CONCEPT SPORTS LIMITED
ABN 41 108 042 593

ENTITLEMENT ISSUE PROSPECTUS

For a pro rata non-renounceable entitlement issue of two (2) new Shares for every three (3) Shares held by Shareholders registered at 5.00pm (EST) on 25 October 2006 at an issue price of $0.02 per Share to raise approximately $962,477 (**Entitlement Issue**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The securities offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES

Lodgement of Prospectus with ASIC	16 October 2006
Notice sent to holders of Shares	18 October 2006
Ex Date	19 October 2006
Record Date for determining Shareholder entitlements	25 October 2006
Prospectus despatched to Shareholders	27 October 2006
Closing Date of Offer	13 November 2006
Securities quoted on a deferred settlement basis	14 November 2006
Despatch date/Shares entered into shareholders security holdings	21 November 2006

* These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days prior notice.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 16 October 2006 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 15 November 2007 (**Expiry Date**). No securities will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

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

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. CORPORATE DIRECTORY

Directors

Mr Gary March
Mr Jeffery Taylor
Mr Darrold Cordes

Company Secretary

Mr Jeffery Taylor

Registered Office

Unit 11
331 Ingles Street
PORT MELBOURNE VIC 3207

Telephone (03) 9646 6611
Facsimile (03) 9646 7676

Share Registry*

Computershare Investor Services Pty Limited
452 Johnston Street
ABBOTSFORD VIC 3067
Telephone: 1300 850 505

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Auditor

Pitcher Partners
Level 6
161 Collins Street
MELBOURNE VIC 3000

* This party is included for information purposes only. It has not been involved in the preparation of this Prospectus.

3. CHAIRMAN'S LETTER

Dear Shareholder

The board of Concept Sports Limited (**Company**) is pleased to provide an opportunity for Shareholders to participate in a pro rata non-renounceable entitlement issue (**Offer**) of two (2) new Shares for every three (3) Shares held by Shareholders registered at the Record Date (being 25 October 2006). The Company aims to raise up to $962,477 under the Offer. The funds raised will be utilised for working capital purposes and costs associated with the Offer.

As recently announced to ASX, the Company has settled the litigation commenced in December 2004 by numerous Shareholders who subscribed for Shares pursuant to the Prospectus dated 18 May 2004.

The opportunity now arises for the Company to be in a position to consolidate its business operations both domestically and internationally with recently acquired merchandising and licensing projects including for the 2007 America's Cup, 2007 Rugby World Cup and the 2006/07 Ashes Series.

Furthermore, the Company will be discontinuing or not renewing several of its existing projects that have not been favourable to the profitability, cashflow or other strategic objectives of the Company.

The Directors continue to actively seek new opportunities to add to the Company's existing portfolio of merchandising and sports management projects.

With the recent announcement of the settlement of the litigation against the Company and with the addition of the recent merchandising and licensing projects outlined above, the outlook for the Company is now more favourable and the Company looks forward to your support through this Entitlement Issue.

Yours faithfully

Gary March
Chairman

4. DETAILS OF THE OFFER

4.1 Offer

By this Prospectus, the Company offers for subscription up to approximately 48,123,854 new Shares at $0.02 per Share to Shareholders in the Company.

The Offer consist of a non-renounceable entitlement offer to Shareholders on the basis of two (2) new Shares for every three (3) Shares held on the Record Date.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to this Offer is approximately 48,123,854. The Offer will raise up to approximately $962,477. The purpose of the Offer and the use of funds raised are set out in Section 5 of this Prospectus.

The Company currently has 9,448,000 Options on issue. Holders of these Options will not be entitled to participate in the Offer. However holders of the Options will be entitled to exercise their Options during the time period set out in the ASX Listing Rules in order to participate in the Offer.

4.2 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

(a) if you wish to accept your relevant Entitlement in full:

- (i) complete the Entitlement and Acceptance Form filling in the details in the spaces provided; and
- (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form; or

(b) if you only wish to accept part of your Entitlement:

- (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
- (ii) attach your cheque for the appropriate application monies (at $0.02 per Share); or

(c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Concept Sports Limited – Entitlement Offer Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5pm EST on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

4.3 Minimum Subscription

The minimum subscription in respect to the Offer is $650,000.

No Shares will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

4.4 Underwriting

The Offer is not underwritten. However, the Company reserves its right to pay brokers a 5% commission on any Shortfall Application Forms received by the Company bearing the broker's stamp.

4.5 Shortfall

If you do not wish to take up any part of your Entitlement, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will be placed in the Directors' discretion.

The offer of the Shortfall is a separate offer pursuant to this Prospectus and will remain open for up to 3 months following the Closing Date. The issue price of any Shares offered pursuant to the Shortfall Offer shall be 2 cents being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

4.6 Australian Stock Exchange Listing

Application for official quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.7 Allotment of Shares

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Shares on the basis of a Shareholder's Entitlement. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.8 Overseas Shareholders

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares the subject of this Prospectus or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

4.9 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Shares offered pursuant to this Prospectus.

4.10 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

4.12 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary on (03) 9646 6611.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise approximately $962,477. The proceeds of the Offer are intended to be applied first to the expenses of the Offer ($75,134) and thereafter in accordance with the table set out below (in order of priority):

Proceeds of the Offer	**$**
Purchases of merchandise for current merchandising and licensing projects	650,000
Working capital	237,343
Total	**962,477**

Refer to Section 8.6 of this Prospectus for further details relating to the expenses of the Offer. The Company is unable to determine the maximum amount of any commissions paid to brokers (referred to in Section 4.4) under the Shortfall Offer and therefore the total expenses of the Offer are subject to change.

5.2 Effect of the Offer and Pro Forma Statement of Financial Position

The principal effect of the Offer will be to:

(a) increase the cash reserves by approximately $887,343 immediately after completion of the Offer after deducting the estimated expenses of the Issue; and

(b) increase the number of Shares on issue from 72,185,780 Shares as at the date of this Prospectus, to 120,309,634 Shares, on the basis that the Offer is fully subscribed.

5.3 Statement of Financial Position

The audited Statement of Financial Position as at 30 June 2006 and the unaudited Pro Forma Statement of Financial Position as at 30 June 2006 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares pursuant to the Offer in this Prospectus are issued.

Pro Forma Statement of Financial Position

The Statement of Financial Position as at 30 June 2006 (audited) and unaudited Pro Forma Statement of Financial Position as at 30 June 2006 shown in the table have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position, assuming that all the Shares are issued by the Closing Date. They have been prepared on the assumption that the Offer is fully subscribed.

The statements have been prepared to provide Shareholders with information on the assets and liabilities of the Economic Entity and pro-forma assets and liabilities of the Economic Entity as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Economic Entity	
	Audited 30 June 2006 $	**Pro forma 30 June 2006** $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	890,096	1,777,439
Trade and other receivables	1,027,155	1,027,155
Inventories	1,886,850	1,886,850
Other current assets	211,460	211,460
TOTAL CURRENT ASSETS	4,015,561	4,902,904
NON-CURRENT ASSETS		
Financial assets	117	117
Property, plant and equipment	1,188,297	1,188,297
Intangible assets	2,375,465	2,375,465
TOTAL NON-CURRENT ASSETS	3,563,879	3,563,879
TOTAL ASSETS	7,579,440	8,466,783
CURRENT LIABILITIES		
Trade and other payables	8,301,172	8,301,172
Short-term borrowings	494,629	494,629
Short-term provisions	283,748	283,748
TOTAL CURRENT LIABILITIES	9,079,549	9,079,549
NON-CURRENT LIABILITIES		
Long-term borrowings	-	-
Other long-term provisions	53,685	53,685
TOTAL NON-CURRENT LIABILITIES	53,685	53,685
TOTAL LIABILITIES	9,133,234	9,133,234
NET ASSETS	(1,553,794)	(666,451)
EQUITY		
Issued capital	29,241,776	30,129,119
Reserves	(22,505)	(22,505)
Accumulated losses	(30,773,065)	(30,773,065)
TOTAL EQUITY	(1,553,794)	(666,451)

5.4 Auditor's Statement

The Company's Auditors make the following statement in the Company's 2006 Annual Report regarding the Company as a going concern:

"The ability of the Company to secure further financing, if existing facilities were to cease or circumstances were such that additional facilities were required, cannot be assessed with any degree of certainty.

The financial report has been prepared on a going concern basis. This assumes the Company will successfully complete the proposed rights issue in October 2006, together with the continued support of the entity's suppliers and financiers and the Company's ability to generate sufficient positive cash flows from major *events retailing and wholesaling of licensed products to generate the funds needed to meet the Company's short term cash requirements. If the rights issue does not generate sufficient funds in the immediate future, the assumption of a going concern basis becomes less probable.*

If the rights issue is successful, thereafter the application of the going concern basis assumes the continued support of the entity's suppliers and financiers, the Company's ability to generate sufficient positive cash flows from existing and forecast major events retailing and wholesaling of licensed products, particularly the Cricket Australia license and America's Cup license, and the ability to source alternative finance, if required. This basis assumes that the entity will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The going concern basis may not be appropriate if the proposed rights issue is not successful, existing suppliers and financiers do not continue to provide facilities on the current extended terms, future trading performance, particularly the Cricket Australia license and America's Cup license, fails to generate sufficient positive cash flows to meet the Company's financial obligations or alternative sources of finance, if required, cannot be obtained. If the going concern basis is found to no longer be appropriate the recoverable amounts of the assets shown in the Balance Sheet are likely to be significantly less than the amounts disclosed."

5.5 Statement Regarding Solvency

The current net asset deficiency of the Company is held in the balance sheets of the Company's Australian, German and Portuguese operations.

In Australia, the Board considers that the current net deficiency of $2,945,000 can be managed through existing arrangements with creditors. The Board is aiming at improving the Company's net deficiency with the cash injection from the Entitlements Issue and expected cash flows generated from the upcoming Ashes series for which the Company has procured the majority of its stock.

Outstanding creditors in Portugal in the amount of $1,081,282 are subject of an agreement to be re-paid from the proceeds of future major events.

In Germany, outstanding creditors have reduced significantly in the first three months of FY2007 from trading. Based on the trading position in the financial year to date, it is expected that creditors will continue to reduce in the normal course of business.

In addition, as specified in the Company's Annual Report, the current balance sheet of the Company does not include the Company's Americas Cup operations. The Board believes that the expected favourable results from this project will contribute to a strengthening of the Company's balance sheet by June 30, 2007 and will enable the Company to pay its debts as and when they fall due.

5.6 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

Shares

	Number
Shares currently on issue	72,185,780
Shares offered pursuant to the Offer	48,123,854
Total Shares on issue after completion of the Offer	**120,309,634**

Options

The Company currently has 9,448,000 Options on issue. No Options will be issued pursuant to the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO THE SHARES

6.1 Rights Attaching to Shares

The rights attaching to Shares in the Company are set out in the Constitution of the Company, a copy of which is available for inspection during normal business hours at the registered business office of the Company.

General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

(a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid in respect of any Shares held by a Shareholder is to the total amount payable in respect of those Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the

Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7. RISK FACTORS

7.1 Introduction

Set out below is a list of some of the risk factors which should be considered before subscribing for Shares under this Prospectus. Some of these risk factors can be mitigated by the use of safeguards and appropriate systems and actions, but many are outside the control of the Company and cannot be mitigated. The Directors are of the view that the Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business and the Company's history. This list is not exhaustive and potential Applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares.

7.2 Specific Risks

Going Concern Risk

Whilst the Directors consider that the Company can continue to trade as a going concern, in the event that the Entitlement Issue is not successful, existing suppliers and financiers do not continue to provide facilities on the current extended terms, future trading performance, in particular the Cricket Australia licence and America's Cup licence, fails to generate sufficient positive cash flows to meet the Company's financial obligations or alternative sources of finance, if required, cannot be obtained the basis of the Company as a going concern is doubtful.

Competition in the Licensed Products Business

Major sporting brands could commence a pricing war against the Company in an effort to obtain licences to design, manufacture and distribute branded consumer products from companies with whom the Company currently has arrangements.

Termination of Material Agreements

May of the Companies contracts are with large multinational companies, governments and public authorities. These contracts usually provide for termination in certain circumstances, usually related to material breach or non performance of those contracts.

The Company would be adversely affected if a significant number of those contracts were terminated. The Company has not received any indication that any parties to its material contracts wish to terminate.

Bank Guarantees

The Company has provided, or will be required to, provide bank guarantees to secure its obligations under many of its contracts. The bank guarantees are, or will be, secured by cash held on deposit with financial institutions. If the bank guarantees a called up, the relevant financial institution will have recourse to the security deposit to meet its obligations.

Overseas Operations

The Company operates in a number of overseas jurisdictions, and it will continue to do so in the foreseeable future. Such overseas operations will generally be governed by applicable foreign laws and government, fiscal, monetary and regulatory policies, which will vary according to the foreign country in which the Company is operating. The Companies commercial rights and interest may not be afforded the same protection in those overseas jurisdictions that they would have in Australia.

Insurance Risk

In order to mitigate a number of specific risks, the Company has taken out or will take out appropriate insurance policies. The effectiveness of this mitigation will depend on whether such insurance remains available on commercially reasonable terms.

War or Terrorism

Should a major event be interrupted or cancelled due to an act of war or terrorism, the Company would be at risk of not being able to cover its upfront costs expended in relation to the event and may also be able to sell stock purchased for that event or to return that stock to suppliers.

In its contract for on site events, the Company seeks to include provisions relieving it of its contractual obligations to pay minimum guarantees to the event organisers where, for some reason the event is cancelled or does not proceed.

Although policies of insurance may be taken out against events of war and terrorism, in general they do not provide cover for recovery of all losses that could be suffered by the Company.

Reliance on Third Parties

The Company relies upon third parties for several elements of its business, in particular certain key suppliers of merchandise based products and services. The Company's success will depend on the ability of those suppliers to provide these products in an efficient and timely manner.

7.3 General Risks

Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and future production activities, as well as on its ability to fund those activities.

Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equity stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Future Capital Requirements

The Company's activities will require substantial expenditures. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to

Shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Reliance on Key Personnel and Need to Attract Qualified Staff

The Company is dependent on its management personnel, the loss of whose services could materially and adversely affect the Company and impede the achievements of its business objectives.

The Company's ability to sell its products and services will depend in part upon its ability to attract and retain suitably qualified management personnel over time.

There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis or retain its key management personnel.

Uncertainty of Future Profitability

The Company's ability to operate profitably in the future will depend on its ability to achieve sufficient revenue from existing and new customers. This will depend on the ultimate demand for its products and services by customers which cannot be guaranteed.

Other factors that will determine the Company's profitability are its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates in, competitive factors and regulatory developments. Accordingly, the extent of future profits is uncertain. Moreover, the level of such profitability cannot be predicted.

Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

(c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

    (i) the financial statements of the Company for the financial year ended 30 June 2006 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;

    (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the year ended 30 June 2006 lodged with ASIC before the issue of this Prospectus; and

(iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2006 audited financial statements:

Date	**Description of Announcement**
16 October 2006	Rights Issue/HT Termination
16 October 2006	Working Capital Commentary – September 2006
16 October 2006	Commitments Test Entity – First Quarter Report
3 October 2006	IMF: Settlement – Concept Sports Limited
3 October 2006	Prospectus Litigation Settlement
2 October 2006	Final Directors Interest Notice
2 October 2006	Annual report – 2006

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

8.2 Additional Agreements

The Company is currently in negotiations in relation to a number of major sporting projects. At the date of this Prospectus, those negotiations are not sufficiently certain to justify any disclosure. If and when any new agreements come to fruition, the Company will make an announcement to ASX setting out the material terms.

8.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or

(c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer of securities pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options
Gary March	20,778,912	Nil
Jeffrey Taylor	8,905,248	Nil
Darrold Cordes	Nil	Nil

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

In the last two (2) years the Company paid $47,500 for the year ended 30 June 2005 and $7,000 for the year ended 30 June 2006 to non-executive Directors for their services as Directors. For the period from 1 July 2006 to the date of this Prospectus $89,499.96 has been paid or is payable by the Company by way of remuneration for services provided by all directors (executive, non-executive and alternate), companies associated with those directors or their associates in their capacity as directors, employees, consultants or advisers (and including superannuation payments). Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

8.4 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company; or

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or

(c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offers of securities pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Pitcher Partners has given, and has not withdrawn its consent to being named as Auditor of the Company in the Corporate Directory of this Prospectus, the use of the audited Statement of Financial Position as at 30 June 2006 in Section 5.3 of this Prospectus, and the use of the statement from the 2006 Independent Audit Report in Section 5.4 in the form and context in which those statements appear. Pitcher Partners has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. Over the past two years, Pitcher Partners have been paid $318,109 for audit and other services to the Company.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately $10,000 for services in relation to this Prospectus.

8.5 Legal Proceedings

In December 2004 a class action was brought against the Company and its then directors by a number of persons who subscribed for shares under the Company's prospectus dated 18 May 2004. The proceedings were also brought against Pitcher Partners, the investigating accountants named in the prospectus. The plaintiffs alleged that the prospectus did not contain information required by section 710 of the Corporations Act and that the forecasts of sales revenue and statements about the Company's outlook were misleading and deceptive in breach of section 1041H of the Corporations Act. The plaintiffs' claims totalled more than $5 million.

In turn, the Company filed defences denying the plaintiffs' claims and brought proceedings against the Company's legal advisors in relation to the prospectus, Baker & McKenzie and Munro Legal.

On 3 October 2006, these legal proceedings were settled and a summary of the terms of settlement were announced to ASX on the same date.

8.6 Estimated Expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	$
ASIC fees	2,010
Legal expenses	10,000
Printing and other expenses	15,000
Licensed Broker handling fees *	48,124
Total	**75,134**

* Assumes no Entitlements are taken up and commissions of 5% paid to brokers on any Shortfall Application Forms received by the Company

bearing the broker's stamp. Refer to Section 4.4 above for further detail.

8.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: 7.5 cents on 7 September 2006

Lowest: 1.7 cents on 1 August 2006

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 2.3 cents on 13 October 2006.

8.8 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please phone the Company on (03) 9646 6611 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9. AUTHORITY OF DIRECTORS

9.1 Directors' Consent

Each of the Directors of Concept Sports Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

Dated the 16th day of October 2006

Signed for and on behalf of
CONCEPT SPORTS LIMITED
by Gary March

10. DEFINITIONS

Applicant means a Shareholder or other person who applies for Shares pursuant to the Offer or the Shortfall Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means the Australian Stock Exchange Limited (ACN 008 624 691).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5pm (EST) on 13 November 2006 (unless extended).

Company or **Concept Sports** means Concept Sports Limited (ABN 41 108 042 593).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "**$**" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the application form either attached to or accompanying this Prospectus.

EST means Eastern Standard Time.

Issue means the issue of Shares offered by this Prospectus.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Offer means the non-renounceable entitlement offer of two (2) new Shares for every three (3) Shares to Shareholders on the Record Date.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5pm (EST) on 25 October 2006.

Related Corporation has the meaning given to that term in the Corporations Act.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall means those Shares under the Offer not applied for by Shareholders under their respective Entitlement.

Shortfall Application Form means the shortfall application form attached to or accompanying this Prospectus.

SHORTFALL APPLICATION FORM

CONCEPT SPORTS LIMITED

ABN 41 108 042 593

APPLICANT'S DETAILS:

Full name (PLEASE PRINT)

Title, Given Name(s) & Surname or Company Name

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town State Post Code

ABN, Tax File Number or Exemption Applicant #2 Applicant #3

CHESS HIN or Existing SRN (where applicable)

Number of Shares applied for	Application Money enclosed at 2 cents per Share
	A$................................

I/We whose full name(s) and address appear above hereby apply for the number of Shares shown above (to be allocated to me/us by the Company in respect of this Application) under the Prospectus on the terms set out in the Prospectus.

Cheque Details:

PLEASE ENTER CHEQUE DETAILS THANKYOU	Drawer	Bank	BSB or Branch	Amount

My/Our contact numbers in the case of inquiry are:

Telephone ( ) .... Fax ( ) ....

NOTE: Cheques should be made payable to "Concept Sports Limited – Entitlement Offer Account", crossed "NOT NEGOTIABLE" and forwarded to the Company at Unit 11, 331 Ingles Street, PORT MELBOURNE, VIC 3207 to arrive no later than **5.00 pm WST on that date which is 3 months after the Closing Date (or such other date as directed by the Company).**

Declaration

This Shortfall Application Form does not need to be signed. By lodging this Shortfall Application Form and a cheque for the application money this Applicant hereby:

(1) applies for the number of Shares specified in the Shortfall Application Form or such lesser number as may be allocated by the Directors;

(2) agrees to be bound by the constitution of the Company; and

(3) authorises the Directors to complete or amend this Shortfall Application Form where necessary to correct any errors or omissions.

INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Shortfall Application Form together with a cheque to the share registry of the Company. If an Applicant has any questions on how to complete this Shortfall Application Form, please telephone the Share Registry on **1300 850 505**. The Form must be received by the Registry no later than **5.00 pm on the date which is 3 months after the Closing Date (or such earlier date as directed by the Company).**

A. Application for Shares
The Shortfall Application Form must only be completed in accordance with instructions included in the Prospectus.

B. Name of Applicant
Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

C. Name of Joint Applicants or Account Designation
If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

D. Address
Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

E. Contact Details
Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Shortfall Application Form.

F. CHESS HIN or existing SRN Details
The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

G. Cheque Details
Make cheques payable to "Concept Sports Limited – Entitlement Offer Account" in Australian currency and cross them **"Not Negotiable"**. Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Shortfall Application Form.

H. Declaration
By completing the Shortfall Application Form, the Applicant will be taken to have made to the Company the declarations and statements therein. The Shortfall Application Form does not need to be signed.
If a Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept a Shortfall Application Form, and how to construe, amend or complete it, shall be final. A Shortfall Application Form will not however, be treated as having offered to subscribe for more Options than is indicated by the amount of the accompanying cheque.

Forward your completed application together with the application money to:

Concept Sports Limited – Entitlement Offer Account
Unit 11
331 Ingles Street
PORT MELBOURNE VIC 3207

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Shortfall Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Shortfall Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund