

Rules 4.1, 4.3

Appendix 4D

Half yearly report

Introduced 1/1/2003.

Name of Entity	EBET LIMITED
ABN	59 056 210 774
Financial Period Ended	31 DECEMBER 2004
Previous Corresponding Reporting Period	31 DECEMBER 2003

Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	7,686	down 11.7%
Profit / (loss) from ordinary activities after tax attributable to members	(681)	up 796.1%
Net profit / (loss) for the period attributable to members	(681)	up 796.1%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period *	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Refer to the Managing Directors' Report included in Attachment 1.		

The half-yearly report is to be read in conjunction with the most recent annual financial report.

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	(\$0.00)	(\$0.03)

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

Refer to the Managing Directors' Report (Attachment 1).

Commentary on the Results for the Period

The earnings per security and the nature of any dilution aspects :

Refer to the Statement of Financial Performance in Attachment 2

Excluded from the calculations of EPS are 7,350.000 share options which expired during the period or are exercisable on forthcoming variable dates.

Returns to shareholders including distributions and buy backs :

N/A

Significant features of operating performance :

Refer to the Managing Directors' Report (Attachment 1).

The results of segments that are significant to an understanding of the business as a whole:

Refer to the Managing Directors' Report (Attachment 1) and Note 3 of the Interim Financial Report (Attachment 2) .

Discussion of trends in performance :

Refer to the Managing Directors' Report (Attachment 1).

Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:

Refer to Note 4 of the Interim Financial Report (Attachment 2)

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control lost	
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control ('\$000)	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period ('\$000)	

Details of Associates and Joint Venture Entities


Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
N/A				
Aggregate Share of Net Profits				

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:			
N/A			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:			
N/A			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Managing Directors' Report
2	Interim Financial Report

Signed By (Director/Company Secretary)	
Print Name	Tony Toohey
Date	21 February 2005

MANAGING DIRECTOR'S REPORT

BUSINESS REVIEW

eBet Limited (eBet) reported a consolidated loss after tax of \$681K for the half year ended 31 December 2004. Revenue for the group was \$7.7 million.

The key contributor to the loss was the expense impact of \$867K from costs incurred by the link operating company, Maxi Gaming Pty. Ltd, in the start up and implementation stage of the Maximillion\$™ Wide Area Link Progressive System in California, USA. For comparative purposes, adding back the US Link expenses of \$867K, the Gaming Systems business recorded a profit of \$167K and the Online business recorded a profit of \$19K. Adjusted for Maxi Gaming US Link, operating expenses of \$3.3 million were reduced by \$800K, or 20% on the previous corresponding period -a direct result of our cost review and reduction program. EBITDA for the group was \$593K, with \$1.3 million EBITA from Gaming Systems, \$150K from Online and \$(860)K from Maxi Gaming.

Net operating cash flow, after payments of convertible note interest of \$439K and expenses relating to the US link of \$810K was negative \$1.3 million. Net cash at bank at the end of the half year totalled \$1.75 million.

Current Assets of \$7.5 million exceeded Current Liabilities of \$3.3 million by \$4.2 million. This was a significant improvement on the previous corresponding period. Total Net Assets at 31st December 2004 of \$13.5 million was significantly up on Total Net Assets of \$8.8 million at 31st December 2003.

GAMING SYSTEMS DIVISION

Despite an apprehensive domestic market impacted by smoking legislation and increased gaming taxation, sales revenues for gaming systems and equipment of \$5.2 million were marginally down on the previous corresponding period of \$5.5 million.

Sales to customers in Australia accounted for 84% of sales and the remainder of sales 16% were to customers in Asia and Russia, compared to 96% and 4% respectively in the corresponding period.

Cost of goods sold for Gaming Systems was reduced to 38% of sales, down from 43% in the previous corresponding period.

Sales of eBet's gaming systems, in an apprehensive and depressed Australian market, were consistent with the same period last year. eBet's Freedom™ and Netcash range of systems in NSW remain the core revenue generator.

MANAGING DIRECTOR'S REPORT (Continued)

GAMING SERVICE, SUPPORT AND LICENSES

Recurring revenue generated from Service Support and License (SSL) fees continued to demonstrate strong growth, increasing by 48% to \$2.1 million compared to \$1.4 million in the previous corresponding period. This growth is consistent with our strategy to develop our recurring revenue model. Recurring revenue, as a percentage of total revenue, increased from 19% to 27%. Recurring revenue will continue to grow reflecting new system sales and the introduction of licensed based products.

PROFESSIONAL SERVICES

eBet's specialised professional services demonstrated strong growth, contributing new revenue of \$197K, as a result of expansion of our non core products, *Risk Manager & Compliance Manager* and specialised development works.

MAXI GAMING PTY LTD

Maxi Gaming's core product *Maximillion\$™* wide area link progressive jackpot system is initially being installed in *Pechanga Casino & Resort and Soboba Casino*. Pechanga Casino is one of the largest Casino operations in Southern California US, and is comparable in size and operation to Crown Casino, Melbourne.

This sophisticated wide area network will feature slot machines linked across a number of casinos connected via two Network Operational Centers in both eBet offices located in Carlsbad CA, United States and Auburn NSW, Australia. The infrastructure now in place has the capacity for future expansion accommodating in excess of 1,000 machines.

The Maximillion\$™ Link progressive system provides strong recurring revenue opportunities through a revenue participation model.

System preparation, implementation and start up costs of \$867K were expensed as incurred during the first half of 2005. These costs related directly to system installation, staff hiring and training, graphical designs and presentations and marketing material.

MANAGING DIRECTOR'S REPORT (Continued)

SUMMARY OF RESULTS

Summary – Revenue (for half year ended 31 December 2004)

Revenue	31 December 2004 \$'000	31 December 2003 \$,000
Gaming Systems – Sales	5,207	5,526
Gaming Systems – Service, Support & License Fees	2,063	1,398
Professional Services	197	147
Other	47	135
Total Gaming Systems Revenue	7,514	7,206
Sports Acumen	0	338
Online Services	172	757
Sale of Source Code	0	400
Total Online Revenue	172	1,495
Maxi Gaming	0	0
Total Revenue	7,686	8,701

Summary – Financial Position (for half year ended 31 December 2004)

Balance Sheet	31 December 2004 \$'000	31 December 2003 \$,000
Current Assets	7,524	3,930
Non Current Assets	14,452	16,393
Total Assets	21,976	20,323
Current Liabilities	3,328	7,894
Non Current Liabilities	5,189	3,635
Total Liabilities	8,517	11,529
Net Assets / Equity	13,459	8,794

Summary – Cash Flow (for half year ended 31 December 2004)

Cashflow	31 December 2004 \$'000	31 December 2003 \$,000
Cashflow from operating activities	(1,332)	758
Cashflow from investing activities	(377)	(711)
Cashflow from financing activities	1,408	(573)
Net Increase/(decrease) in cash	(301)	(526)
Cash at the beginning of the period	2,051	1,340
Cash at the end of the period	1,750	814

MANAGING DIRECTOR'S REPORT (Continued)

SIGNIFICANT DEVELOPMENTS

During the first half, eBet received regulatory approval to increase player cashless accounts from \$200 to \$1,000. This increase will broaden the in-venue customer base as the previous limit has been considered to be too low in most gaming environments. eBet's lead product EPS was re-branded and re-launched as *Freedom™* at the Australasian Gaming Expo in August 2004. The *Freedom™* brand better depicts the player benefits of card based cashless gaming. This product is packaged with its own tailored marketing campaign aiding venues in their migration to card based cashless.

The *Netcash* suite of products has been revitalised with the introduction of new hardware and functionality segmentation. The *Netcash* suite, suitable to the smaller venues, now provides scaled options from *OMA* (Online Accounting & Monitoring), *MATS* (Monitoring Accounting Transfer Secure) and *MALTS* (Monitoring Accounting Loyalty Transfer Secure). Transfer Secure functionality offers small venues added security aimed at deterring armed hold ups in smaller vulnerable venues whilst maintaining operational flexibility.

Internationally, eBet systems were upgraded to achieve compatibility with SAS protocol machines, as this protocol is adopted widely across international markets. This upgrade was developed for our customers in Europe, Asia and will provide increased opportunities across a wider range of international gaming jurisdictions. First installations in Russia have been completed and are now operational.

Coupled with SAS protocol compatibility, the company completed development and released its Remote Firmware Download (RFD) functionality. RFD is critical as eBet continues its push into international markets. RFD enables firmware upgrade and enhancements to be generated for Sydney to any eBet System in the world with suitable secure connectivity, eliminating costly manual firmware changes.

eBet continued to expand its non core product lines such as *HR Assist* and *Roster Assist*. In addition, eBet has obtained distribution agreements for a web based interactive *Risk Management* and *Compliance Management System*. This system can be scaled to suit a single venue application or an across industry system. The *Risk Manager* and *Compliance Management System* is critical for gaming venues operating under the rigorous gaming legislation and regulations, in addition to ever increasing insurance and work practice pressures.

eBet's product research and development activities resulted in the release of new hardware components and software upgrades and enhancements, resulting in improved system performance and functionality. These activities supported eBet's domestic sales and underpinned the company's international opportunities during the first half.

During the first half, eBet continued to focus on operational improvements designed to reduce costs and to improve product quality. All of eBet's manufacturing activities are constantly reviewed striving to achieve lower production costs resulting in higher margins.

MANAGING DIRECTOR'S REPORT (Continued)

SUBSEQUENT EVENTS

eBet is pleased to announce that Maximillion\$™ Wide Area Link Progressive Jackpot System has commenced operations in California, USA in both Pechanga Casino & Resort and Soboba Casino. Maximillion\$™ is linked to 76 machines as the initial "go live" rollout. Incorporated in eBet's rollout strategy is the overruling objective of ensuring system stability and integrity.

Early indications on machine performance and Maximillion\$™ Jackpot hit rates are extremely positive and exceed original expectations.

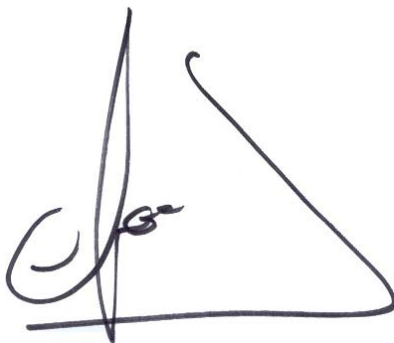
The commencement of the Maximillion\$™ Link is a milestone for the company. These operations will generate significant cashflows and provide further recurring revenue opportunities in the United States and other international markets. It demonstrates eBet's capacity to implement sophisticated wide area systems.

OUTLOOK

While eBet's outlook for the traditional Australian businesses is challenged by the apprehensive domestic market for gaming systems markets, this is offset by an increased diverse range of system based products and the introduction of new innovative products.

eBet continues to increase its focus and efforts on international markets with priority for gaming systems being given to the Asian and Russian markets. In the second half to June 2005, increased sales to a range of customers in Asia and Russia should be achieved, inclusive of additional revenue share participation models.

Early indications are that Maxi Gaming operations provide will meet original EBITDA forecasts of \$800K in its first full year of operations.



Tony Toohey
Managing Director/CEO

Dated: 21 February 2005

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2004.

Directors

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

Michael Hale
Tony Toohey
Russell Scott
Keith Cullen
Jeff Zulman
Gary Gray (retired)

REVIEW OF OPERATIONS

eBet Limited (eBet) reported a consolidated loss after tax of \$681K for the half year ended 31 December 2004. Revenue for the group was \$7.7 million.

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Gaming Systems Division

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Cost of goods sold for Gaming Systems was reduced to 38% of sales, down from 43% in the previous corresponding period.

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Gaming Service, Support and Licenses

Recurring revenue generated from Service Support and License (SSL) fees continued to demonstrate strong growth, increasing by 48% to \$2.1 million compared to \$1.4 million in the previous corresponding period. This growth is consistent with our strategy to develop our recurring revenue model. Recurring revenue, as a percentage of total revenue, increased from 19% to 27%. Recurring revenue will continue to grow reflecting new system sales and the introduction of licensed based products.

Professional Services

eBet's specialised professional services demonstrated strong growth, contributing new revenue of \$197K, as a result of expansion of our non core products, *Risk Manager & Compliance Manager* and specialised development works.

DIRECTORS' REPORT (Continued)

Maxi Gaming Pty Ltd

System preparation, implementation and start up costs of \$867K were expensed as incurred during the first half of 2005. These costs related directly to system installation, staff hiring and training, graphical designs and presentations and marketing material.

AUDITORS INDEPENDENCE DECLARATION

In accordance with the audit independence requirements of the Corporations Act 2001, the Directors have received and are satisfied with the "Audit Independence Declaration" provided by eBet Limited's external auditors PKF. The Audit Independence Declaration is attached.

ROUNDING OF AMOUNTS

The economic entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded to the nearest thousand dollars.

The report is signed in accordance with a resolution of the Board of Directors.



Tony Toohey
Managing Director/CEO

Dated: 21 February 2005



Russell Scott
Executive Director/CFO

A Member Firm of PKF International



Chartered Accountants
& Business Advisers

NSW Partnership
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Liability is limited by the Accountants
Scheme, approved under the
Professional Standards Act 1994 (NSW)

AUDITOR'S INDEPENDENCE DECLARATION

To: **The Directors**
eBet Limited

As lead engagement partner for the review of eBet Limited for the half-year ended 31 December 2004, 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 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

.....
Grant Saxon
Partner
PKF Chartered Accountants
Sydney, 21 February 2005

EBET LIMITED AND CONTROLLED ENTITIES
Statement of Financial Performance
For the half year ended 31 December 2004

	Consolidated	
	31 Dec	31 Dec
	2004	2003
	\$'000	\$'000
Sales revenue	5,207	5,526
Service revenue	2,432	3,040
Other revenues from ordinary activities	47	135
Total revenue from ordinary activities	7,686	8,701
Cost of sales	(2,905)	(3,231)
Employee benefits expense	(2,460)	(2,430)
Depreciation and amortisation expense	(963)	(1,047)
Borrowing costs expenses	(338)	(398)
Other expenses from ordinary activities	(1,701)	(1,671)
Total expenses from ordinary activities	(8,367)	(8,777)
Loss from ordinary activities before income tax expense	(681)	(76)
Income tax expense relating to ordinary activities	-	-
Net loss from ordinary activities after related income tax attributable to members of the parent entity	(681)	(76)
Total changes in equity other than those resulting from transactions with owners as owners	(681)	(76)
Basic earnings per share (cents per share)	(0.04)	(0.00)
Diluted earnings per share (cents per share)	(0.04)	(0.00)

The Statement of Financial Performance is to be read in conjunction with the attached notes.

EBET LIMITED AND CONTROLLED ENTITIES
Statement of Financial Position
As at 31 December 2004

	Consolidated	
	31 Dec	30 June
	2004	2004
	\$'000	\$'000
CURRENT ASSETS		
Cash	1,750	2,051
Receivables	4,408	3,899
Inventories	1,366	1,462
TOTAL CURRENT ASSETS	7,524	7,412
NON-CURRENT ASSETS		
Property, plant and equipment	955	303
Intangibles	13,497	14,034
TOTAL NON-CURRENT ASSETS	14,452	14,337
TOTAL ASSETS	21,976	21,749
CURRENT LIABILITIES		
Payables	2,914	3,546
Interest bearing liabilities	8	3,473
Provisions	406	307
TOTAL CURRENT LIABILITIES	3,328	7,326
NON-CURRENT LIABILITIES		
Interest bearing liabilities	5,134	4,138
Provisions	55	58
TOTAL NON-CURRENT LIABILITIES	5,189	4,196
TOTAL LIABILITIES	8,517	11,522
NET ASSETS	13,459	10,227
EQUITY		
Contributed equity	49,981	46,068
Accumulated losses	(36,522)	(35,841)
TOTAL EQUITY	13,459	10,227

The Statement of Financial Position is to be read in conjunction with the attached notes.

EBET LIMITED AND CONTROLLED ENTITIES
Statement of Cash Flows
For the half year ended 31 December 2004

	Consolidated	
	31 December	31 December
	2004	2003
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	7,756	9,514
Payments to suppliers and employees	(8,643)	(8,372)
Interest received	27	23
Interest and other costs of finance paid	(472)	(407)
Income taxes paid	-	-
Net operating cash flows	(1,332)	758
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(759)	(55)
Payments for software development and other intangibles	(318)	(384)
Payments for the acquisition of Netcash	-	(15)
Net proceeds from the sale of Sports Acumen	700	642
Cash balance disposed in sale of Sports Acumen	-	(899)
Net investing cash flows	(377)	(711)
Cash flows from financing activities		
Proceeds from issue of shares	4,103	-
Payments for issue of shares	(191)	-
Proceeds from borrowings	-	159
Repayment of borrowings	(70)	(229)
Convertible notes principal repayments	(2,434)	(503)
Net financing cash flows	1,408	(573)
Net increase/ (decrease) in cash	(301)	(526)
Cash at beginning of period	2,051	1,340
Cash at end of period	1,750	814

The Statement of Cash Flows is to be read in conjunction with the attached notes.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2004**

NOTE 1. Basis of preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by eBet Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

	Consolidated	
	31 Dec 2004 \$'000	31 Dec 2003 \$'000

NOTE 2: Contingent liabilities

The Company has the following contingent liabilities, not provided for in the financial report

Bank guarantees	71	71
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As reported in the annual financial report, on 12 June 2004 Aristocrat Leisure industries ("Aristocrat") filed Federal Court proceedings against the Company claiming that certain of its technologies breach an Australian patent held by Aristocrat. The Company continues to strongly and vigorously defend the action and considers Aristocrat's claims baseless.

NOTE 3: Segment information	Gaming Systems		Maxi Gaming		Online		Consolidated	
	31 Dec 2004 \$'000	31 Dec 2003 \$'000	31 Dec 2004 \$'000	31 Dec 2003 \$'000	31 Dec 2004 \$'000	31 Dec 2003 \$'000	31 Dec 2004 \$'000	31 Dec 2003 \$'000
Primary reporting - Business segments								
Operating revenue								
External revenue	7,514	7,206	-	-	172	1,495	7,686	8,701
Total segment revenue	7,514	7,206	-	-	172	1,495	7,686	8,701
Segment results	167	202	(867)	-	19	(278)	(681)	(76)

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2004**

NOTE 4: Initial Adoption of International Financial Reporting Standards (IFRS)

Australian equivalents to IFRS will be adopted in the financial report for the year ending 30 June 2006 and in the comparative information presented in that report for the year ending 30 June 2005. In preparation, opening balances as at 1 July 2004 for the comparative year ending 30 June 2005 will be converted to IFRS in accordance with new accounting standard AASB 1 "First Time Adoption of Australian International Financial Reporting Pronouncements".

The board of directors is managing the transition. A timetable has been established for managing the transition and is currently on schedule.

Information is being gathered in the following areas where key differences might arise:

Intangible Assets

AASB 138 "Intangible Assets" generally requires derecognition of all items that do not qualify as identifiable intangible assets. The transition rules allow items that were purchased as part of a business combination and do not qualify as an identifiable intangible to be transferred back to the related goodwill balance. The treatment of each specific intangible is set out below:

Goodwill

Amortisation of goodwill will no longer be permitted under the new standard. At the date of adoption of AIFRS goodwill will be allocated to cash generating units of the entity and will be impairment tested on initial adoption of AIFRS and annually thereafter.

Any necessary impairment write down in relation to goodwill will be expensed through the statement of financial performance.

Research and Development

Research costs will continue to be expensed in the year they are incurred.

Qualifying expenditure in relation to development phase may continue to be capitalised and impairment tested annually until the related asset is complete at which time they will be amortised over the useful life of the related asset.

Licences, Patents, Trademarks and Other

All licences, patents and trademarks will be assessed as having either a finite or indefinite useful life.

All items that have been classified as being indefinite lived assets will be impairment tested annually in accordance with the standards. All items classified as finite lived assets will be amortised over the useful life of the asset.

Regardless of the useful life classification the directors must assess at the end of each reporting period the classification, subsequent method employed and rates used to ensure appropriateness.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2004**

NOTE 4: Initial Adoption of International Financial Reporting Standards (IFRS) (Continued)

Share Based Payments

The entity currently engages in the practice of allocating to its employees shares and share options as part of their remuneration packages. AASB 2 "Share Based Payments" require that these payments and also payments made to other counterparties in return for goods and services shall be measured at the more readily determinable fair value of the good/service or the fair values of the equity instrument. This amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

Income Tax

AASB 112 "Income Tax" requires all income tax balances to be calculated using the comprehensive balance sheet liability method. Deferred tax items will be calculated by comparing the difference in carrying amounts to tax bases for all assets and liabilities and multiplying this by the tax rates expected to apply to the period when the asset is realised or the liability settled. Recognition of the resulting amounts are subject to some exceptions, but generally deferred tax balances must be calculated for each item in the statement of financial position. Deferred tax assets will only be recognised where there exists the probability that future taxable profit will be available to recognise the asset.

Inventories

Inventories will continue to be measured at the lower of cost and net realisable value under the new AASB 102. All items of inventory are subject to an impairment test. In the event that the circumstances that lead to an impairment write-down no longer exist or are favourable a reversal of the write-down through the statement of financial performance is required to be effected.

Property, Plant & Equipment

AASB 116 "Property Plant & Equipment" will allow the carrying amounts of property plant and equipment to include the costs of dismantling and removing items of property, plant and equipment at the conclusion of a lease term or similar arrangement. This amount will adjust the current carrying amount of certain items of property plant and equipment on initial adoption of AIFRS and will be depreciated over the remaining useful life of that related asset.

Any consideration which is deferred is recognised as the net present value of that amount using an appropriate discount rate.

Property, plant and equipment is subject to an impairment test when there is an indication that impairment exists by reference to internal and external market factors. Any item of property, plant & equipment which is impaired must be written down to its recoverable amount. The amount of the impairment write down for assets carried at cost will be expensed through the statement of financial performance.

Items of property, plant and equipment measured at fair value will still be carried as such, however the offsets of balances in the Asset Revaluation Reserve under the new standards will be determined on an "asset by asset" basis rather than the current "class by class" treatment. This means that a change to profit or loss will occur where an impairment write down is necessary and there is no existing balance for that asset in the asset revaluation reserve.

NOTE 4: Initial Adoption of International Financial Reporting Standards (IFRS) (Continued)

Foreign Currency Transactions

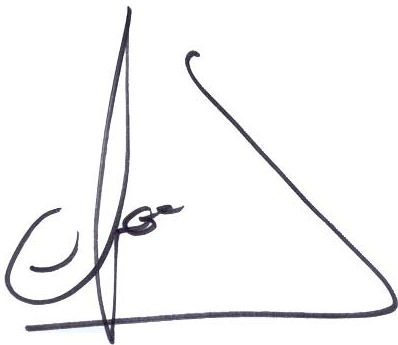
AASB 112 “The Effect of Changes in Foreign Currency” removes the distinction between self-sustaining and integrated foreign operations and will require all entities to account for foreign operations as per a prescribed method. Where the presentation currency of the foreign entity is not in Australian dollars, this will result in a Foreign Currency Translation Reserve being created in equity and represents the cumulative differences of translating the financial statements of all foreign subsidiaries into the presentation currency of the entity. On disposal of foreign operations the amount in the reserve in relation to the disposed of operation is transferred to the profit and loss account and recognised as income in the period of disposal. On initial adoption of AIFRS the current balance of the foreign currency translation reserve will be transferred to retained earnings in accordance with AASB 1 “First Time Adoption of Australian International Financial Reporting Pronouncements”.

DIRECTORS' DECLARATION

The directors of the company declare that:

- a) the accompanying interim financial report as set out on pages 11 to 20 complies with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations;
- b) give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
- c) at the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



.....
Tony Toohey
Managing Director



.....
Russell Scott
Director

Dated this 21st day of February 2005

INDEPENDENT REVIEW REPORT

Scope

We have reviewed the financial report of eBet Limited for the half-year ended 31 December 2004 as set out on pages 14 to 21. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The directors of eBet Limited are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

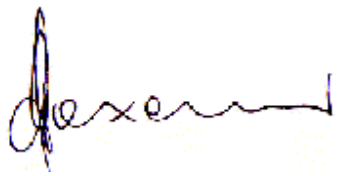
Statement

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:

- (a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



PKF
Chartered Accountants



Grant Saxon
Partner

Sydney, 21 February 2005