



Appendix 4D
Half Year Report
Half Year Ending : 31 December 2008
Previous Corresponding Period : 31 December 2007

Results for announcement to the market

		Dec 2008 \$'000's	Percentage increase / (decrease) over corresponding period
Revenue	<i>Item 2.1</i>	\$13,645	11.5%
Operating profit before write back of acquisition costs and income tax	<i>Item 2.2</i>	\$810	237.5%
Net profit/(loss) for the period attributable to members	<i>Item 2.3</i>	\$609	*

* A loss attributable to members of \$1,017,000 was recorded in the prior period. The change from profit to loss prevents a meaningful percentage change.

Dividends / Distributions

		Amount per Security	Franked Amount per Security	Amount \$'000's	<i>Item 2.5</i> Record Date
Current Period to 31 December 2008	<i>Item 2.4</i>	\$0.00	\$0.00	\$0	\$0
Prior Period to 31 December 2007	<i>Item 2.4</i>	\$0.00	\$0.00	\$0	\$0

Explanation / Commentary

Explanation of Revenue	<i>Item 2.6</i>	Refer ASX Release 20 February 2009
Explanation of Profit / (Loss) from ordinary activities after tax	<i>Item 2.6</i>	Refer ASX Release 20 February 2009
Explanation of Dividends	<i>Item 2.6</i>	Not applicable

Net Tangible Asset Backing

		Dec 2008 \$'000's	Dec 2007 \$'000's
Net tangible asset backing per ordinary security	<i>Item 3</i>	\$(0.01)	\$0.00

Associates and Joint Venture Entities

		Percentage Held		Contribution to Profit	
		Dec 2008	Dec 2007	Dec 2008	Dec 2007
Gaming Solutions P/L	<i>Item 7</i>	50%	50%	\$0	\$0
eBet Online Inc	<i>Item 7</i>	50%	0%	\$0	\$0

Any additional Appendix 4D disclosure requirements can be found in the notes to the attached Half Year Financial Statements and the ASX Release 20 February 2009.

This report is based on the consolidated Half Year financial Statements which has been subject to a review review by PKF.

Signed By

Tony Toohey - CEO

20 February 2009

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Limited
ABN 59 056 210 774

Financial Statements for the half year ended 31 December 2008

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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 2008 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.

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Directors' Report for the half year ended 31 December 2008

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2008.

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
Mr Anthony Tighe

Operating Results

The profit of the company for the financial period after providing for income tax amounted to \$609,000 (2008: loss \$1,017,000).

Review of Operations

eBet Limited (eBet) reported a consolidated operating profit before write down of acquisition costs and income tax of \$810,000 for the half year ended 31 December 2008 (2007: \$240,000) and a profit after tax of \$609,000. Revenue for the group was \$13.6 million (2007: \$12.2 million). The key contributors to the profit were an increase in recurring gaming systems revenue, containment of operating expenses and the integration of the Bounty Group, the acquisition of which took effect from 31 December 2007.

Current assets were \$8.2 million (2007 : \$14.1 million) down on last period due to the repayment in full of the Octavian loan. Non Current Assets were \$23.1 million (2007 : \$20.4 million) up on the previous period due to the acquisition of the Sona licence. Total liabilities of \$13.2 million (2007 : \$17.2 million) were down of the previous period due to debt reduction.

Net cash provided by operating activities rose to \$4.8 million (2007 : \$609,000). Net cash used in investing activities rose to \$4.3 million (2007 : \$2.3 million) due to the acquisition of the Sona licence. Cash from finance activities was a negative \$588,000 (2007 : positive \$5.2 million) due to the reduction in debt finance net of the Octavian loan repayment.

Events Subsequent to reporting date

There are no subsequent events to report.

Auditor's Declaration

The review 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 2008.

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



Tony Toohey
Managing Director / CEO

Dated this 20th day of February 2009

Consolidated Income Statement for the half year ended 31 December 2008

	Notes	Half Year	
		Dec 2008	Dec 2007
		\$000	\$000
Revenue			
Sales - Gaming Systems & Equipment		7,674	8,665
Service Revenue		5,298	2,970
Wagering Revenue		340	525
Mobile Services		90	-
Other Revenue		243	77
<i>Total Revenue</i>	3	13,645	12,237
Expenditure			
Cost of Sales		(5,435)	(6,007)
Employee Expenses		(3,526)	(2,817)
Borrowing Costs		(382)	(507)
Professional Fees		(334)	(325)
Telecommunications		(68)	(72)
Bad & Doubtful Debts		11	252
Travel & Entertainment Expenses		(236)	(252)
Motor Vehicle Expenses		(148)	(70)
Insurance Expenses		(146)	(114)
Occupancy & Equipment Rental Expenses		(431)	(375)
Directors Fees & Related Expenses		(78)	(125)
Depreciation & Amortisation		(1,354)	(1,036)
Audit & Accounting Fees		(212)	(182)
Other Expenses		(496)	(367)
<i>Total operating expenses</i>		(12,835)	(11,997)
Operating profit before write down of acquisition costs and income tax		810	240
Write down of acquisition costs	4	-	(1,463)
Profit / (loss) before income tax		810	(1,223)
Income tax (expense) / benefit		(201)	206
Net profit / (loss) after related income tax attributable to members of the parent entity		609	(1,017)
Profit / (loss) for the year		609	(1,017)
Basic earnings per share (cents per share)		0.28	(0.47)
Diluted earnings per share (cents per share)		0.28	(0.47)

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

Consolidated Balance Sheet as at 31 December 2008

	Dec 2008	Jun 2008
	\$000	\$000
Current Assets		
Cash and cash equivalents	53	331
Trade and other receivables	5,874	7,428
Inventories	1,809	2,123
Financial assets	5	3,965
Current tax asset	-	28
Other current assets	460	195
<i>Total Current Assets</i>	8,196	14,070
Non-Current Assets		
Trade and other receivables	1,215	1,318
Property, plant and equipment	1,378	1,547
Deferred tax assets	116	254
Intangible assets	6	17,241
<i>Total Non-Current Assets</i>	23,094	20,360
Total Assets	31,290	34,430
Current Liabilities		
Trade and other payables	2,767	2,546
Borrowings	7	9,013
Current tax liability	4	-
Provisions	1,081	1,129
Other liabilities	1,927	1,348
<i>Total Current Liabilities</i>	10,010	14,036
Non-Current Liabilities		
Borrowings	3,052	3,018
Provisions	158	188
<i>Total Non-Current Liabilities</i>	3,210	3,206
Total Liabilities	13,220	17,242
Net Assets	18,070	17,188
Equity		
Contributed equity	50,234	50,234
Reserves	442	168
Accumulated losses	(32,606)	(33,214)
Total Equity	18,070	17,188

The above balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2008

	Notes	Half Year	
		Dec 2008	Dec 2007
		\$000	\$000
Total equity at the beginning of the half year		17,188	17,006
Net movement in foreign currency translation reserve		273	9
Profit / (loss) for the half year		609	(1,017)
Shares Issued		0	0
Value of conversion rights - convertible notes		0	159
Options issued		0	281
Total equity at the end of the half year		18,070	16,438

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

Consolidated Cash Flow Statement for the half year ended 31 December 2008

	Notes	Half Year	
		Dec 2008	Dec 2007
		\$000	\$000
Cash Flows from Operating Activities			
Receipts from customers		16,889	12,639
Payments to suppliers and employees		(11,861)	(11,578)
Interest received		172	55
Interest and other costs of finance paid		(348)	(507)
Income taxes paid		(24)	-
Net cash provided by operating activities		4,828	609
Cash Flows from Investing Activities			
Payments for purchases of property, plant and equipment		(260)	(243)
Payments for software development and other intangibles	6	(4,029)	(1,149)
of cash acquired		-	(405)
Payments for costs associated with the renounced acquisition of Octavian International Limited		-	(518)
Net cash used in investing activities		(4,289)	(2,315)
Cash Flows from Financing Activities			
Proceeds of principal - borrowings		-	6,350
Repayments of principal - borrowings		(4,553)	(430)
Secured loan repaid by Octavian International Limited	5	3,965	-
Secured loan provided to Octavian International Limited		-	(765)
Net cash provided by / (used in) financing activities		(588)	5,155
Net increase/(decrease) in cash held		(49)	3,449
Cash held at beginning of the financial period		33	(85)
Cash held at 31 December 2008		(16)	3,364

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

Notes to the Consolidated Financial Statements for the half year ended 31 December 2008

Note 1 Basis of preparation of half year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001 .

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this financial report is to be read in conjunction with the annual report for the year ended 30 June 2008 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 Corporations Act 2001.

Apart from the changes in accounting policy noted below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Changes in Accounting Policy

Since 1 July 2008, the consolidated entity has adopted the Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2008. The consolidated entity has assessed the impact of adopting these Standards and Interpretations and does not believe that there is an effect on the financial position or performance of the consolidated entity. These Standards and Interpretations will be disclosed in the 2009 financial report.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2008

Note 2 Segment Information

	Gaming Systems		Wagering		Mobile		Consolidated Entity	
	<i>Half year ended</i>		<i>Half year ended</i>		<i>Half year ended</i>		<i>Half year ended</i>	
	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Primary Reporting Business Segments								
Revenue	13,199	11,660	356	577	90	-	13,645	12,237
Operating profit / (loss) before write down of acquisition costs and income tax	716	48	104	192	(10)	-	810	240
Write down of acquisition costs							-	(1,463)
Profit / (loss) before income tax							810	(1,223)
Income tax (expense) / benefit							(201)	206
Net profit / (loss)							609	(1,017)
Total segment assets	27,037	39,199	1,097	1,036	3,156	-	31,290	40,235
Total segment liabilities	12,971	23,476	249	321	-	-	13,220	23,797
	Australia		US		Other		Consolidated Entity	
	<i>Half year ended</i>		<i>Half year ended</i>		<i>Half year ended</i>		<i>Half year ended</i>	
	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Secondary Reporting Geographic Segments								
Revenue	12,540	11,159	480	807	625	271	13,645	12,237
Operating profit / (loss) before write down of acquisition costs and income tax	645	157	(108)	22	273	61	810	240
Write down of acquisition costs							-	(1,463)
Profit / (loss) before income tax							810	(1,223)
Income tax (expense) / benefit							(201)	206
Net profit / (loss)							609	(1,017)
Total segment assets	25,750	36,706	5,104	2,834	436	695	31,290	40,235
Total segment liabilities	12,868	22,980	239	638	113	179	13,220	23,797

**Notes to the Consolidated Financial Statements for the half year ended
31 December 2008**

	Half Year	
	Dec 2008	Dec 2007
	\$000	\$000
Note 3 Revenue		
Sales revenue		
Systems, equipment & software sales	7,674	8,665
Service revenue - gaming systems	5,298	2,970
Online systems & services	340	525
Mobile Services	90	-
	13,402	12,160
Other revenue		
Foreign exchange gain	7	5
Interest received	172	55
Profit or loss on sale	5	-
Government grants	54	17
Other	5	-
	243	77
Total revenue	13,645	12,237

Note 4 Expenses

specific expenses:

Cost of sales	5,435	6,007
External borrowing costs:		
- Interest and finance charges paid/payable for financial liabilities	348	496
- Unwinding of discount	34	11
	382	507
Depreciation and amortisation		
- Plant and equipment depreciation	431	414
- Intellectual Property, software development & other intangible assets amortisation	923	622
	1,354	1,036
Foreign exchange losses	36	13
Write down of acquisition costs *	-	1,463

* The consolidated entity's planned acquisition of Octavian International Limited was abandoned in November 2007. As a result, total costs of \$1,463,000 attributable to the proposed acquisition were expensed during the half year ended 31 December 2007.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2008

Note 5 Financial Assets

Octavian International limited

The consolidated entity had a secured receivable from Octavian International Limited ("Octavian") as at 30 June 2008 of \$3,965,000.

During the period the consolidated entity has received all outstanding loan and associated interest payments. The final payments were made on 5 November 2008.

Note 6 Intangible assets

Sona Mobile

On 17 August 2008, a subsidiary of the company entered into a perpetual software licence agreement with Sona Mobile, Inc. of the USA (and Sona Innovations, Inc. of Canada) under which it gained access to their server-based gaming technology, mobile wagering technology and their media management technology.

This licence is an exclusive licence for use of the relevant software outside North, Central and South America, Hawaii and the Caribbean. A subsidiary of the company paid a once-only licence fee of US\$2,500,000 up front and will also be liable to pay additional licence fees amounting to 20% of net revenues in excess of a cumulative total of US\$5,000,000 earned and received by the consolidated entity from the sale of products derived from the relevant software.

The a subsidiary of the company has appointed Sona Mobile, Inc. in perpetuity as a non-exclusive distributor of eBet products in North, Central and South America, Hawaii and the Caribbean. The consolidated entity will sell eBet products to Sona Mobile, Inc. on its standard terms and, in addition, will be entitled to a profit share amounting to 20% of net revenues in excess of a cumulative total of US\$5,000,000 earned and received by Sona Mobile, Inc. from the sale of eBet products.

On 25 August 2008, the company entered into a Master Services Agreement with Sona Mobile Holdings Corp. of the USA (OTC BB:SNMB) (the listed parent of Sona Mobile, Inc. and Sona Innovations Inc.), under which it agreed to provide advisory, development and software maintenance services to Sona for rolling 5 year terms in perpetuity.

The company will receive from Sona the sum of US\$500,000 towards labour costs incurred, or to be incurred, in providing development and software maintenance services. Such payment will be made in 4 equal installments commencing on 30 June 2009.

In addition, the company will be entitled to receive 50% of Sona's annual Net Income Before Income Taxes during the term of this agreement.

The Group CEO and Managing Director, Anthony Toohey, has been appointed CEO of Sona and is also a member of the Sona board of directors. Ian James, a non-executive director of the company, has accepted appointment as a non-executive director of Sona.

**Notes to the Consolidated Financial Statements for the half year ended
31 December 2008**

Half Year	
Dec 2008	Dec 2007
\$000	\$000

Note 7 Borrowings

The consolidated entity has current borrowings of \$4,231,000 as at 31 December 2008 consisting of two separate facilities which are due for review on 21 September 2009 and 30 September 2009 respectively. It is expected that the facility dated 30 September 2009 will be fully repaid and the consolidated entity intends to renew or refinance the facility dated 21 September 2009.

Note 8 Contingent Liabilities

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

Bank Guarantee	249	219
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Licensing Liabilities

An entity within the consolidated entity previously entered into a leasing arrangement and under the agreement, \$778,000 remains outstanding as at 31 December 2008 (30 June 2008: \$778,000). The consolidated entity does not believe that this liability is payable. However, as this matter has yet to be resolved, the consolidated entity has recognised an amount of \$169,000 as at 31 December 2008 (30 June 2008: \$169,000) based on legal advice and best estimates. Should these estimates prove incorrect, then an adjustment may have to be made to either increase or decrease the amount due and payable.

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Directors' Declaration for the half year ended 31 December 2008

In the directors' opinion :-

- (a) the financial statements and the notes set out in pages 1 to 11 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 2008 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 Toohey
Managing Director

Sydney
20th February 2009



Chartered Accountants
& Business Advisers

Auditors' Independence Declaration

As lead auditor for the review of eBet Limited for the half year ended 31 December 2008, 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.

Bruce Gordon
Partner
Sydney, 20 February 2009

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Chartered Accountants
& Business Advisers

INDEPENDENT AUDITORS' 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 balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, and other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and its subsidiaries at 31 December 2008 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 disclosing entity 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 the 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 disclosing entity's financial position as at 31 December 2008 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 2008 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
Sydney, 20 February 2009

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