

**ASX RELEASE
FOR IMMEDIATE RELEASE
25 August 2014**



EBET FULL-YEAR PROFIT INCREASES 27% TO \$3.6 MILLION

eBET Limited (ASX: EBT) ("eBET" or "Company") today announced a net profit before tax (NPBT) of \$3.6 million for the financial year ending 30 June 2014. This represents an increase of 27 per cent from the prior year's normalised result and is in line with previous guidance.

Significantly, more than half of eBET's revenue is now sustainably recurring. This, together with an improved product mix, has resulted in gross margins increasing to 71 per cent of revenue, up from 62 per cent the prior year.

Earnings per share (EPS) were 19 cents, representing an increase of 6 per cent on the prior year's normalised result.

Financial Highlights	Statutory		Normalised ¹		
	FY 13 (\$,000)	FY14 (\$,000)	FY13 (\$,000)	FY14 (\$,000)	% change
Revenue	45,538	40,817	43,457	40,817	-6%
Gross Margin	29,087	28,779	27,006	28,779	+7%
Gross Margin %	64	71%	62%	71%	+13%
EBITDA	9,124	7,741	7,043	7,741	+10%
NPBT	4,936	3,624	2,855	3,624	+27%
NPAT	4,810	2,909	2,729	2,909	+7%
EPS (cps)	31.4	19	17.8	19	+6%
Debt: Equity Ratio	1:6	1:9	1:6	1:9	+50%

Commenting on the results, Mr Tony Toohey, eBET's CEO and Managing Director, said: "The robust normalised result is testament to the strength of our core gaming systems and gaming operations business as we continue to execute our growth strategy of expanding our proven business model nationally across new markets and new capabilities with our proven business models".

"The year saw eBET achieve numerous successes. These included continued market share gains in our core markets, entry into the Victorian market and the continued enhancement of our technology offering, including the addition of new business intelligence capabilities."

Business Segments

	FY13¹ (\$,000)	FY14 (\$,000)	Variance
Normalised Revenue	43,457	40,817	-6%
Gaming Systems	13,965	13,814	-
Gaming Operations	21,046	21,260	+1%
Business Intelligence	0	354	>100%
Gaming Machines	7,382	4,707	-36%
Other	1,064	682	-36%

eBET achieved revenue growth in its core businesses and through new revenue from the recent acquisition of business intelligence capabilities. However, total revenue of \$40.8 million declined by 6 per cent compared to the prior year as a result of the transition to the new logistics and technical services agreement with WMS. The new agreement provides improved profitability and greater certainty to the business.

Recurring revenues now represent over half of total revenue, having increased to 52 per cent of total revenue, up from 48 per cent the prior year. eBET continues to target growth in recurring revenue through developing products and services that appeal to customers and generate recurring revenues.

eBET strategic objective is to continue to grow recurring revenues to greater than 55 per cent of total revenue in the long-term.

Gaming Systems – sales

Gaming Systems sales revenue of \$13.8 million remained consistent with the prior year. This was driven by the continued robust up-take of eBET's latest technology offering, Metropolis™, and strong growth in the number of venues installing CARD-IT™, eBET's unique card-based gaming functionality.

Agreements for the latest technology platform, Metropolis™, were signed with 11 new venues and 42 existing venues upgraded their systems. As a result the systems network operating Card IT grew to a total of 118 venues and 11,163 EGM's in NSW and 25 venues and 3502 EGM's in QLD or 143 venues and 14,665 EGM's nationally

During the year, an accelerated new customer acquisition strategy was launched in Queensland to leverage the approval of CARD-IT™ in the state. This led to the signing of a significant number of agreements, including with The Reef Hotel Casino in Cairns across its 519 EGMs.

Gaming Operations – recurring revenues

Gaming Operations revenue of \$21.3 million represents an increase of one per cent over the prior year. This includes recurring revenues from both eBET's Queensland-based subsidiary, Odyssey Gaming (Odyssey), and eBET Gaming Systems.

Revenue attributable to Odyssey increased to \$10.4 million, up one per cent on the prior year. During the year Odyssey increased its market share in Queensland, to 21 per cent through expanding its network to 8,454 EGMs, . A key factor supporting Odyssey's success was the approval of CARD-IT™ in Queensland in November 2013.

The continued strong growth in uptake of CARD-IT™ also underpinned the strong growth in recurring revenue from eBET Gaming Systems, which increased to \$10.9 million, up 2 per cent from the prior year.

Business Intelligence

In March 2014, eBET expanded its service offering by acquiring business intelligence capabilities. eBET is now the leading business intelligence technology provider to the gaming industry.

The business, successfully integrated and rebranded as Astute BI (Astute), offers a full suite of business intelligence tools, including data mining, data visualisation and data analytics.

Astute provides existing eBET systems customers with access to enhanced data functionality while growing eBET's customer base.

The first 3 months since acquisition Business Intelligence generated \$354,000 in revenue, 70 per cent of which is recurring.

Gaming Machines

During the year the Company made the strategic decision to enter into a new agreement to support the sale and distribution of WMS Gaming Inc's (WMS) electronic gaming machines (EGMs) in Australia.

Under the new agreement, eBET continues to provide exclusive logistics and technical services for the sale and distribution of WMS EGMs and has extended the technology licence agreement between the companies.

The transition to the new exclusive distribution and logistics supply agreement has improved profitability and certainty in eBET's business through eliminating significant cost and risk. This has led to improved margins but an adverse impact to revenue in the short term.

Capital Management

During the year, eBET continued to generate strong cash flow of \$3.6 million. This supported the Company's ongoing debt reduction strategy as well as allowing for continued investment in the business' growth strategy.

As at 30 June 2014, borrowings were reduced to \$2.5 million, down 34 per cent from the prior year. This resulted in the company's debt to equity gearing ratio improving to 1:9 (debt to equity) as at 30 June 2014.

The Board remains confident in the strength of the business' ongoing performance, its solid financial position and strong growth prospects. This confidence underpins the Board's decision, as announced on 26 June 2014, to declare an increased annual dividend and propose a capital return of at the Company's forthcoming 2014 Annual General Meeting.

The 2014 dividend of 5.5 cents per ordinary share (cps) represents a 57 per cent increase on the 2013 annual dividend. The dividend will be 50 per cent franked and paid on 26 September 2014 with a record date of 3 July 2014.

The proposed capital return of between 5 and 6 cps, equating to approximately \$1 million, will be proposed to shareholders for approval at the forthcoming 2014 AGM in November.

Events subsequent to 30 June 2014

Subsequent to the end of the financial year, eBET acquired 100 per cent of the Flexi-NET gaming systems business (Flexi-NET) from Independent Gaming Pty Ltd (Acquisition).

The Acquisition reinforces eBET's leading position in the Australian gaming systems market and provides benefits through increased scale. The acquisition increases eBET's installed network to 62,100 EGMS, up from approximately 54,000 previously.

To fund the Acquisition, and supplement working capital, eBET completed a share placement to professional and sophisticated investors that raised \$8.3 million, as announced on 16 July 2014.

In relation to the Balance Sheet, subsequent to the end of the financial year:

- Shareholder equity increased by \$8 million
- Debt to Equity ratio has improved to 1:12 (debt to equity)
- Cash on hand has increased by \$4.3 million
- Inventories have increased by \$600,000
- Intangibles have increased by \$4.5 million

The integration of Flexi-NET has gone extremely well with all key staff successfully transferred to eBET's office in North Ryde and all Flexi-NET customers now fully supported by eBET. The development of the systems integration [process / pathway] is progressing to management's expectations and should be available for deployment at the beginning of the second half of FY2015.

Strategy and Outlook

Mr. Toohey stated, "The last year has seen an accelerated pace of change in the company as we continue to execute our growth strategy.

"We have launched new products and services, expanded into new jurisdictions and made strategic acquisitions that enhance our client offering and expand our addressable market.

"During the year we launched CARD-IT in Queensland, successfully entered and signed agreements in the Victorian market, acquired and integrated new business intelligence capabilities and, signed a new long-term agreement with WMS.

"We are seeing positive results from this strategy and will continue to pursue opportunities that deliver growth while maintaining a disciplined approach to capital management in order to maximise returns shareholders."

Further Information: Tony Toohey
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About eBET

eBET Limited is a leading-edge gaming solutions company that is listed on the Australian Securities Exchange (ASX: EBT) and has its headquarters in Sydney, Australia. The eBET Group of companies provide integrated gaming solutions, including gaming management systems, Licensed Monitoring Operator (LMO) services, business intelligence tools and expertise. eBET's commitment to excellence, continual innovation and superior client service mean the company is expanding its presence in a growing number of markets. The company currently has international operations and commercial agreements extending to over 800 customers, operating 62,100 gaming machines in Australia, New Zealand and across Asia.

For more information on the eBET Group, please visit 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 2014

eBet Limited

ABN : 59 056 210 774

Appendix 4E - Preliminary Financial Report

Reporting period

Year ended 30 June 2014

Previous reporting period

Year ended 30 June 2013

Results for Announcement to the Market

	Normalised ⁽¹⁾				
	2014	2013	\$ Change		% Change
	\$'000's	\$'000's	\$'000's		
Revenue	40,817	43,457	(2,640)	down	(6) down
Net profit before income tax	3,624	2,855	769	up	27 up
Net profit / (loss) attributable to members of the parent entity	2,909	2,729	180	up	7 up

⁽¹⁾ Normalised results is a restatement of the 2013 results to reflect the Group's continuing business activities. It excludes the effects of the sale of the interest in eBet Online USA which occurred in December 2012.

Dividends

During the year a dividend of 3.5 cents per share franked to 50% was paid.

On 26 June 2014 the company announced a dividend of 5.5 cents per share franked to 50% for shareholders as at 3 July 2014, which will be payable on 26 September, 2014.

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

During the year, the Group's Machine Division changed from a Distributor operation to one of Logistics & Support, this change led to a significant reduction in its 2014 revenue (of approx. \$2.7m) compared to 2013. During the 2013 year the Group's result included a gain of \$2,018K in respect to the sale of the Group's 50% interests in a USA.

Net Tangible Asset Backing

	2014 cents	2013 cents
Net tangible asset / (liability) backing per ordinary security:	0.60	0.37

Other Information

	2014	2013
Control gained over entities (where material)		
Not applicable.		
Loss of control over entities (where material)		
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):		
Foreign entities		
Not applicable		
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 Toohey - Managing Director / CEO

25 August 2014

eBet Limited

Consolidated Statement of Profit or Loss for the year ended 30 June 2014

		Consolidated Entity	
		2014	2013
	Notes	\$000	\$000
Revenue			
Sales revenue		40,135	42,393
Profit from sale of interest in Joint Venture		-	2,081
Other revenue		682	1,064
Profit from sale of interest in Joint Venture			
Total revenue	2	40,817	45,538
Expenditure			
Cost of sales	3	(12,038)	(16,451)
Audit and accounting fees		(243)	(243)
Bad & doubtful debts		28	(504)
Consulting expenses		(972)	(755)
Depreciation and amortisation	3	(3,984)	(3,618)
Directors' fees and related expenses		(418)	(195)
Employee expenses		(13,861)	(13,035)
Finance costs		(133)	(570)
Insurance expenses		(379)	(368)
Marketing expenses		(246)	(317)
Motor vehicle expenses		(724)	(593)
Occupancy & equipment rental expenses		(1,307)	(1,438)
Telecommunications		(292)	(324)
Travel & entertainment expenses		(714)	(808)
Other expenses		(1,910)	(1,383)
Total expenses		(37,193)	(40,602)
Profit / (loss) before income tax		3,624	4,936
Income tax benefit / (expense)	7	(715)	(126)
Net profit / (loss) after related income tax attributable to members of the parent entity		2,909	4,810
Profit / (loss) for the year		2,909	4,810
Basic earnings per share (cents per share)	4	18.98	31.38
Diluted earnings per share (cents per share)	4	18.98	31.38

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

eBet Limited

Consolidated Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	Consolidated Entity	
		2014 \$000	2013 \$000
Profit / (loss) for the year		2,909	4,810
Other comprehensive income			
Exchange difference on translation of foreign operations		-	914
Total comprehensive income for the year		2,909	5,724
Total comprehensive income attributable to members of the parent entity		2,909	5,724

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 2014

		Consolidated Entity	
		2014	2013
	Notes	\$000	\$000
Current Assets			
Cash and cash equivalents		2,457	3,418
Trade and other receivables		12,183	10,320
Inventories		5,433	10,181
Derivative financial instruments		-	426
Other current assets		464	385
Total Current Assets		20,537	24,730
Non-Current Assets			
Trade and other receivables		1,189	1,579
Property, plant and equipment		3,570	3,468
Deferred tax assets		258	944
Intangible assets	6	14,243	15,052
Total Non-Current Assets		19,260	21,043
Total Assets		39,797	45,773
Current Liabilities			
Trade and other payables	8	7,351	12,699
Borrowings	5	1,596	2,712
Provisions		1,445	1,437
Derivative financial instruments		7	-
Other current liabilities		3,763	3,578
Total Current Liabilities		14,161	20,426
Non-Current Liabilities			
Trade and other payables	8	35	1,673
Borrowings	5	897	1,064
Provisions		573	570
Other non-current liabilities		408	383
Total Non-Current Liabilities		1,913	3,690
Total Liabilities		16,074	24,116
Net Assets		23,723	21,657
Equity			
Contributed equity		50,853	50,853
Reserves		282	285
Accumulated losses		(27,412)	(29,481)
Total Equity		23,723	21,657

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 2014

	Notes	Consolidated Entity					Total \$000
		Contributed Equity \$000	Accumulated Losses \$000	Dividend reserve \$000	Options Reserve \$000	Consideration on Agreement \$000	
Balance at 1 July 2012		50,820	(33,751)	-	281	(83)	16,436
Share issue of 33,333 on 15 Nov 2012 @ 97.5 cents *		33	-	-	-	-	33
Total comprehensive income for the year		-	4,810	-	-	83	5,724
Transfer of Current year comprehensive income to Dividend reserve		-	(540)	540	-	-	-
Dividend payable		-	-	(536)	-	-	(536)
Balance at 30 June 2013		50,853	(29,481)	4	281	-	21,657
Total comprehensive income for the year		-	2,909	-	-	-	2,909
Transfer of Current year comprehensive income to Dividend reserve		-	(840)	840	-	-	-
Dividend payable		-	-	(843)	-	-	(843)
Balance at 30 June 2014		50,853	(27,412)	1	281	-	23,723

eBet Limited

Consolidated Cash Flow Statement for the year ended 30 June 2014

	Consolidated Entity	
	2014	2013
	\$000	\$000
Cash Flows from Operating Activities		
Receipts from customers	37,978	41,899
Payments to suppliers and employees	(34,788)	(37,255)
Interest received	564	205
Interest and other costs of finance paid	(133)	(570)
Income taxes paid	-	(28)
Net cash provided by operating activities	3,621	4,251
Cash Flows from Investing Activities		
Receipt for disposal of business acquisition	-	3,908
Payment of dividend	(536)	-
Payment for business acquisition, net of cash acquired	(362)	-
Payments for purchases of property, plant and equipment	(1,602)	(2,292)
Payments for software development and other intangibles	(1,055)	(2,085)
Net cash used in investing activities	(3,555)	(469)
Cash Flows from Financing Activities		
Proceeds from borrowings	-	1,600
Repayments of borrowings	(1,285)	(2,969)
Net cash used in financing activities	(1,285)	(1,369)
Net increase / (decrease) in cash held	(1,219)	2,413
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash at beginning of the financial year	3,047	634
Cash at end of the financial year	1,828	3,047

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 2014

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 2013, the half year report of the half year ended 31 December 2013 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.

		Consolidated Entity	
		2014	2013
		\$000	\$000
Note 2	Revenue		
Revenue			
	Sales - Systems	13,814	13,965
	Sales - Operations	21,260	21,046
	Sales - Machines	4,707	7,382
	Sales - Business intelligence	354	-
		40,135	42,393
Other revenue			
	Foreign Exchange Gain	-	-
	Interest received	564	205
	Profit on disposal of fixed assets	-	380
	Profit from sale of Investment in Joint Venture	-	2,081
	Other revenue	118	479
		682	3,145
	Total revenue	40,817	45,538
Note 3	Expenses		
Profit / (loss) before income tax includes the following specific expenses:			
	Cost of sales	12,038	16,451
External borrowing costs			
	Interest and finance charges paid / payable for financial liabilities	133	570
		133	570
Depreciation and amortisation			
	Plant and equipment depreciation	1,490	1,281
	Intellectual property, software development and other intangible assets amortisation	2,494	2,337
		3,984	3,618
Foreign exchange			
	Loss on foreign currency derivatives	-	-
	Other foreign exchange loss / (profit)	178	32
		178	32
Operating Leases			
	Minimum lease payments	721	757

eBet Limited

Notes to the Consolidated Preliminary Financial Statements for the year ended 30 June 2014

Consolidated Entity
2014 2013
\$000 \$000

Note 4 Earnings per Share

Basic earnings per share (cents per share)	18.98	31.38
Diluted earnings per share (cents per share)	18.98	31.38
Net profit / (loss) used in calculating basic and diluted EPS (\$'000)	2,909	4,810
Weighted average number of ordinary shares used in calculating basic earnings per ordinary share ('000 shares)	15,327	15,327
Weighted average number of ordinary shares used in calculating diluted earnings per share ('000 shares)	15,327	15,327

Note 5 Borrowings

Current		
Secured		
Commercial bill facility	1,556	2,621
Finance leases	31	83
Bank overdraft	-	-
Unsecured		
Convertible notes	8	8
	1,595	2,712
Non-Current		
Secured		
Commercial bill facility	875	1,015
Finance leases	22	49
	897	1,064

Note 6 Intangible Assets

Goodwill	5,833	5,552
Impairment	-	-
	5,833	5,552
Intellectual property, software development and other intangibles - at cost	38,715	36,372
Accumulated amortisation and impairment	(30,305)	(26,872)
	8,410	9,500
Total Intangible Assets	14,243	15,052

Note 7 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	(1,087)	(1,481)
Tax effect of amounts which are not deductible(taxable) in calculating taxable income:		
Entertainment non-deductible portion	(24)	(21)
Share Based Payment Expense	(45)	(10)
Other non-deductible items	-	(15)
Non-assessable income from sale of investment	-	765
Rebateable research & development	319	278
	(837)	(484)
Over/(Under) provision in prior years	122	358
Income tax (expense) / benefit	(715)	(126)

eBet Limited

Notes to the Consolidated Preliminary Financial Statements for the year ended 30 June 2014

Consolidated Entity
2014 2013
\$000 \$000

Note 8 Trade and other payables
Current

Trade payables	3,741	10,559
Jackpot Liability	619	369
Dividend payable	843	536
Other payables and accruals	2,148	1,235

7,351 12,699

Non-Current

Trade payables	-	1,673
Other payables and accruals	35	-

35 1,673

Note 9 Subsequent events

On 26 June 2014, the Company announcement the payment of a 5.5 cent per share dividend to be paid 26 September, 2014 to holders of shares as at 3 July 2014.

In addition, the Company announced its intention to seek the approval of shareholders at its 2014 Annual General Meeting for a proposed capital return of between 5 and 6 cents to shareholders.

On 16 July 2014 the company announced that it had completed an off-market \$8.3m share placement. The initial purpose of the placement was to fund the acquisition of the Flexi-Net gaming services business for \$4.8m + associated inventory.

Apart from the foregoing, there are no other Significant events to report.