

**ASX RELEASE
FOR IMMEDIATE RELEASE
30th August 2011**



eBet announces a \$1.13 Million Underlying Profit

eBet Limited (ASX: EBT) today announced underlying NPBT of \$1.13 million for the financial year ended 30 June 2011. At the statutory NPAT line, a loss of \$5.94 million was recorded after acquisition costs and impairment charges.

Financial Summary	FY11 (\$,000)
Revenue	32,699
Underlying NPBT	1,127
Acquisition costs	-580
Impairment of assets	-6,896
Statutory NPAT	-5,939

Commenting on the results, Tony Toohey, CEO and Managing Director of eBet, stated, "Financial year 2011 has been a challenging year for eBet. In summary:

1. Regulatory Framework

The Parliamentary Joint Select Committee on Gambling Reform has made a number of well publicised recommendations, in particular relating to the design and implementation of a mandatory pre-commitment system. These recommendations have created a significant level of concern across the NSW gaming market, and impacted negatively on gaming machine, and gaming system sales and upgrades.

Whilst eBet is at the forefront of gaming systems technology and has already implemented systems with pre-commitment functionality, eBet is committed to providing an industry-led solution which will maintain industry economic sustainability.

2. WMS Gaming Machine Sales

In FY 2011, 555 units were sold to 199 venues across NSW, generating \$12.98 million in sales revenue. 12 games were approved by the NSW gaming regulator in FY 2011.

In total, 809 units have been sold since receipt of regulatory approval in February 2010, with 20 games approved.

The full year of sales, marketing and development effort for WMS gaming machines resulted in additional costs of \$1.23 million compared to PCP \$0.47 million. Given the negative regulatory sentiment, increased

competition and the overall economic environment, we are very pleased with our progress in this segment.

3. Odyssey Acquisition

eBet successfully acquired Odyssey Gaming Limited in June 2011, through an off-market acquisition. The acquisition provides eBet with immediate growth prospects, improved access to the Queensland market and substantial earnings potential. A more detailed analysis of the Odyssey business contribution and prospects will be provided at the company's Annual General Meeting.

The integration of Odyssey is on track and within budget. Transaction costs of \$0.58 million relating to the acquisition have been expensed in FY 2011.

4. Impairments

Due to the current uncertainty that exists about the regulatory future of the gaming industry in Australia and the technologies applicable to a new regulatory framework, eBet's board decided that it would be prudent to review the carrying value of relevant intangible assets. As a result, an impairment of \$5.77 million has been made against eBet's gaming assets.

eBet's board has also determined that the commercialisation of relevant intellectual property in the Media and Wagering segments is no longer probable and, as a result, a \$1.13 million impairment has been made against these assets.

5. Ongoing Debt Reduction

The company is committed to ongoing debt reduction. As a result, debt repayments of \$4.05 million were made in FY 2011. The closing borrowings balance of \$3.82 million at 30/6/2011 includes additional debt of \$1.33 million held by Odyssey at the acquisition date, which is predominantly finance leases linked to recurring income streams.

Looking to the future, Tony Toohey commented, "The acquisition of Odyssey repositions eBet with a geographically diversified client base in NSW and Queensland and should result in a significantly increased recurring revenue stream in excess of \$20m per annum. A much broader product range (including a broader range of WMS games) and a larger operational market provides good growth prospects and a streamlined product portfolio that will be compliant with potential legislative changes. This provides an opportunity for accelerated growth".

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About eBet

eBet Limited (ASX:EBT) is a leading Australian gaming systems company that develops and markets a range of networked solutions for electronic gaming machines and is the exclusive distributor of WMS poker machines in NSW. eBet has over 800 customers, with some 55,000 gaming machines connected. The company has operations and contractual arrangements in Australia, New Zealand, Malaysia, the Philippines, South Korea, Vietnam, Cambodia, Singapore, and an online wagering division in the USA. More information about the Company can be found at www.ebetgroup.com.

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eBet Limited

ABN : 59 056 210 774

APPENDIX 4E

Consolidated Preliminary Financial Statements

for the year ended 30 June 2011

eBet Limited

ABN : 59 056 210 774

Appendix 4E - Preliminary Financial Report

Reporting period

Year ended 30 June 2011

Previous reporting period

Year ended 30 June 2010

Results for Announcement to the Market

	2011 000's	2010 000's	\$ Change 000's	% Change
Revenue	32,699	28,069	4,630 up	16.5% up
Net profit before income tax, impairment and business acquisition costs	1,127	2,028	(901) down	-44.4% down
Net profit / (loss) attributable to members of the parent entity	(5,939)	1,773	(7,712) down	*

* A loss of \$5,939,000 was recorded for the current year and a profit of \$1,773,000 was recorded for the prior year. The change from profit to loss prevents a meaningful percentage change.

Dividends

No dividends were paid or made payable during the year ended or since 30 June 2011.

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

Refer to the attached ASX announcement.

Net Tangible Asset Backing

	2011	2010
Net tangible asset / (liability) backing per ordinary security	(\$0.01)	(\$0.00)

Other Information

Control gained over entities having a material effect	2011	2010
Odyssey Gaming Limited (ACN 074 735 452)		
Share of profit recognised (\$'000):	-	-
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:	50%	50%
Share of profit recognised (\$'000):	-	-
eBet Online Inc (incorporated in Canada 002164016)		
Percentage held:	50%	50%
Share of profit recognised (\$'000):	-	-
Audit status		
This report is based on accounts which are in the process of being audited		

Attachments

Any additional appendix 4E disclosure requirements can be found in the notes to the attached Consolidated Preliminary Financial Statements and the attached ASX announcement.

Signed By



Tony Toohy - Managing Director / CEO

30 August 2011

eBet Limited

Consolidated Income Statement for the year ended 30 June 2011

	Notes	Consolidated Entity	
		2011 \$000	2010 \$000
Revenue			
Sales - Gaming revenue		22,017	16,646
Service revenue		10,186	10,494
Wagering revenue		144	593
Other revenue		352	336
<i>Total revenue</i>	2	32,699	28,069
Expenditure			
Cost of sales	3	(15,349)	(11,667)
Audit and accounting fees		(295)	(329)
Bad & doubtful debts		(76)	(68)
Consulting expenses		(493)	(779)
Depreciation and amortisation	3	(3,223)	(2,796)
Directors' fees and related expenses		(223)	(240)
Employee expenses		(8,415)	(6,813)
Finance costs		(310)	(584)
Insurance expenses		(308)	(297)
Marketing expenses		(258)	(285)
Motor vehicle expenses		(151)	(160)
Occupancy & equipment rental expenses		(1,087)	(1,015)
Telecommunications		(194)	(156)
Travel & entertainment expenses		(428)	(366)
Other expenses		(762)	(486)
<i>Total expenses</i>		(31,572)	(26,041)
Profit before income tax, impairment and business acquisition costs		1,127	2,028
Impairment of intangible assets	8	(6,896)	-
Business acquisition costs	6	(580)	-
Profit / (loss) before income tax		(6,349)	2,028
Income tax benefit / (expense)	9	410	(255)
Net profit / (loss) after related income tax attributable to members of the parent entity		(5,939)	1,773
Profit / (loss) for the year	4	(5,939)	1,773
Basic earnings per share (cents per share)	4	(2.71)	0.81
Diluted earnings per share (cents per share)	4	(2.71)	0.81

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

eBet Limited

Consolidated Statement of Comprehensive Income for the year ended 30 June 2011

	Notes	Consolidated Entity	
		2011 \$000	2010 \$000
Profit / (loss) for the year		(5,939)	1,773
Other comprehensive income			
Exchange difference on translation of foreign operations		(344)	(167)
Other comprehensive income for the year, net of tax		(344)	(167)
Total comprehensive income for the year		(6,283)	1,606
Total comprehensive income attributable to members of the parent entity		(6,283)	1,606

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

eBet Limited

Consolidated Statement of Financial Position as at 30 June 2011

		Consolidated Entity	
	Notes	2011 \$000	2010 \$000
Current Assets			
Cash and cash equivalents		1,864	2,592
Trade and other receivables		10,541	9,005
Inventories		11,225	6,675
Derivative financial instruments		-	98
Other current assets		391	178
<i>Total Current Assets</i>		24,021	18,548
Non-Current Assets			
Trade and other receivables		470	773
Property, plant and equipment		2,020	1,074
Deferred tax assets		1,200	295
Intangible assets	8	14,876	20,862
<i>Total Non-Current Assets</i>		18,566	23,004
Total Assets		42,587	41,552
Current Liabilities			
Trade and other payables	10	17,197	12,340
Borrowings	5	2,533	3,519
Provisions		1,753	1,226
Derivative financial instruments		682	-
Current tax liability		147	276
Other current liabilities		3,801	1,453
<i>Total Current Liabilities</i>		26,113	18,814
Non-Current Liabilities			
Borrowings	5	1,287	1,891
Provisions		246	163
<i>Total Non-Current Liabilities</i>		1,533	2,054
Total Liabilities		27,646	20,868
Net Assets		14,941	20,684
Equity			
Contributed equity		50,820	50,280
Reserves		(323)	263
Accumulated losses		(35,556)	(29,859)
Total Equity		14,941	20,684

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

eBet Limited

Consolidated Statement of Changes in Equity for the year ended 30 June 2011

	Consolidated Entity					
	Notes	Contributed Equity \$000	Accumulated Losses \$000	Options Reserve \$000	Foreign Currency Exchange Reserve \$000	Total \$000
Balance at 1 July 2009		50,234	(31,667)	277	(93)	18,751
Share Issue of 909,091 on 11 Dec 2009		40	-	-	-	40
Share Issue of 101,217 on 01 Feb 2010		6	-	-	-	6
Options issued		-	-	281	-	281
Transfer options expired		-	35	(35)	-	-
Total comprehensive income for the year		-	1,773	-	(167)	1,606
Balance at 30 June 2010		50,280	(29,859)	523	(260)	20,684
Share issue of 69,006 on 25 Nov 2010		5	-	-	-	5
Share issue of 1,000,000 on 28 Apr 2011		60	-	-	-	60
Transfer options expired		-	242	(242)	-	-
Shares under issue at 30 Jun 2011	6	475	-	-	-	475
Total comprehensive income for the year		-	(5,939)	-	(344)	(6,283)
Balance at 30 June 2011		50,820	(35,556)	281	(604)	14,941

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

eBet Limited

Consolidated Cash Flow Statement for the year ended 30 June 2011

	Consolidated Entity	
	2011	2010
	\$000	\$000
Cash Flows from Operating Activities		
Receipts from customers	38,129	26,779
Payments to suppliers and employees	(33,125)	(19,865)
Interest received	275	256
Interest and other costs of finance paid	(290)	(502)
Income taxes paid	(132)	-
Net cash provided by operating activities	4,857	6,668
Cash Flows from Investing Activities		
Payment for business acquisition, net of cash acquired	(29)	-
Payments for purchases of property, plant and equipment	(781)	(271)
Payments for software development and other intangibles	(2,499)	(2,342)
Net cash used in investing activities	(3,309)	(2,613)
Cash Flows from Financing Activities		
Proceeds from borrowings	136	-
Repayments of borrowings	(4,053)	(1,334)
Net cash used in financing activities	(3,917)	(1,334)
Net increase / (decrease) in cash held	(2,369)	2,721
Effects of exchange rate changes on cash and cash equivalents	4	-
Cash at beginning of the financial year	2,592	(129)
Cash at end of the financial year	227	2,592

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

eBet Limited

Notes to the Consolidated Preliminary Financial Statements for the year ended 30 June 2011

Note 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the Consolidated Preliminary Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Comparative information is reclassified where appropriate to enhance comparability.

Basis of Preparation

The Consolidated Preliminary Financial Statements have been prepared in accordance with ASX listing rule 4.3A, the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These Consolidated Preliminary Financial Statements do not include all the notes of the type normally included in the annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010, the half year report of the half year ended 31 December 2010 and any public announcements made by eBet Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Consolidated Preliminary Financial Statements have been prepared on an accruals basis and are based on historical costs as modified by the revaluation of certain non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The accounting policies adopted are consistent with those of the previous financial year.

eBet Limited

Notes to the Consolidated Preliminary Financial Statements for the year ended 30 June 2011

	Consolidated Entity	
	2011	2010
	\$000	\$000
Note 2		
Revenue		
Revenue		
Gaming systems, equipment and software sales	22,017	16,646
Gaming services revenue	10,186	10,494
Wagering systems and services	144	593
	<u>32,347</u>	<u>27,733</u>
Other revenue		
Interest received	275	256
Government grants	29	-
Other revenue	48	80
	<u>352</u>	<u>336</u>
Total revenue	<u>32,699</u>	<u>28,069</u>
Note 3		
Expenses		
Profit / (loss) before income tax includes the following specific expenses:		
Cost of sales	15,349	11,667
External borrowing costs		
Interest and finance charges paid / payable for financial liabilities	290	502
Unwinding of discount	20	82
	<u>310</u>	<u>584</u>
Depreciation and amortisation		
Plant and equipment depreciation	543	457
Intellectual property, software development and other intangible assets amortisation	2,680	2,339
	<u>3,223</u>	<u>2,796</u>
Foreign exchange		
Loss on foreign currency derivatives	148	35
Other foreign exchange loss / (profit)	88	(15)
	<u>236</u>	<u>20</u>
Operating Leases		
Minimum lease payments	552	510

eBet Limited

Notes to the Consolidated Preliminary Financial Statements for the year ended 30 June 2011

	Consolidated Entity	
	2011	2010
	\$000	\$000
Note 4	Earnings per Share	
Basic earnings per share (cents per share)	(2.71)	0.81
Diluted earnings per share (cents per share)	(2.71)	0.81
Net profit / (loss) used in calculating basic and diluted EPS (\$'000)	(5,939)	1,773
Weighted average number of ordinary shares used in calculating basic earnings per ordinary share ('000 shares)	219,026	218,351
Weighted average number of ordinary shares used in calculating diluted earnings per share ('000 shares)	219,026	218,351

Note 5	Borrowings	
<i>Secured</i>		
Commercial bill facility - St George Bank	1,250	1,864
Commercial bill facility - ANZ	380	-
Finance leases	1,391	366
Bank overdraft	791	-
<i>Unsecured</i>		
Convertible notes	8	3,180
	3,820	5,410

Refer to Note 11 for details of the refinancing of the bank overdraft and St George Bank commercial bill facility.

Note 6 Business combination

On 24 June 2011 eBet Limited acquired 90.66% of the issued share capital of Odyssey Gaming Limited, a gaming machine monitoring and maintenance services provider in Queensland. On 27 June 2011 eBet Limited announced that it would proceed to compulsory acquisition of the remaining shares in Odyssey Gaming Limited pursuant to section 661A(1) of the *Corporations Act*.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$000
Purchase consideration:	
Cash	2,281
Share issue	475
Total purchase consideration	2,756
	Fair Value
	\$000
Cash and cash equivalents	301
Cash held for jackpots	846
Trade and other receivables	1,445
Inventories	1,533
Other current assets	82
Property plant and equipment	543
Deferred tax asset	490
Intangible assets	1,087
Trade and other payables	(1,753)
Borrowings	(1,328)
Current tax liability	(1)
Provisions	(489)
Net identifiable assets acquired	2,756

Revenue and profits contribution

The acquired business contributed no revenues or net profit to the group during the financial year ended 30 June 2011.

Acquisition related costs

Business acquisition costs of \$580,000 relating to legal, regulatory and advisory expenses are included as a separate line in the income statement.

eBet Limited

Notes to the Consolidated Preliminary Financial Statements for the year ended 30 June 2011

Note 7	Statement of Operations by Segment						Consolidated Entity	
	Gaming		Wagering		Media		2011	2010
	2011	2010	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	32,573	27,359	126	710	-	-	32,699	28,069
Depreciation and amortisation expense	2,919	2,278	131	150	173	368	3,223	2,796
Impairment of intangible assets	5,765	-	227	-	904	-	6,896	-
Profit / (loss) before income tax	(4,552)	2,278	(473)	172	(1,324)	(422)	(6,349)	2,028
Income tax benefit / (expense)							410	(255)
Net profit / (loss)							(5,939)	1,773
Total segment assets	40,879	38,256	1,708	2,307	-	989	42,587	41,552
Total segment liabilities	27,097	20,634	549	191	-	43	27,646	20,868

Note 8	Intangible Assets	Consolidated Entity	
		2011	2010
		\$000	\$000
Goodwill		8,455	8,455
Impairment *		(2,903)	-
		5,552	8,455
Intellectual property, software development and other intangibles - at cost		35,123	31,289
Accumulated amortisation and impairment *		(25,799)	(18,882)
		9,324	12,407
Total Intangible Assets		14,876	20,862

* The carrying amount of the goodwill and intellectual property has been reduced to its recoverable amount through recognition of an impairment loss. This loss has been disclosed as a separate line item in the income statement.

Impairment			
Goodwill - Gaming		(2,903)	-
Intellectual property, software development and other intangibles			
- Gaming		(2,862)	-
- Wagering		(227)	-
- Media		(904)	-
Total impairment		(6,896)	-

As a result of the Federal Government's Parliamentary Joint Select Committee on Gambling Reform Report (May 2011), uncertainty exists as to the regulatory future of the gaming industry in Australia and the technologies applicable to a new regulatory framework. eBet reviewed the carrying value of intellectual property on a line by line basis, and impaired individual assets as appropriate. This resulted in an impairment of \$2,862,000 against these assets.

The increased risk created by the proposed regulatory changes has also been reflected in the value-in-use calculations for the Gaming Systems Cash Generating Unit (CGU) which has reduced the periods used from five to three years, and increased the discount rate used from 12.5% to 15%. This resulted in an impairment of goodwill relating to the Gaming Systems CGU of \$2,903,000.

eBet has also determined that the commercialisation of intellectual property in the Media and Wagering CGU's is unlikely and, as a result, a \$1,131,000 impairment has been recognised against these assets.

eBet Limited

Notes to the Consolidated Preliminary Financial Statements for the year ended 30 June 2011

Consolidated Entity	
2011	2010
\$000	\$000

Note 9 Income tax

The prima facie tax on profit / (loss) is reconciled to the income tax benefit / (expense) as follows:

Prima facie tax payable on profit / (loss) before income tax at the Australian tax rate of 30% (2010: 30%):	1,905	(608)
Tax effect of:		
- Impairment of goodwill	(871)	(60)
- Other non-allowable items	(61)	-
- Rebatable research and development	464	285
	<hr/>	<hr/>
	1,437	(383)
Difference in overseas tax rates	(51)	(33)
Write back of carry forward losses previously recognised	(1,221)	-
Over provision in prior years	245	161
	<hr/>	<hr/>
Income tax benefit / (expense) attributable to profit	410	(255)

Note 10 Trade and other payables

Trade payables	11,962	10,852
Payable for business acquisition	2,281	-
Other payables and accruals	2,954	1,488
	<hr/>	<hr/>
	17,197	12,340

Note 11 Subsequent events

Refinance

As at 30 June 2011 the Group had the outstanding commercial debt facilities with St George Bank of \$1,250,000 and master asset finance debt facilities of \$443,000. On 14 July 2011 the Commonwealth Bank of Australia refinanced the Groups commercial debt facilities as follows:-

- \$1,500,000 commercial bill facility
- \$2,500,000 acquisition funding for the takeover of Odyssey Gaming Limited.

Acquisition of shares under takeover bid and commencement of compulsory acquisition

On 15 July 2011, eBet completed the acquisition of Odyssey Gaming Limited (Odyssey) shares from those Odyssey shareholders that had accepted its offer under its takeover bid for all the ordinary shares of Odyssey (its "Offer") including the issue of 8,616,218 ordinary shares in eBet Limited.

On 26 August 2011, eBet completed the compulsory acquisition of Odyssey shares from those Odyssey shareholders that did not accept its Offer including the issue of 886,774 ordinary shares in eBet Limited