can be considered to be broadly comparable to Intecq as they both provide gaming management systems in similar markets to Intecq as illustrated in Table 8 in Section 4.1, although they both target larger venues in Australia such as casinos. Both companies exhibit forecast EBITDA multiples in the vicinity of 7.5 times to 8.0 times after allowing for a 30% control premium. However, we note that these companies have a significantly higher level of gearing due to recent acquisitions, compared to Intecq which has a net cash position.

We consider the other suppliers of gaming equipment and systems set out in Appendix C and in Table 9 to also be broadly comparable Intecq, acknowledging that these companies have significantly more diversified operations to Intecq or operate in substantially different markets to Intecq and under different regulatory regimes.

5.3.4 Transaction multiples

Of the comparable transactions considered and set out in Appendix D, the transactions we consider to be most comparable to Intecq are summarised in the table below.

Table 10: Preferred comparable transactions

Date announced	Target company	Acquirer	% acquired	Implied EV ¹ (\$ million)	EBITDA multiple ²
Australian gaming equipment and system providers					
Feb-16	Ainsworth Game Technology Limited	Novomatic AG	53%	900	11.0x
Jul-14	Flexi-NET Systems Pty Ltd	eBet Limited	100%	5	3.1x
Mar-11	Odyssey Gaming Limited	eBet Limited	100%	3	3.8x
Average					6.0x
Median					3.8x
Minimum					3.1x
Maximum					11.0x
International gaming equipment and system providers					
Nov-15	Nova Technologies, LLC	Ainsworth Game Technology Ltd.	100%	53	8.5x
Mar-15	Cadillac Jack, Inc.	AGS, LLC	100%	499	9.1x
Sep-14	Multimedia Games Holding Company, Inc.	Global Cash Access Holdings, Inc. (nka:Everi Holdings Inc.)	100%	1,057	9.1x
Aug-14	Bally Technologies, Inc.	Scientific Games Corporation	100%	5,425	10.2x
Jul-14	International Game Technology	GTECH S.p.A. (nka:International Game Technology PLC)	100%	6,688	8.6x
Jul-14	Video Gaming Technologies, Inc.	Aristocrat Leisure Ltd.	100%	1,372	8.2x
Jun-14	Poker stars	Amaya Group Holdings (IOM) Limited	100%	5,244	11.1x
Jul-13	SHFL entertainment, Inc.	Bally Technologies, Inc.	100%	1,385	14.5x
Jan-13	WMS Industries Inc.	Scientific Games Corporation	100%	1,390	6.0x
Sep-12	Amaya Gaming Group	Cadillac Jack, Inc.	100%	160	4.7x
Average					8.8x
Median					8.6x
Minimum					4.7x
Maximum					14.5x

Source: Mergermarket, S&P Capital IQ, company announcements, Deloitte Corporate Finance analysis

Notes:

1. Implied enterprise values have been calculated based on implied 100% equity value plus total net borrowings at each company’s most recent reporting date before the announcement date.
2. EBITDA multiples reflect historical EBITDA as reported in the last financial year or last 12 months before the announcement date.

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Of the transactions set out in the table above, we consider the following targets to be particularly comparable to Intecq:

- Bally Technologies Inc. (Bally Technologies) is a US based company that provides table game products, casino management systems, interactive applications and gaming systems internationally. For the twelve month period to March 2014, Bally Technologies derived 30% of its total revenues from gaming services and 24% of its total revenues from gaming systems. In 2014, Bally Technologies won an exclusive gaming system agreement with the Australian Leisure and Hospitality Group for the deployment of its gaming applications (e.g. pre-commitment tools, common player card) at more than 270 venues throughout Australia
- International Game Technology, the relevance of which as a comparable company to Intecq is discussed in Section 5.3.3. At the time of the transaction, International Game Technology was a global leading casino supplier of gaming equipment and gaming content offerings and derived 80% of its total revenue from gaming equipment and the remainder from interactive wagering and social gaming, with 79% of total revenues being generated in the United States and Canada
- the acquisition of a 53% interest in Ainsworth by Novomatic AG. Ainsworth is a key player in the Australian gaming market, albeit it does not have gaming systems operations. The implied EBITDA multiple for this transaction of 11.0 times is lower than the historical EBITDA multiple of 12.2 times implied by Ainsworth’s current share trading shown in Appendix C

The EBITDA multiples implied for the acquisitions of Odyssey and Flexi-NET by Intecq can be considered of lesser relevance due to the size of both targets.

5.3.5 Selected multiple

Based on our analysis, we consider an earnings multiple in the range of 7.5 times to 8.5 times, on a control basis, to be appropriate for Intecq.

Our preferred listed comparable companies discussed in Section 5.3.3 have a forecast multiple (excluding outliers) ranging from 2.4 times to 11.0 times, with an average of 6.7 times. Our preferred comparable transactions relating to companies which supply gaming equipment and systems (excluding the Australian comparable transactions for the reasons mentioned in Section 5.3.4) have a historical multiple ranging from 4.7 times to 14.5 times, with an average of 8.8 times.

We consider, on balance, the transaction multiples provide a better benchmark than the listed company multiples. The selected range of EBITDA multiples, on a control basis for Intecq, are however, also supported by the listed company multiples, after allowing for the substantial differences in size and diversity of operations of these companies relative to Intecq as well as other limitations discussed in Section 5.3.3.

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5.4 Surplus assets

Intecq management has advised that there are no surplus assets held by Intecq. We note, however, that Intecq had approximately \$5.9 million in tax losses available as at 30 June 2016 for offset against future income at a loss recoupment fraction of 0.4. We have not treated Intecq’s existing tax losses as a surplus asset for the purposes of our valuation for the following reasons:

- the recognition and utilisation of Intecq’s tax losses depends on the level of certainty around Intecq’s future ability to offset these tax losses against future income, and the losses recognised do not reflect discounting for the time value of money
- Intecq’s tax losses available as at 30 June 2016 could potentially be utilised in the medium term based on the recent earnings growth pattern demonstrated by the Company. However, the timing of the ultimate utilisation of these tax losses is unclear and subject to available fraction limitations and other uncertainties
- it is not uncommon for listed companies comparable to Intecq to have tax losses and indeed some of the comparable companies considered also have tax losses, any value of which should already be reflected in their earnings multiples
- a hypothetical acquirer may or may not be able to utilise these losses depending on their own tax profile and the future operating environment, and there is market evidence to suggest that such acquirer would not pay the full face value of tax losses.

5.5 Net cash position

We have assessed Intecq’s net cash based on the projected cash and debt balances as at the expected date of the scheme meeting. Having regard to the most recent statement of financial position and cash flows from operations expected to be generated, the net cash position is estimated to be \$15.6 million.

5.6 Number of shares

Intecq’s outstanding number of shares as at the date of this report is set out in the following table.

Table 11: Number of shares outstanding

	Number of shares
Total shares on issue (fully diluted)	17,862,089

Source: Intecq, Deloitte Corporate Finance analysis

5.7 Valuation cross-checks

To provide additional evidence of the fair market value of a share in Intecq, we have considered the FY2016 EBITDA and FY2016 EBIT multiples implied by our valuation of Intecq, as well as recent market trading in Intecq shares.

We also had regard to the price to earnings (P/E) multiples implied by our valuation of Intecq but do not consider the data in relation to P/E multiples for comparable companies to be meaningful due to the different tax profiles and gearing ratios of the comparable companies.

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5.7.1 Implied earnings multiples

In determining the earnings multiples implied by our capitalisation of maintainable earnings valuation of Intecq, we have applied our assessed enterprise value to Intecq’s FY2016 EBITDA and FY2016 EBIT.

The table below sets out the FY2016 EBITDA and FY2016 EBIT multiples implied by our valuation of Intecq.

Table 12: Implied multiples on a control basis for Intecq

	Value	Low	High
Assessed enterprise value – 100% (on a control basis)	AUD million	105.0	119.0
Implied FY2016 EBITDA multiples	times	8.9x	10.1x
Implied FY2016 EBIT multiples	times	13.5x	15.3x

Source: Deloitte Corporate Finance analysis

Set out below is a summary of the average trading multiples observed for our preferred comparable companies inclusive of a control premium (included in Appendix C) as well as comparable transactions (included in Appendix D).

Table 13: Summary of comparable multiples (control basis)

	Gaming equipment and system suppliers (comparable listed companies)	International gaming equipment and system suppliers (comparable transactions)
EBITDA multiples (historical¹)		
Minimum	4.5x	4.7x
Maximum	12.2x	14.5x
Average	8.6x	8.7x
EBITDA multiples (current¹)		
Minimum	3.0x	n/a
Maximum	12.8x	n/a
Average	7.6x	n/a
EBIT multiples (historical¹)		
Minimum	9.2x	7.0x
Maximum	20.7x	20.7x
Average	16.2x	13.3x
EBIT multiples (current¹)		
Minimum	8.0x	n/a
Maximum	22.8x	n/a
Average	16.1x	n/a

Source: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. We have considered both historical and current earnings multiples as most of our selected international comparable companies have a financial year end of 31 December, whilst most of our selected Australian comparable companies have a financial year end of 30 June (with the exception of Aristocrat which reports in September) with some having not disclosed FY2016 results as at 19 August 2016
2. n/a: not available

We consider that the multiples observed for the comparable listed companies and selected transactions, shown in the table above, support the FY2016 EBITDA and FY2016 EBIT multiples implied by our valuation of Intecq.

5.7.2 Analysis of recent share trading

We have compared the value estimated for a share in Intecq to that implied by trading in its shares prior to the announcement of the Proposed Scheme on 1 August 2016.

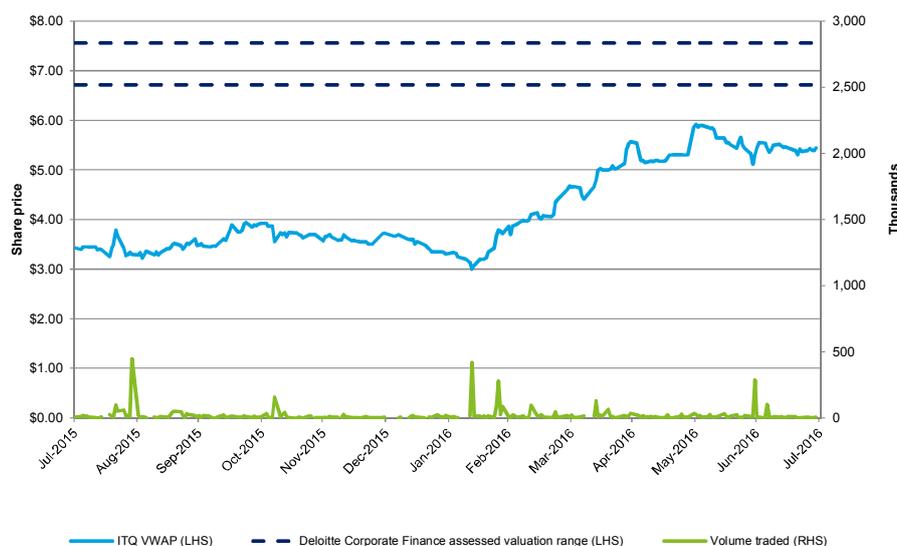
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The share market can be expected to provide an objective measure of the fair market value of a listed entity, where the market is well informed and liquid, and when there are no abnormal factors reflected in market prices, such as takeover speculation. Market prices incorporate the influence of all publicly known information relevant to the value of an entity’s shares.

The following figure shows our assessed value of a share in Intecq on a control basis compared to Intecq’s VWAP over the twelve months prior to the announcement of the Proposed Scheme on 1 August 2016.

Figure 14: Intecq share price comparison



Source: S&P Capital IQ, Deloitte Corporate Finance analysis

Note: The VWAP shown in the figure above relates to the ratio of the value traded to total volume traded on each particular date.

Our valuation per share (on a control basis) implies a premium of 31.2%, 31.4% and 31.9% to Intecq’s daily VWAP (on a minority basis) on a three month, one month and five-day average basis, based on the mid-point of our valuation range.

Whilst the delta between our valuation and the market trading of Intecq potentially reflects a premium for control, in the case of Intecq, the use of market trading in its shares as a cross-check is subject to the following potential limitations:

- there is a low level of liquidity of Intecq shares. Over the four month period prior to the Announcement Date, an average of 0.3 million Intecq shares were traded on a monthly basis representing an average trading volume of approximately 1.9% of Intecq issued shares per month. In the period from the announcement date until 17 August 2016, 0.6 million shares were traded representing approximately 3.6% of Intecq’s issued shares
- the ten largest shareholders in Intecq collectively hold more than 60% of the issued shares in Intecq, indicating there may be a small free float available for trading.

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Intecq’s share price has experienced substantial re-rating since January 2016:

- significant volumes of shares were traded on 24 February 2016, the day after Intecq announced a strong interim result with NPBT increasing by 83% from the previous corresponding period. Intecq’s shares increased 10.5% from \$3.44 on 22 February 2016, the day before the announcement, to \$3.80 (on a minority basis) on 24 February 2016. Over this period, 0.36 million shares were traded
- on 11 April 2016, Intecq issued an ASX announcement stating that a contract to supply Intecq’s full suite of gaming systems was secured with Federal Group in relation to the group’s Tasmanian casino and country club. Approximately 0.13 million shares were traded the following day. By 13 April 2016, Intecq’s share price had increased to \$5.09 (on a minority basis) (i.e. +13.9% since 10 April 2016, the day prior to the Intecq’s ASX announcement)
- an additional fluctuation in Intecq’s share price occurred in May 2016, correlating with a profit guidance announcement. Intecq’s share price increased 12.6% from the day prior to the announcement, 29 May 2016, to \$5.99 (on a minority basis) on 30 May 2016
- high volumes of Intecq’s shares were traded on 11 February 2016, 11 March 2016 and 29 June 2016, which do not appear to be correlated to any Company announcements around these dates
- recent speculation in the market around a possible acquisition of Intecq and further clarification from Intecq regarding this indicative non-binding offer (made in December 2015) and the decision not to accept it on 23 March 2016, may have influenced recent trading in Intecq shares. However, it is difficult to isolate the extent to which the sustained increase in the share price was attributable to continued expectations of a potential offer as opposed to improved performance and fundamentals of the business.

Having regard to the above factors and considerations we have placed limited reliance on the market trading in Intecq’s shares in assessing whether our valuation of Intecq under the capitalisation of maintainable earnings approach is reasonable.



Appendix A: Context to the Report

Individual circumstances

We have evaluated the Proposed Scheme for Shareholders as a whole and have not considered the effect of the Proposed Scheme on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Scheme from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Scheme is fair and reasonable and therefore in the best interests of Shareholders. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

The report has been prepared at the request of the Independent Directors of Intecq and is to be included in the Scheme Booklet to be given to Shareholders for approval of the Proposed Scheme. Accordingly, it has been prepared only for the benefit of the Directors and those persons entitled to receive the Scheme Booklet in their assessment of the Proposed Scheme outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and Intecq, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Scheme.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

The report represents solely the expression of Deloitte Corporate Finance of its opinion as to whether the Proposed Scheme is in the best interests of the Shareholders as a whole.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Intecq and its officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Intecq management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Intecq and its officers, employees, agents or advisors, Intecq has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Intecq may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance’s reliance on the information provided by Intecq and its officers, employees, agents or advisors or the failure by Intecq and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Scheme.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Stephen Ferris B.Ec, F.Fin, CA. and Michele Picciotta B.Comm (Hons). Each has many years’ experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- Intecq proposes to issue a disclosure document in respect of the Proposed Scheme between Bidco and the holders of Intecq shares (the Scheme Booklet)
- the Scheme Booklet will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Scheme Booklet (draft Scheme Booklet) for review

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- it is named in the Scheme Booklet as the ‘independent expert’ and the Scheme Booklet includes its independent expert’s report at Annexure 4 of the Scheme Booklet.

On the basis that the Scheme Booklet is consistent in all material respects with the draft Scheme Booklet received, Deloitte Corporate Finance Pty Limited consents to it being named in the Scheme Booklet in the form and context in which it is so named, to the inclusion of its independent expert’s report as Annexure 4 of the Scheme Booklet and to all references to its independent expert’s report in the form and context in which they are included, whether the Scheme Booklet is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Scheme Booklet and takes no responsibility for any part of the Scheme Booklet, other than any references to its name and the independent expert’s report as included at Annexure 4.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- the draft Scheme Booklet
- audited financial statements for Intecq for the years ending 30 June 2014, 30 June 2015 and 30 June 2016
- recent annual reports for Intecq
- internal management information, including management presentations and company strategy documents
- company websites for Intecq and comparable companies
- publicly available information on comparable companies and market transactions published by ASIC, ThomsonOne, S&P Capital IQ and Mergermarket
- IBIS company and industry reports
- other publicly available information, media releases and brokers reports on Intecq, comparable companies and the Australian and global gaming industries.

In addition, we have had discussions and correspondence with certain directors and executives, including Paul Oneile, Chairman, Anthony Toohey, Executive Deputy Chairman, Peter Walford, Acting Chief Executive Officer and Chief Operating Officer, Simon Kelly, Non-executive Director and Melissa Jones, Financial Controller in relation to the above information and to current operations and prospects.



Appendix B: Valuation methodologies

To estimate the fair market value of the shares in Intecq we have considered common market practice and the valuation methodologies recommended by ASIC Regulatory Guide 111, which provides guidance in respect of the content of independent expert’s reports. These are discussed below.

Market based methods

Market based methods estimate a company’s fair market value by considering the market price of transactions in its shares or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company’s recent share trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company’s future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company’s earnings are relatively stable.

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting a company’s future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Asset based methods

Asset based methods estimate the market value of a company’s shares based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company’s value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company’s assets are liquid, or for asset holding companies

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Appendix C: Comparable listed entities

Table 14: Comparable listed companies

Company	Country	EV ¹ (\$m)	Net debt/ EV ²	Historical EBITDA margin (%)	Current EBITDA margin (%)	Forward EBITDA margin (%)	Forward +1 EBITDA margin (%)	Control basis ³			Projected EBITDA growth (2 year CAGR)	Control basis ³				
								Historical EBITDA multiple (times)	Current EBITDA multiple (times)	Forward EBITDA multiple (times)		Forward +1 EBITDA multiple (times)	Historical EBIT multiple (times)	Current EBIT multiple (times)	Forward EBIT multiple (times)	Forward +1 EBIT multiple (times)
Intecq Limited	Australia	110	(12.6%)	22.4%	n/a	n/a	n/a	12.4x	n/a	n/a	n/a	18.8x	n/a	n/a	n/a	
Gaming equipment and systems suppliers																
International Game Technology	United Kingdom	16,582	63.4%	30.4%	35.0%	36.0%	34.1%	9.4x	7.9x	7.6x	n/a	11.0%	19.7x	20.2x	17.8x	n/a
Scientific Games Corporation ⁵	United States	11,781	91.5%	29.5%	38.2%	39.0%	39.4%	10.8x	8.4x	7.9x	7.6x	16.8%	34.6x ⁴	37.2x ⁴	29.7x ⁴	28.9x ⁴
Aristocrat Leisure Ltd.	Australia	10,990	11.2%	33.1%	36.4%	36.6%	37.2%	26.6x ⁴	18.2x ⁴	16.5x ⁴	15.2x ⁴	27.2%	38.6x ⁴	22.8x	20.4x	18.6x
Amaya, Inc.	Canada	7,308	45.1%	29.7%	43.2%	42.6%	41.9%	20.4x ⁴	12.8x	11.9x	10.6x	31.1%	39.9x ⁴	15.9x	11.7x	11.2x
Konami Holdings	Japan	5,488	(18.1%)	21.5%	24.0%	24.9%	24.7%	11.9x	10.2x	9.3x	9.0x	13.2%	26.0x ⁴	15.8x	14.4x	13.2x
Event Holdings Inc.	United States	1,568	88.2%	23.2%	23.4%	23.7%	n/a	6.2x	6.3x	6.0x	n/a	1.4%	20.7x	n/m	n/m	n/a
Intralot SA	Greece	1,021	70.1%	8.4%	10.1%	11.1%	12.4%	4.5x	4.0x	3.8x	n/a	8.5%	9.2x	8.0x	7.1x	6.5x
Ainsworth Game Technology	Australia	769	(0.1%)	34.1%	32.5%	32.4%	33.6%	12.2x	10.6x	9.1x	8.0x	15.8%	15.2x	13.7x	11.5x	10.1x
NYX Gaming Group	United States	256	25.3%	n/m	34.2%	40.0%	40.4%	n/m	5.6x	3.3x	3.0x	n/m	n/m	n/a	4.4x	n/a
Innova Gaming Group	Canada	14	(70.6%)	14.5%	23.2%	25.6%	32.2%	5.0x	3.0x	2.4x	1.7x	43.1% ⁴	16.4x	n/a	n/a	n/a
Average			30.6%	24.9%	30.0%	31.2%	32.9%	8.6x	7.6x	6.8x	6.7x	15.6%	16.2x	16.1x	12.5x	11.9x
Median			35.2%	29.5%	33.4%	34.2%	34.1%	9.4x	7.9x	7.6x	7.8x	14.5%	16.4x	15.8x	11.7x	11.2x
Low			(70.6%)	8.4%	10.1%	11.1%	12.4%	4.5x	3.0x	2.4x	1.7x	1.4%	9.2x	8.0x	4.4x	6.5x
High			91.5%	34.1%	43.2%	42.6%	41.9%	12.2x	12.8x	11.9x	10.6x	31.1%	20.7x	22.8x	20.4x	18.6x
Australian lotteries and wagering companies																
Tabcorp Holdings Ltd.	Australia	5,038	18.9%	23.6%	23.5%	23.8%	24.0%	12.1x	11.6x	10.9x	10.3x	5.3%	18.6x	17.6x	16.4x	15.2x
Tatts Group Limited	Australia	6,970	16.0%	16.9%	17.2%	17.4%	18.0%	17.6x	16.9x	16.2x	15.5x	4.5%	20.8x	19.9x	19.1x	18.5x
Average			17.4%	20.3%	20.4%	20.6%	21.0%	14.8x	14.2x	13.6x	12.9x	4.9%	19.7x	18.7x	17.8x	16.8x
Median			17.4%	20.3%	20.4%	20.6%	21.0%	14.9x	14.2x	13.6x	12.9x	4.9%	19.7x	18.7x	17.8x	16.8x
Low			16.0%	16.9%	17.2%	17.4%	18.0%	12.1x	11.6x	10.9x	10.3x	4.5%	18.6x	17.6x	16.4x	15.2x
High			18.9%	23.6%	23.5%	23.8%	24.0%	17.6x	16.9x	16.2x	15.5x	5.3%	20.8x	19.9x	19.1x	18.5x
Australian/New Zealand casinos																
Crown Resorts Limited	Australia	11,973	16.4%	18.1%	24.7%	24.9%	24.5%	18.6x	16.0x	15.1x	14.7x	11.1%	27.8x	24.1x	21.9x	21.2x
The Star Entertainment Group	Australia	5,610	13.5%	23.1%	23.1%	23.2%	23.2%	13.6x	12.6x	11.8x	11.0x	7.4%	24.6x	18.1x	16.8x	15.7x
Sky City Entertainment	New Zealand	3,457	10.4%	30.4%	34.0%	34.5%	35.1%	13.3x	12.8x	11.9x	11.2x	5.8%	18.6x	17.6x	16.3x	15.4x
Average			13.4%	23.9%	27.3%	27.5%	27.6%	15.2x	13.8x	12.9x	12.3x	8.1%	23.7x	19.9x	18.3x	17.4x
Median			13.5%	23.1%	24.7%	24.9%	24.5%	13.6x	12.8x	11.9x	11.2x	7.4%	24.6x	18.1x	16.8x	15.7x
Low			10.4%	18.1%	23.1%	23.2%	23.2%	13.3x	12.6x	11.8x	11.0x	5.8%	18.6x	17.5x	16.3x	15.4x
High			16.4%	30.4%	34.0%	34.5%	35.1%	18.6x	16.0x	15.1x	14.7x	11.1%	27.8x	24.1x	21.9x	21.2x

Source: S&P Capital IQ, company announcements, Deloitte Corporate Finance analysis

Notes:

1. Enterprise value as at 19 August 2016

2. Gearing = net debt/enterprise value as at latest reporting date before 19 August 2016, negative gearing indicates a net cash position

3. Earnings multiples derived from share market trading do not reflect the market value for control of a company as they are for portfolio holdings. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values, however we have seen instances of much lower and higher premiums for individual transactions. We have used a 30% premium for control in determining the relevant multiples on a control basis in the table above.

4. Considered to be outliers. These metrics have been excluded from the calculated averages and medians.

5. Scientific Games Corporation had equity investments amounting to US\$199.8million as at 30 June 2016 that we have not adjusted for in the table above. We note that this does not materially impact the earnings multiples of the company.

6. n/m = not meaningful

7. n/a = not available

ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT



Appendix D: Comparable transactions

Table 15: Comparable transactions

Announced date	Target company	Acquirer	Percent acquired	Implied EV ¹ (AUD million)	EBITDA multiple ² (times)	EBIT multiple ² (times)
Australian gaming equipment and system providers						
Feb-16	Ainsworth Game Technology Limited	Novomatic AG	53%	900	11.0x	13.7x
Jul-14	Flexi-NET Systems Pty Ltd	Intecq Limited	100%	5	3.1x	n/a
Jun-11	Odyssey Gaming Limited	Intecq Limited	100%	3	3.8x	15.7x
Average					6.0x	14.7x
Median					3.8x	14.7x
Minimum					3.1x	13.7x
Maximum					11.0x	15.7x
Australian lotteries and wagering companies						
Jul-14	ACTTAB	Tabcorp Holdings Limited	100%	106	7.5x	n/a
Oct-12	Sportingbet plc	William Hill plc; GVC Holdings PLC	100%	813	9.1x	15.5x
Nov-12	SA Lotteries	Tatts Group Limited	100%	427	13.5x	14.6x
Feb-12	Betchoice Corporation Pty Ltd.	Unibet Group plc	100%	20	6.1x	n/a
May-11	Centrebet International Limited	Sportingbet Australia Pty Limited (nka:William Hill Australia Trading)	100%	149	6.9x	8.1x
Average					8.6x	12.7x
Median					7.5x	14.6x
					6.1x	8.1x
					13.5x	15.5x
International gaming equipment and system providers						
Nov-15	Nova Technologies, LLC	Ainsworth Game Technology Ltd.	100%	53	8.3x ³	n/a
Mar-15	Cadillac Jack, Inc.	AGS, LLC	100%	499	9.1x	14.4x
Sep-14	Multimedia Games Holding Company, Inc.	Global Cash Access Holdings, Inc. (nka:Everi Holdings Inc.)	100%	1,057	9.1x	16.0x
Aug-14	Bally Technologies, Inc.	Scientific Games Corporation	100%	5,425	10.2x	14.0x
Jul-14	International Game Technology	GTECH S.p.A. (nka:International Game Technology PLC)	100%	6,888	8.6x	12.7x
Jul-14	Video Gaming Technologies, Inc.	Aristocrat Leisure Ltd.	100%	1,372	8.2x	10.8x
Jun-14	Poker stars	Amaya Group Holdings (IOM) Limited	100%	5,244	11.1x	n/a
Jul-13	SHFL entertainment, Inc.	Bally Technologies, Inc.	100%	1,385	14.5x	20.7x
Jan-13	WMS Industries Inc.	Scientific Games Corporation	100%	1,390	6.0x	10.9x
Sep-12	Amaya Gaming Group	Cadillac Jack, Inc.	100%	160	4.7x	7.0x
Average					8.7x	13.3x
Median					8.6x	13.3x
					4.7x	7.0x
					14.5x	20.7x

Source: Mergermarket, S&P Capital IQ, company announcements, Deloitte Corporate Finance analysis

Notes:

1. Implied enterprise values have been calculated based on implied 100% equity value plus total net borrowings at each company's most recent reporting date before the transaction announcement date.
2. EBITDA and EBIT multiples reflect historical EBITDA or EBIT as reported in the last financial year or last 12 months before the transaction announcement date.
3. Mid-point of the range announced by Ainsworth Game Technology.

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Appendix E: Control premium studies

Deloitte study

We conducted a study of premiums paid in Australian transactions completed between 1 January 2000 and 30 May 2016. This study was conducted by Deloitte staff for internal research purposes. Our merger and acquisition data was sourced from Mergermarket, Reuters and Capital IQ and yielded 576 transactions that were completed during the period under review³.

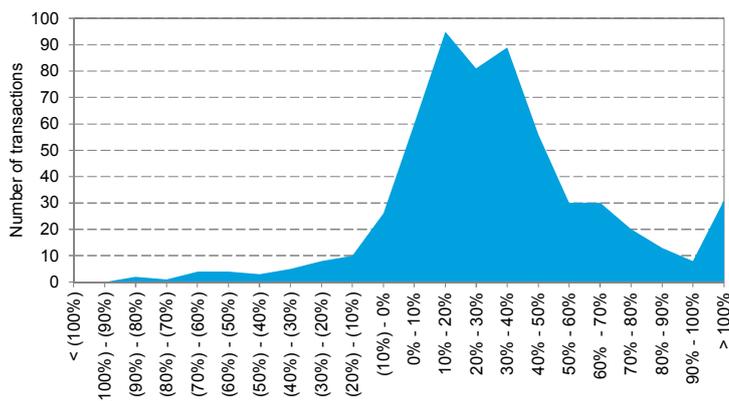
Our data set consisted of transactions where an acquiring company increased its shareholding in a target company from a minority interest to a majority stake or acquired a majority stake in the target company.

We assessed the premiums by comparing the offer price to the closing trading price of the target company one month prior to the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the day prior to the date of the offer.

Summary of findings

As the following figure shows, premiums paid in Australian transactions between 1 January 2000 and 30 May 2016 are widely distributed with a long ‘tail’ of transactions with high premiums.

Figure 15: Distribution of data



Source: Deloitte analysis

³ Excluding transactions where inadequate data was available.

ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT

The following table details our findings.

Table 16: Control premium analysis – summary findings

	Control premium
Average	34%
Median	29%
Upper quartile	47%
Lower quartile	12%

Source: Deloitte Corporate Finance analysis

Notwithstanding the relatively wide dispersion of control premiums observed in our study we consider the control premium range of 20% to 40% to be representative of general market practice for the following reasons.

Many of the observed control premiums below 20% are likely to have been instances where the market has either been provided with information or anticipated a takeover offer in advance of the offer being announced. Accordingly, the pre-bid share trading price may already reflect some price appreciation in advance of a bid being received, which creates a downward bias on some of the observed control premiums in our study.

Many of the observed control premiums above 40% are likely to have been influenced by the following factors which create an upward bias on some of the observed control premiums in our study:

- some acquirers are prepared to pay above fair market value to realise ‘special purchaser’ value which is only available to a very few buyers. Such ‘special purchaser’ value would include the ability to access very high levels of synergistic benefits in the form of cost and revenue synergies or the ability to gain a significant strategic benefit
- abnormally high control premiums are often paid in contested takeovers where there are multiple bidders for a target company. In such cases, bidders may be prepared to pay away a greater proportion of their synergy benefits from a transaction than in a non-contested situation
- some of the observations of very high premiums are for relatively small listed companies where there is typically less trading liquidity in their shares and they are not closely followed by major broking analysts. In such situations, the traded price is more likely to trade at a deeper discount to fair market value on a control basis.

Accordingly, the observed control premiums to share trading prices for such stocks will tend to be higher.

Other studies

In addition to the study above, we have also had regard to the following:

- a study conducted by S. Rossi and P. Volpin of London Business School dated September 2003, ‘Cross Country Determinants of Mergers and Acquisitions’, on acquisitions of a control block of shares for listed companies in Australia announced and completed from 1990 to 2002. This study included 212 transactions over this period and indicated a mean control premium of 29.5% using the bid price of the target four weeks prior to the announcement
- ‘Valuation of Businesses, Shares and Equity’ (4th edition, 2003) by W. Lonergan states at pages 55-56 that: “Experience indicates that the minimum premium that has to be paid to mount a successful takeover bid was generally in the order of at least 25 to 40 per cent above the market price prior to the announcement of an offer in the 1980s and early 1990s. Since then takeover premiums appear to have fallen slightly.”
- a study conducted by P. Brown and R. da Silva dated 1997, ‘Takeovers: Who wins?’, JASSA: The Journal of the Securities Institute of Australia, v4 (Summer):2-5. The study found that the average control premium paid in Australian takeovers was 29.7% between the period January 1974 and June 1985. For the ten year period to November 1995, the study found the average control premium declined to 19.7%.

ANNEXURE 4 – INDEPENDENT EXPERT’S REPORT

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Stock Exchange Listings

Intecq ordinary shares are quoted by the
Australian Securities Exchange (ASX:ITQ).

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Lodge your proxy form:**Online:**

www.investorvote.com.au

**By Mail:**Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia**In Person:**Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000**By Fax:**Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com**For enquiries call:****Intecq Limited Scheme Information Line**(within Australia) 1300 970 086
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ITQ

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Scheme Meeting Proxy Form

Lodge your proxy online or view the Notice of Scheme Meeting and Scheme Booklet,
24 hours a day, 7 days a week:**www.investorvote.com.au****Lodge your proxy online****Access the Notice of Scheme Meeting and Scheme Booklet****Review and update your shareholding****Your secure access information is:****Control Number: 999999****SRN/HIN: I9999999999****PIN: 99999****PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential. **For your vote to be effective it must be received by 10.30am (Sydney time) on Wednesday, 26 October 2016.**

How to Vote on the Item of Business

All your shares will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking the box opposite the item of business. If you do not mark the box your proxy may vote as they choose. If you mark more than one box on the item your vote will be invalid on that item.**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box. The sum of the votes cast must not exceed your voting entitlement or 100%.**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you should use the same Scheme Meeting Proxy Form to appoint both proxies and you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Step 1 overleaf.**Default to the Chairman of the Scheme Meeting:** If your appointed proxy does not attend the Scheme Meeting, then the proxy appointment will automatically default to the Chairman of the Scheme Meeting. Also, any directed proxies that are not voted on a poll at the Scheme Meeting will automatically default to the Chairman of the Scheme Meeting who is required to vote proxies as directed on a poll.**A proxy need not be a shareholder of the Company.**

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the shareholder must sign.**Joint Holding:** Where the holding is in more than one name, all of the shareholders should sign.**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.**GO ONLINE TO LODGE YOUR PROXY, or turn over to complete the form to appoint a proxy** →

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Intecq Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Scheme Meeting of Intecq Limited to be held at the Offices of Whittens & McKeough, Level 29, 201 Elizabeth Street, Sydney New South Wales 2000 on Friday, 28 October 2016 at 10.30am (Sydney time) and at any adjournment of that meeting.

STEP 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Scheme Resolution

That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Intecq Limited and the holders of its ordinary shares (as contained in and more particularly described in the scheme booklet of which the notice convening this meeting forms part) is agreed to (with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Intecq Limited and Tabcorp Holdings Limited agree).

For Against Abstain

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business.

SIGN Signature of Shareholder(s) *This section must be completed.*

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / /