

31 October 2016

APPENDIX 4C – QUARTERLY ACTIVITIES REPORT

The Board of TopBetta Holdings Limited (ASX:TBH) (“**TopBetta**” or “**the Company**”) is pleased to provide shareholders with an update on the Company’s activities for the quarter ending 30 September 2016.

As TopBetta continues to grow our content, tournaments and wagering business, and prepares to launch The Global Tote, we are pleased to report our quarterly cash flow, which is summarised below. The Company’s Appendix 4C for the quarter ending 30 September 2016 is also enclosed.

Q1 is typically the quietest quarter of the financial year industry-wide, and TopBetta’s receipts from customers reflect this. The majority of the cash effect is due to the switch from a substantial increase in Players’ Funds in the previous quarter to a modest reduction in the current quarter. There is also a modest reduction in revenue across the quiet Q1. We anticipate that receipts from customers will increase in Q2 on the back a busier period in the industry and our accelerating acquisition of new customers.

Cash flow for product manufacturing costs in Q1 increased slightly, due mainly to a one-time cash flow requirement as Racing Queensland recognised our increasing turnover and moved the Company to monthly billing from half-yearly billing – thus the fees paid in Q1 covered eight months’ billings instead of three as previously was the case. We anticipate that cash flow for product manufacturing costs will increase in line with the increased turnover expected in Q2.

Cash flow for Advertising and Marketing was lower in Q1 to reflect the industry-wide quiet period, and as we refined our client acquisition techniques. We anticipate that cash flows for Advertising and Marketing will increase in Q2 as client acquisition efforts increase through employing more efficient acquisition channels.

Cash flow for Staff costs increased in Q1 in line with new staff who started with the Company late in the previous quarter and have been focussed on sales, marketing and product improvement. In Q2, we anticipate that the launch of The Global Tote will increase Staff costs in line with these new employees.

Cash flow for Administration increased slightly in Q1 and will likely see a slight further increase into Q2 in support of our work on The Global Tote. In Q2, some one-time costs are anticipated to launch The Global Tote, including licence acquisition and hardware purchases.

Growth in client numbers are shown in the table below, showing a 38% increase in quarterly-active users for the quarter ended 31 October 2016 vs the quarter ended 30 September 2016:

Quarterly active clients				
3 months ending 31 December 2015	3 months ending 31 March 2016	3 months ending 30 June 2016	3 months ending 30 Sept 2016	<i>3 months ending 31 October 2016</i>
2,882	4,247	5,945	5,430	7502

For further information, please contact:

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

TopBeta Holdings Limited

ABN

21 164 521 395

Quarter ended ("current quarter")

30th Sept 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,071	1,071
1.2 Payments for		
(a) research and development	(449)	(449)
(b) product manufacturing and operating costs	(489)	(489)
(c) advertising and marketing	(819)	(819)
(d) leased assets	(40)	(40)
(e) staff costs	(502)	(502)
(f) administration and corporate costs	(620)	(620)
1.3 Dividends received (see note 3)		
1.4 Interest received	14	14
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (expenses for licences and Global Tote launch)	(211)	(211)
1.9 Net cash from / (used in) operating activities	(2,045)	(2,045)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(15)	(15)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(15)	(15)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,602	2,602
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings	(130)	(130)
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	2,472	2,472

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,436	2,436
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2045)	(2045)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(15)	(15)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,472	2,472
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of quarter	2,848	2,848

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,648	2,435
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (Bank Guarantee for NT licence)	200	
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,848	2,435

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	106
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Excludes payment to CEO for employee services as CEO of \$50K. CEO holds unpaid position as director.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	0	0
8.3 Other (please specify)	0	0
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(444)
9.2 Product manufacturing and operating costs	(752)
9.3 Advertising and marketing	(940)
9.4 Leased assets	(40)
9.5 Staff costs	(574)
9.6 Administration and corporate costs	(688)
9.7 Costs for UK & Global Tote Licence, Global Tote launch	(198)
Acquisition of Property Plant and Material (Global Tote IT equipment)	(157)
Investment in Associate (Modern Wagering Systems)	(100)
9.8 Total estimated cash outflows	3,893

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 31 October 2016

Print name: Charly Duffy

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.