



# CENTREBET

**Takeover Offer for IAS  
Investor Presentation**  
February, 2009

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## Key features of Centrebet's offer

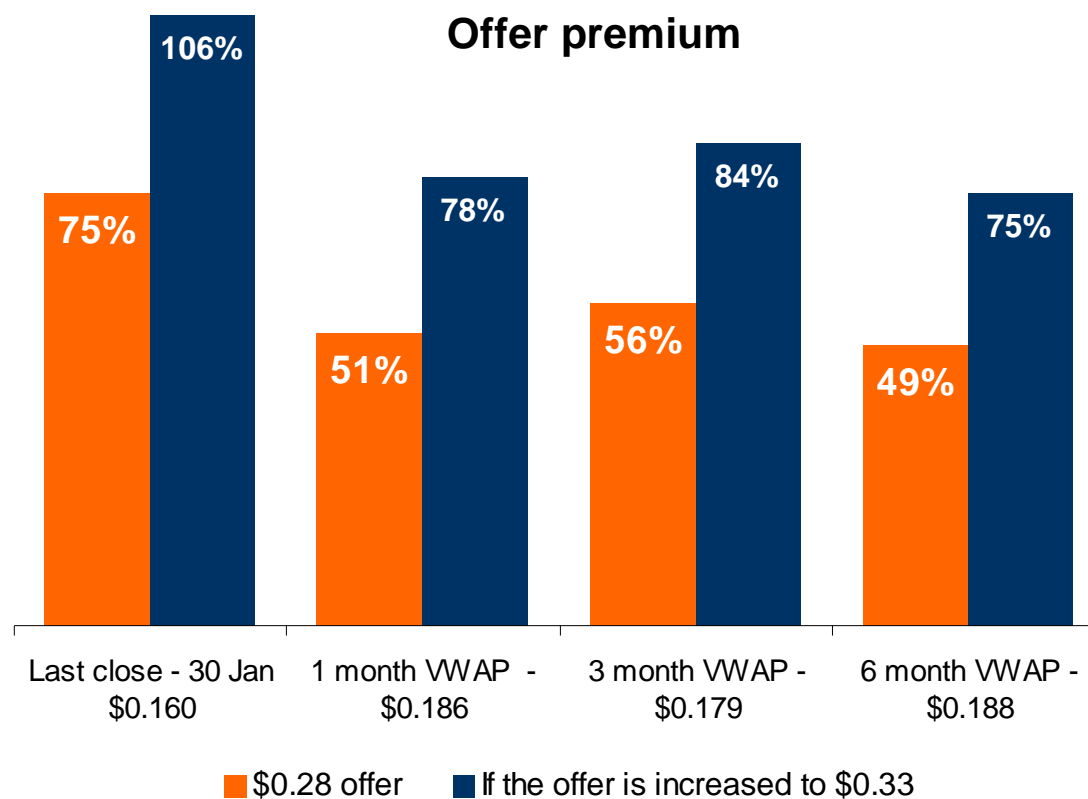
- A minimum CASH offer of \$0.28 per IAS Share
- An increased CASH offer of \$0.33 per IAS Share if Centrebet acquires 90% and moves to compulsory acquisition
- The total value of IAS's issued shares at \$0.28 and \$0.33 per IAS Share is ~\$18.6 million and ~\$21.9 million respectively
- The acquisition will be funded by Centrebet's cash reserves and a committed bank facility
- The Offer is conditional on:
  - greater than 50% acceptance
  - the setting aside of a standstill agreement
  - Other conditions (refer to announcement)



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# Substantial premium being offered

- Centrebet's offer represents a substantial premium to recent trading levels





## Benefits to IAS shareholders

- Centrebet's **cash** offer is an attractive opportunity for IAS shareholders given:
  - IAS's poor historical financial performance
  - Increased competition and impact of introduction of product fees in the Australian market
  - Current uncertain economic conditions
  - Lack of liquidity in IAS shares
- Centrebet's offer provides IAS shareholders with:
  - a generous cash price
  - the opportunity to exit a company that has underperformed over a long period of time
  - avoid being exposed to the inherent risks and uncertainty of holding IAS shares



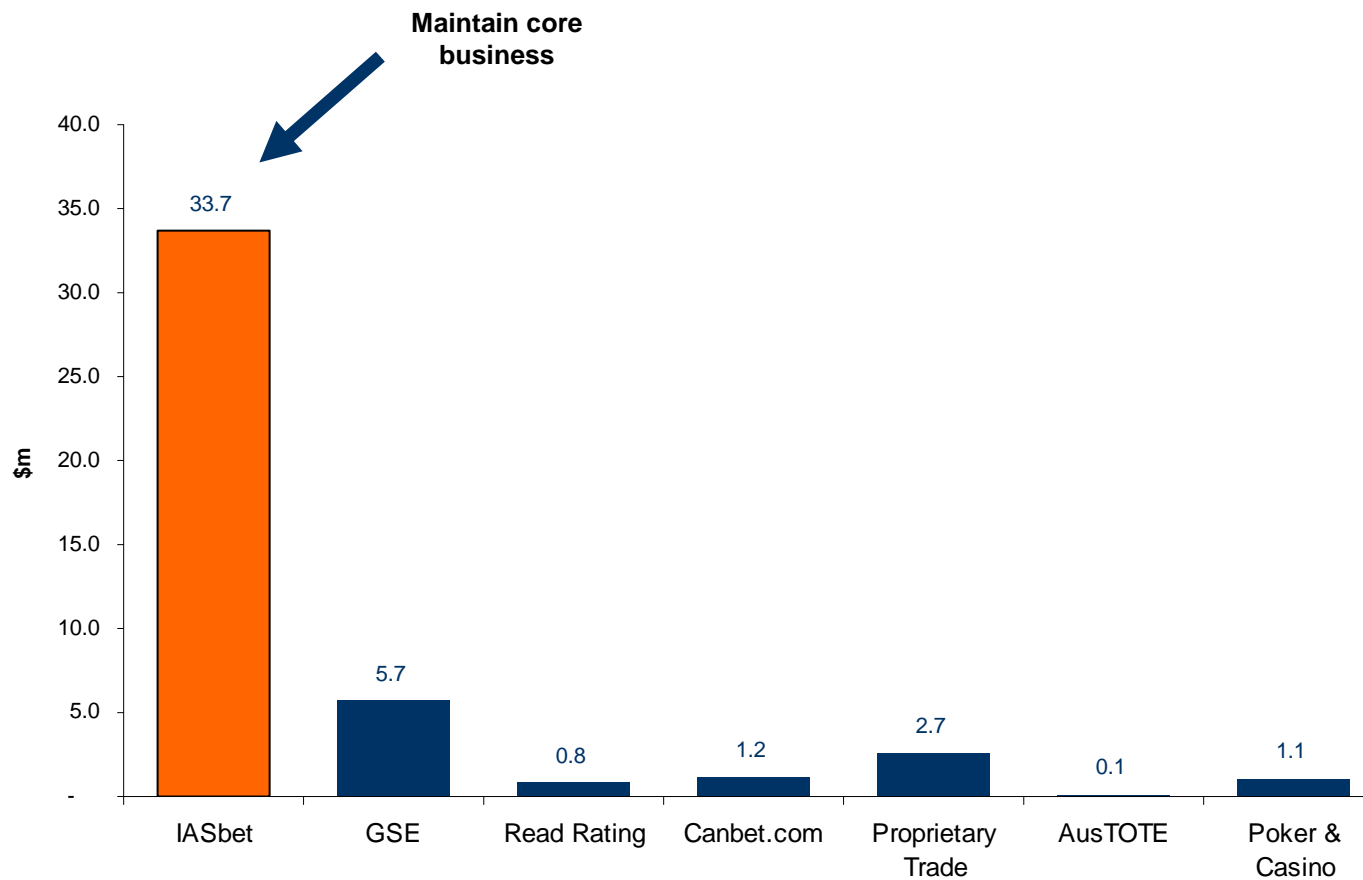
# Overview of IAS operations

## Divisional analysis

<b>IASbet.com</b>	<ul style="list-style-type: none"><li>• IAS's core profitable Australian wagering business offering fixed odds betting on Australian, New Zealand, Hong Kong and Singaporean horse racing events</li><li>• Also offers fixed odds betting on Australian harness, greyhound racing and global sports</li><li>• For the financial year ended 30 June 2008, IAS had wagering turnover of A\$524m</li></ul>
<b>Canbet.com</b>	<ul style="list-style-type: none"><li>• IAS's international wagering and gaming business with operations in Europe and Asia</li><li>• IAS merged with Canbet in 2004 as part of its international expansion strategy</li><li>• Wagering and gaming turnover of A\$214m in FY08 but is currently loss making</li></ul>
<b>AusTOTE</b>	<ul style="list-style-type: none"><li>• Licensed by the Norfolk Island Gaming Authority</li><li>• Accepts bets as a bookmaker or on a pari-mutuel basis on races and sports events</li></ul>
<b>Poker &amp; Casino</b>	<ul style="list-style-type: none"><li>• Online poker, licensed and regulated in Vanuatu</li><li>• Online casino games, licensed and regulated in Kanahwake, Canada</li><li>• Both operated by Global Sports Entertainment, a wholly owned subsidiary of IAS</li></ul>
<b>Read Rating</b>	<ul style="list-style-type: none"><li>• Detailed form analysis service offered at numerous pubs and clubs across Australia</li></ul>
<b>GSE &amp; Proprietary Trade</b>	<ul style="list-style-type: none"><li>• IAS hedging and proprietary trading arms</li></ul>

# Overview of IAS operations

## Brief Financial Metrics- IAS FY08 - Revenue



Maintain core business



Subject to review

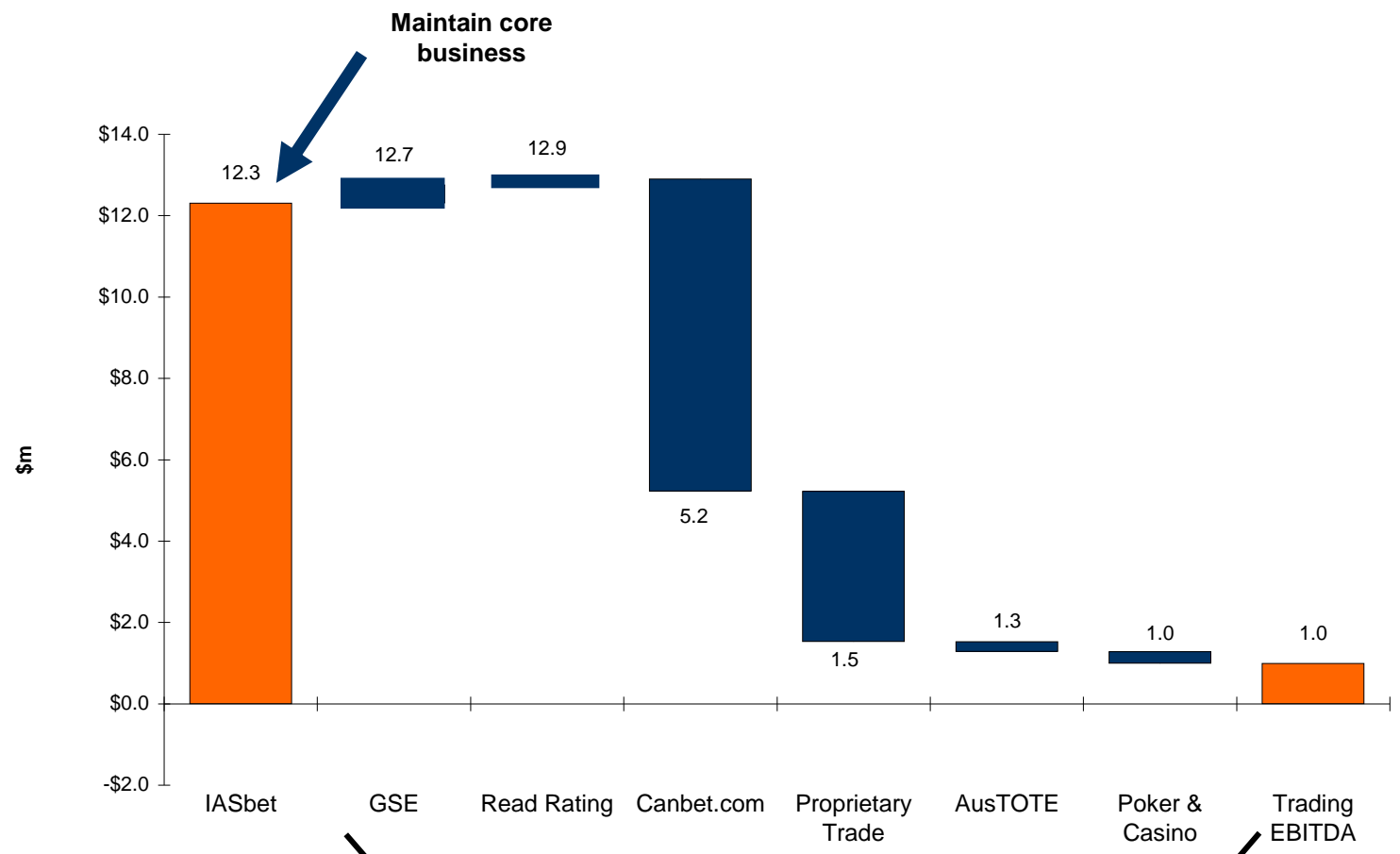
\* Source: IAS 2008 Annual Report



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# Overview of IAS Operations

## Brief Financial Metrics- IAS FY08 - EBITDA



Maintain core business

GSE Read Rating Canbet.com Proprietary Trade AusTOTE Poker & Casino Trading EBITDA

Subject to review

\* Source: IAS 2008 Annual Report





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## Side by side comparison\*

As at 30 June 2008 (\$m)	Centrebet	IAS	Total	IAS % of total
Revenue	62.7	45.3	108.0	42%
EBITDA	17.4	1.0	18.4	5%
Profit / loss before tax	14.9	(3.8)	nm	nm
Net operating cash flow	15.2	2.5	17.7	14%
Total assets	97.6	60.0	157.6	38%
Interest bearing liabilities	16.8	0.7	nm	nm
Net cash (excluding client funds and debt)	9.5	5.8	15.3	38%
EBITDA margin	28%	2%	17%	NA
Return on Equity	23.6%	negative	nm	nm
Return on Assets	17.8%	1.7%	nm	nm
No. of staff	225	173	398	44%
Total active customers	85,000	39,500**	124,500	32%

\* This comparison is based on historical information and does not represent an indication of future performance

\*\* IASbet.com and Canbet.com

nm - not material



## IAS performance and uncertain future

- Since IAS's listing in 1999, IAS shareholders have suffered significantly with:
  - The share price falling by 92% from its \$2.00 listing price in August 1999
  - Profit before tax deteriorating from \$7.4 million in FY03 to a loss of (\$9.5 million) in FY07 and (\$3.8 million) in FY08 despite revenue increasing by 107% over that time
  - A cumulative pre-tax loss of \$21.2m in the last five years which is around twice the market capitalisation of IAS before the announcement of this offer
  - Only one dividend in the last five years of 1.5 cents per share in January 2006 and none since
- In addition, Centrebet believes that IAS's ability to compete effectively, profitably and pay dividends going forward is uncertain given:
  - The aggressive competition from larger domestic and international online wagering and gaming companies
  - The adverse financial impact of the introduction of product fees in Australia
  - Current economic conditions and challenging outlook
- The combining of Centrebet and IAS is expected to provide additional critical mass and efficiencies for Centrebet. This will allow Centrebet to continue to grow and succeed in this competitive environment



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## Centrebet strategic rationale, funding, impact

<b>Fit</b>	<ul style="list-style-type: none"><li>• IAS is an excellent fit with Centrebet's business</li></ul>
<b>Scale</b>	<ul style="list-style-type: none"><li>• Create one of the largest corporate bookmakers in Australia</li></ul>
<b>Growth</b>	<ul style="list-style-type: none"><li>• Combine and grow two strong brands</li></ul>
<b>Customer benefits</b>	<ul style="list-style-type: none"><li>• Preserve unique value proposition of each brand and improved products and services to both customer groups</li></ul>
<b>EPS positive</b>	<ul style="list-style-type: none"><li>• Positive impact in the first full year with greater benefits thereafter</li></ul>
<b>Win / Win</b>	<ul style="list-style-type: none"><li>• Balance between a very generous price for IAS shareholders while leaving opportunities for our shareholders to benefit also</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>• Centrebet will fund the acquisition from its cash reserves and a committed bank facility</li><li>• Conservative financial position allows us to offer cash consideration and maintain a conservative capital structure</li><li>• Post acquisition gearing remains conservative</li></ul>



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## Indicative timetable

- Timetable depends on when the Bidders Statement is lodged
- This is driven by whether the standstill agreement is set aside

### Step

### Timing

- |  |                    |
|--|--------------------|
| • Lodgement of the Bidders Statement                 | Late February 2009 |
| • Expected dispatch of Bidder's Statement            | Early March 2009   |
| • Latest date of lodgement of the Target's Statement | Late March 2009    |
| • Earliest date for the Offer to close               | Early April 2009   |



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Questions ?

