

# eBet Limited

ABN : 59 056 210 774

## Appendix 4D - Half Year Report



Half Year Ending

Previous Corresponding Period

Year ended 31 December 2009

Year ended 31 December 2008

### Results for Announcement to the Market

	Dec 2009 000's	Dec 2008 000's	% Change
Revenue	10,601	13,645	-22.31% down
Net profit after related income tax attributable to members of the parent entity	217	609	-64.37% down

### Dividends

No dividends were paid or made payable during the half year or since 31 December 2009

### Brief explanation of any of the above necessary to enable the figures to be understood

Refer to ASX Release dated 25 February 2010.

### Net Tangible Asset Backing

	Dec 2009	Dec 2008
Net tangible asset / (liability) backing per ordinary security	(\$0.01)	(\$0.01)

### Other Information

#### Control gained over entities having a material effect

Not applicable

#### Loss of control over entities having a material effect

Not applicable

#### Dividend or distribution reinvestment plans

Not applicable

#### Details of associates & joint venture entities

Name of group of entities:

**Gaming Solutions Pty Limited (ACN 125 503 853)**

Percentage held:

Dec 2009 Dec 2008

Share of profit (\$'000):

50% 50%

- -

#### eBet Online Inc (incorporated in Canada 002164016)

Percentage held:

50% 50%

Share of profit (\$'000):

- -

#### eBet Technologies Inc (incorporated in the USA E0418412008-5)

Percentage held:

50% 50%

Share of profit (\$'000):

- -

#### Audit status

This report is based on the half year financial report which has been reviewed by PKF.

### Attachments

Any additional appendix 4D disclosure requirements can be found in the notes to the attached Half Year Financial Report and ASX Release dated 25 February 2010.

Signed By

Tony Toohey - Managing Director / CEO

25 February 2010



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# eBet Limited

ABN : 59 056 210 774

## APPENDIX 4D Half Year Report For the Half Year ended 31 December 2009

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**These financial statements do not include all the notes of the type normally included in an annual financial report. As such, these financial statements should be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made during the reporting period and up to the date of these financial statements, in accordance with the continuous disclosure requirements of the Corporations Act 2001.**

# eBet Limited

## Directors' Report for the half year ended 31 December 2009

Your directors submit their report of the consolidated entity for the half year ended 31 December 2009.

### Directors

The names of directors who held office during or since the end of the half year:

Mr Michael Hale  
Mr Anthony Toohey  
Mr Ian James  
Dr Allan Sullivan  
Mr Anthony Tighe\*

\* resigned from the Board on 14 July 2009.

### Operating Results

The profit of the company for the financial period after providing for income tax amounted to \$217,000 (2008: \$609,000).

### Review of Operations

eBet Limited (eBet) reported a consolidated operating profit before income tax of \$263,000 for the half year ended 31 December 2009 (2008: \$810,000) and a profit after tax of \$217,000. Revenue for the group was \$10.6 million (2008: \$13.6 million). The key contributors to the profit were an increase in recurring gaming systems revenue and containment on operating expenses.

Current assets were \$8.7 million (2008 : \$7.6 million) up on the last period and Non Current Assets were \$23.1 million (2008 : \$22.6 million) up on the previous period. Total liabilities of \$12.7 million (2008 : \$11.5 million) were up on the previous period.

Net cash provided by operating activities was \$2.8 million (2008 : \$4.8 million). Net cash used in investing activities decreased to \$1.6 million (2008 : \$4.3 million) due to the acquisition of the Sona licence in the corresponding period. Cash used in financing activities was \$725,000 (2008 : \$588,000) as the consolidated entity continues to reduce debt finance.

### Events Subsequent to Reporting Date

The Company obtained full regulatory approval from the NSW Office of Liquor Gaming and Racing (OLGR) to sell the highly successful WMS Bluebird @2 poker machines and an initial 3 Games under the provisional GLI 11 Trial Appendix to the NSW Technical standard.

Sales will commence immediately into the A\$130+million NSW poker machine market, with initial indications being very positive.

### Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 12 for the half year ended 31 December 2009.

### Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) by the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

This report is signed in accordance with a resolution of the Board of directors:



**Tony Toohey**  
Managing Director / CEO

Dated this 25th day of February 2010

# eBet Limited

## Consolidated Income Statement for the half year ended 31 December 2009

	Notes	Half year	
		Dec 2009	Dec 2008
		\$000	\$000
<b>Revenue</b>			
Sales - Gaming Systems and Equipment		5,141	8,012
Service Revenue		5,041	4,960
Wagering Systems		268	340
Other Revenue		151	333
<i>Total Revenue</i>	<b>2</b>	<b>10,601</b>	<b>13,645</b>
<b>Expenditure</b>			
Cost of Sales	<b>3</b>	<b>(3,338)</b>	(5,435)
Employee Expenses		<b>(3,153)</b>	(3,526)
Borrowing Costs	<b>3</b>	<b>(293)</b>	(382)
Professional Fees		<b>(372)</b>	(334)
Telecommunications		<b>(60)</b>	(68)
Bad and Doubtful Debts		<b>(44)</b>	11
Travel and Entertainment Expenses		<b>(208)</b>	(236)
Motor Vehicle Expenses		<b>(103)</b>	(148)
Insurance Expenses		<b>(139)</b>	(146)
Occupancy and Equipment Rental Expenses		<b>(496)</b>	(431)
Directors Fees and Related Expenses		<b>(149)</b>	(78)
Depreciation and Amortisation	<b>3</b>	<b>(1,307)</b>	(1,354)
Audit and Accounting Fees		<b>(150)</b>	(212)
Other Expenses		<b>(526)</b>	(496)
<i>Total Expenses</i>		<b>(10,338)</b>	<b>(12,835)</b>
Profit before income tax		<b>263</b>	810
Income tax expense		<b>(46)</b>	(201)
<b>Net profit for the period</b>		<b>217</b>	<b>609</b>
Profit attributable to:			
Equity holders of the parent		<b>217</b>	609
Basic earnings per share (cents per share)		<b>0.10</b>	0.28
Diluted earnings per share (cents per share)		<b>0.10</b>	0.28

The above income statement should be read in conjunction with the accompanying notes

# eBet Limited

## Consolidated Statement of Comprehensive Income for the half year ended 31 December 2009

	Notes	Half year	
		Dec 2009	Dec 2008
		\$000	\$000
<b>Profit for the period</b>		<b>217</b>	<b>609</b>
<b>Other comprehensive income</b>			
Foreign currency translation		(149)	273
<b>Other comprehensive income for the period, net of tax</b>		<b>(149)</b>	<b>273</b>
<b>Total comprehensive income for the period</b>		<b>68</b>	<b>882</b>
Total comprehensive income attributable to:			
<b>Equity holders of the parent</b>		<b>68</b>	<b>882</b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

# eBet Limited

## Consolidated Statement of Financial Position as at 31 December 2009

	Notes	Dec 2009 \$000	Jun 2009 \$000
<b>Current Assets</b>			
Cash and cash equivalents		316	40
Trade and other receivables		5,296	5,743
Inventories		2,686	1,576
Current tax assets		15	15
Other current assets		388	213
<i>Total Current Assets</i>		<b>8,701</b>	7,587
<b>Non-Current Assets</b>			
Trade and other receivables		910	1,048
Property, plant and equipment		989	890
Deferred tax assets		209	255
Intangible assets		21,001	20,423
<i>Total Non-Current Assets</i>		<b>23,109</b>	22,616
<b>Total Assets</b>		<b>31,810</b>	30,203
<b>Current Liabilities</b>			
Trade and other payables		3,433	2,220
Borrowings		4,070	3,401
Provisions		1,113	1,135
Other liabilities		2,149	1,423
<i>Total Current Liabilities</i>		<b>10,765</b>	8,179
<b>Non-Current Liabilities</b>			
Borrowings		1,717	3,090
Provisions		188	183
<i>Total Non-Current Liabilities</i>		<b>1,905</b>	3,273
<b>Total Liabilities</b>		<b>12,670</b>	11,452
<b>Net Assets</b>		<b>19,140</b>	18,751
<b>Equity</b>			
Contributed equity		50,274	50,234
Reserves		281	184
Accumulated losses		(31,415)	(31,667)
<b>Total Equity</b>		<b>19,140</b>	18,751

The above statement of financial position should be read in conjunction with the accompanying notes

# eBet Limited

## Consolidated Statement of Changes in Equity for the half year ended 31 December 2009

	Notes	Half year	
		Dec 2009 \$000	Dec 2008 \$000
<b>Total equity at the beginning of the half year</b>		18,751	17,188
Net movement in foreign currency translation reserve		(149)	273
Profit for the half year		217	609
Shares issued		40	-
Options issued		281	-
<b>Total equity at the end of the half year</b>		<b>19,140</b>	<b>18,070</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

# eBet Limited

## Consolidated Cash Flow Statement for the half year ended 31 December 2009

	Notes	Half year	
		Dec 2009	Dec 2008
		\$000	\$000
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		12,562	16,889
Payments to suppliers and employees		(9,669)	(11,861)
Interest received		121	172
Interest and other costs of finance paid		(255)	(348)
Income taxes paid		-	(24)
<b>Net cash provided by operating activities</b>		<b>2,759</b>	<b>4,828</b>
<b>Cash Flows from Investing Activities</b>			
Payments for purchases of property, plant and equipment		(172)	(260)
Payments for software development and other intangibles		(1,417)	(4,029)
<b>Net cash used in investing activities</b>		<b>(1,589)</b>	<b>(4,289)</b>
<b>Cash Flows from Financing Activities</b>			
Repayments of principal - borrowings		(725)	(4,553)
Secured loan repaid by Octavian International Limited		-	3,965
<b>Net cash used in financing activities</b>		<b>(725)</b>	<b>(588)</b>
Net increase/(decrease) in cash held		445	(49)
Cash at beginning of the financial period		(129)	33
<b>Cash at end of the financial period</b>		<b>316</b>	<b>(16)</b>

*The above cash flow statement should be read in conjunction with the accompanying notes*

# eBet Limited

## Notes to the Consolidated Financial Statements for the half year ended 31 December 2009

### Note 1 Basis of preparation of half year report

This general purpose financial report for the half year reporting period ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing activities of the consolidated entity as the full financial report.

It is recommended that the half year report be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by eBet Limited during the interim reporting period and up to the date of this report in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are consistent with those adopted in the most recent annual financial report.

#### Changes in Accounting Policy

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards did not have any material financial impact on the amounts recognised in the financial statements of the consolidated entity for the current or prior periods.

In addition to the above, the adoption of the following new and revised standards have resulted in changes to the consolidated entities presentation, or disclosure, in its half year financial report as follows:

- presentation of the financial statements. As a consequence of the adoption of AASB 101 *Presentation of Financial Statements* and its associated amending standards, the statement of comprehensive income has been included and what was previously termed the 'balance sheet' is now the statement of financial position.

#### Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements of eBet Limited comply with International Financial Reporting Standards (IFRS).

	Half Year	
	Dec 2009	Dec 2008
	\$000	\$000
<b>Note 2</b>	<b>Revenue</b>	
Revenue		
	Systems, Equipment and Software Sales	5,141 8,012
	Service Revenue - Gaming Systems	5,041 4,960
	Wagering Systems	268 340
	<b>10,450</b>	<b>13,312</b>
Other Revenue		
	Interest Received	121 172
	Government Grants	- 54
	Profit on sale of equipment	- 5
	Other Revenue	30 102
	<b>151</b>	<b>333</b>
	<b>10,601</b>	<b>13,645</b>
<b>Note 3</b>	<b>Items Included in Profit</b>	
Cost of sales	<b>3,338</b>	5,435
Borrowing costs - external:		
- Interest and finance charges paid / payable for financial liabilities	255	347
- Unwinding of discount	38	35
	<b>293</b>	<b>382</b>
Depreciation and amortisation		
- Plant and equipment depreciation	205	431
- Intellectual property, software development and other intangible assets amortisation	1,102	923
	<b>1,307</b>	<b>1,354</b>
Foreign currency translation	15	36
Operating Leases		
- Minimum Lease payments	239	228

# eBet Limited

## Notes to the Consolidated Preliminary Financial Statements for the year ended 31 December 2009

### Note 4 Statement of Operations by Segment

The consolidated entity has adopted AASB 8 *Operating Segments* with effect from 1 July 2009. AASB 8 *Operating Segments* replaces AASB 114 *Segment Reporting* and requires a 'management approach', under which operating segments are identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The consolidated entities chief operating decision maker has been identified as the Chief Executive Officer.

The segment information provided to the Chief Executive Officer for the reportable segments for the half year ended 31 December 2009 is as follows:

	Gaming		Wagering		Mobile Media		Economic Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revenue	10,295	13,199	306	356	-	90	10,601	13,645
Profit / (loss) before income tax	334	716	104	104	(175)	(10)	263	810
Income tax expense							(46)	(201)
Net profit							217	609
Total segment assets	27,660	27,037	999	1,097	3,151	3,156	31,810	31,290
Total segment liabilities	12,627	12,971	43	249	-	-	12,670	13,220

### Note 5 Contingent Liabilities

The Group has the following contingent liability, not provided for in the financial report:

Bank Guarantee							312	249
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### Note 6 Subsequent Events

The Company obtained full regulatory approval from the NSW Office of Liquor Gaming and Racing (OLGR) to sell the highly successful WMS *Bluebird* @2 poker machines and an initial 3 Games under the provisional GLI 11 Trial Appendix to the NSW Technical standard.

Sales will commence immediately into the A\$130+million NSW poker machine market, with initial indications being very positive.

# eBet Limited

## Directors' Declaration for the half year ended 31 December 2009

In the directors' opinion :-

- (a) the financial statements and the notes set out in pages 1 to 10 are in accordance with the Corporations Act 2001, including :-
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, for the half year ended on that date; and
  
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due and payable.

This declaration is made in accordance with a resolution of the directors



**Tony Toohy**  
**Managing Director**

Sydney  
25th February 2010

**Auditor's Independence Declaration**

As lead auditor for the review of eBet Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of eBet Limited and the entities it controlled during the half year.

**PKF**

**Bruce Gordon**  
Partner

**25 February 2010**  
Sydney

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Chartered Accountants  
& Business Advisers

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of eBet Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of eBet Limited, which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the consolidated entity of eBet Limited. The consolidated entity comprises both eBet Limited (the company) and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of eBet Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of eBet Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**PKF**

**Bruce Gordon**  
Partner

**25 February 2010**  
Sydney