

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 2006
Previous Corresponding Reporting Period	31 December 2005

Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	10,387	8.3% increase
Profit / (loss) from ordinary activities after tax attributable to members	195	58.3% decrease
Net profit / (loss) for the period attributable to members		
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	\$0.01	\$0.005

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 included in Attachment 1.

Commentary on the Results for the Period

<p>The earnings per security and the nature of any dilution aspects :</p> <p>N/A</p>
<p>Returns to shareholders including distributions and buy backs :</p> <p>N/A</p>
<p>Significant features of operating performance :</p> <p>Refer to the Managing Directors' Report included in Attachment 1.</p>
<p>The results of segments that are significant to an understanding of the business as a whole:</p> <p>Refer to the Managing Directors' Report included in Attachment 1.</p>
<p>Discussion of trends in performance :</p> <p>Refer to the Managing Directors' Report included in Attachment 1.</p>
<p>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:</p> <p>Refer to Note 25 & 26 of the Interim Financial Report (Attachment 2)</p>

Control Gained Over Entities Having Material Effect

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

Loss of Control Gained Over Entities Having Material Effect

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

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	X
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)



Print Name	Tony Toohey
Date	27th February 2007

MANAGING DIRECTOR'S REPORT

eBet's Half Year result for the period ended 31 December 2006 was a \$195k after tax profit against revenues of \$10.5m.

Key points in comparison to the prior corresponding period include:

- .. Group Revenue up 8% from \$9.8m to \$10.5m
- .. Domestic Gaming Systems and Equipment Sales revenue up 4% from \$5.5m to \$5.7m
- .. International Gaming Systems and Equipment Sales revenue up 191% from \$257k to \$747k
- .. Online and Professional Services revenue up 233% from \$312k to \$1.04m
- .. Total Net Assets increased from \$14.8m to \$16.3m

The increase in gaming system sales and recurring revenue businesses, along with the company's containment of operating expenses, were the basis for the continued profitable result.

Gaming Systems

Domestic System sales revenue increased by \$199k or 4%. eBet's market share increased in New South Wales. The introduction of new system products has been driven by regulatory and operating changes. Cost of goods sold relating to replacement and upgrades was significantly higher in the last 6 months; however, this will be more than off-set by higher long term license fees in the future.

International Systems sales revenue increased by \$490k or 191% through a number of new projects in Asia, including The Manila Jockey Club, Cainta VIP Club in the Philippines and Palazzo Club (Sheraton Hotel) in Vietnam. Further installations in the Philippines, Vietnam and Cambodia are planned for the 2nd Half of the financial year.

Online Wagering Services

Online Wagering Services revenue increased by \$726k or 233%, primarily driven by the commencement of online wagering services for Mohegan Sun at Pocono Downs racetrack and improvements in system user interfaces. In October 2006, the US Congress Port Security Bill legislation confirmed the legality of online wagering operations in the US. Online wagering is not subject to the bans prohibiting online gaming. As a direct result of the wagering exemption, eBet has received renewed interest in its Online Wagering Services and has subsequently provided proposals for the introduction of Online Wagering Services to 8 regional racetracks in the USA and Canada.

The Online Wagering Services business unit remains a low cost, high margin business with strong recurring revenues. Additional service contracts will leverage the existing infrastructure and proven technology.

Links

The Wide Area Link progressive jackpot operation in California proved to be a difficult business, mainly due to issues - relating to operating third-party system technology which significantly restricted overall product acceptance and player interaction. Revenue was down 57.4%.

A key strategy to address these difficulties involves utilising the Octavian ACP wide area system products and game content, which currently has over 25,000 machines successfully connected and in operation for the past 5 years. Refer to the Octavian acquisition as outlined in the Subsequent Events section of this report.

SIGNIFICANT DEVELOPMENTS

During the past 6 months, eBet has continued to develop new products and provide product enhancements to its existing product range including such innovations as:

Breakaway™

- Enables a player to secure their gaming machine for a defined Breakaway period from the machine. eBet believes this functionality will assist NSW Clubs and Hotels to minimise the negative impact on gaming revenues anticipated as a result of the introduction of full smoking bans commencing 1st July 2007.

- To date, over 5,000 units have been pre-sold. Pending regulatory approval, these units are scheduled to be installed before 30 June 2007.

Ticket In Ticket Out (TITO)

- TITO functionality for NSW Clubs and Hotels is subject to regulatory approval.
- eBet's TITO product TIKIT™, was successfully trialed at North Sydney Leagues Club during 1H/07. TIKIT™ is pending regulatory and technical approvals which are expected in the next few months.
- TIKIT™ has generated strong interest in the NSW Club & Hotel market, and should be a key revenue driver going forward.

Alternate TITO Products TIKIT+™

- eBet has developed an alternative solution, TIKIT+™, subject to technical approvals, to enable TITO functionality for older gaming machines not able to accept the latest technology required for ticket-based gaming. It is estimated that 40% to 60% of the 100k+ gaming machines in NSW are the older type machines which require an alternative solution.
- The Company believes TIKIT+™ will provide strong product sales in the later part of 2H/07 and 1H/08.

IGMI

- The development of eBet's new proprietary gaming machine interface board, IGMI, was completed and received regulatory approval on 11 December 2006.
- IGMI provides enhanced system functionality and compatibility to TITO, facilitates plug-and-play integration with gaming machines, using both domestic and international protocols. IGMI is a breakthrough product that is cost effective and will enable future system products and enhancements to be deployed rapidly to the existing and expanding customer-base.

Cashback Redemption Terminals (CRT's)

- eBet received technical approvals to interface Cashback Redemption Terminals to the eBet system on 21st February 2007.
- CRT's provide Club & Hotel patrons with the ability to redeem machine tickets for cash at terminals throughout a venue. CRT's improve player convenience and lower venue operating costs. eBet has received strong sales demand and pre-orders.

Looking forward, the eBet standalone business will benefit from the development of our new IGMI interface board, regulatory approvals of TITO (Ticket In Ticket Out), Alternate TITO technologies, and positive changes to the online wagering business operating environment plus the integration of many of the Octavian products and technologies will continue to drive sales and recurring revenues.

SUBSEQUENT EVENTS

Octavian Acquisition Update

On 16 November eBet announced that it would acquire the assets of Octavian International.

The new entity, to be named Octavian Global Technology (OGT), will be a significant global gaming supplier and provider of network solutions and game content with 10 international offices and a customer base extending to over 35 countries.

Financial and Legal Due Diligence are progressing and expected to conclude in March 2007.

Octavian has advised provisional (unaudited) NPBT for the year ended 31 December 2006 of \$6.4M (US\$5M).

Further information and details will be provided in the acquisition Prospectus and Notice of Meeting to be sent to shareholders.



**Tony Toohy
CEO & Managing Director
eBet Limited**

eBet Limited and Controlled Entities
ABN 59 056 210 774

Interim Financial Report

For the six Months ended 31 December 2006

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2006

Directors

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

Mr Michael Hale
Mr Tony Toohey
Mr Russell Scott
Mr Keith Cullen Resigned 18 December 2006
Mr Jeff Zulman

Operating Results

The profit of the company for the financial period after providing for income tax amounted to \$195,000 (2005: \$468,000).

Review of Operations

eBet Limited (eBet) reported a consolidated profit after tax of \$195K for the half year ended 31 December 2006. Revenue for the group was \$10.5 million.

The key contributors to the profit was an increase in gaming systems revenue and recurring revenue along with containment of operating expenses.

Net operating cash flow, after payments of convertible note interest of \$257K, was a negative \$737K. Net cash at bank at the end of the half year totalled \$647K.

Current Assets of \$8.2 million and Current Liabilities of \$4.9 million leave a cover of \$3.3 million. Total net assets at 31 December 2006 of \$16.3 million was up on the previous year's total net assets of \$14.8 million.

Adoption of Australian equivalents to IFRS

This interim financial report had been prepared under Australian equivalents to IFRS.

Events Subsequent to reporting date

The company has notified the market of its intention to acquire the business operation of Octavian International. Subsequent to the reporting date, the company has been in the process of carrying out its due diligence process of Octavian International before presenting this acquisition proposal to the shareholders for their approval, expected to be in April 2007

Auditor's Declaration

The review auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 2 for the half-year ended 31 December 2006.

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



Tony Toohey
Managing Director / CEO



Russell Scott
Executive Director / CFO


Dated this 26th day of February 2007

AUDITORS' INDEPENDENCE DECLARATION

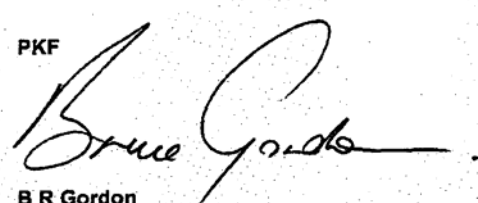
**To: The Directors
eBet Limited**

As lead engagement partner for the review of eBet Limited for the half-year ended 31 December 2006, 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.



PKF



**B R Gordon
Partner**

Sydney, 27th February 2007

Condensed Income Statements for the six months ended 31 December 2006

		Consolidated Entity	
		Dec 2006	Dec 2005
	Notes	\$000	\$000
Revenue			
Sales - Gaming Systems & Equipment		5,775	4,364
Service Revenue		3,647	3,325
US Links		500	1,319
Online Wagering & Professional Services		465	585
Other Revenue		139	169
<i>Total Revenues</i>	3	<u>10,526</u>	<u>9,762</u>
Expenditure			
Cost of Sales		(4,197)	(3,205)
Licence fees & Commission - US Links		(166)	(395)
Employee Expenses		(2,996)	(2,909)
Borrowing Costs		(261)	(282)
Professional Fees		(213)	(284)
Telecommunications		(79)	(140)
Bad & Doubtful Debts		18	(200)
Travel & Entertainment Expenses		(244)	(169)
Motor Vehicle Expenses		(91)	(72)
Insurance Expenses		(125)	(78)
Occupancy & Equipment Rental Expenses		(452)	(257)
Directors Fees & Related Expenses		(122)	(80)
Depreciation & Amortisation		(893)	(782)
Audit & Accounting Fees		(83)	(111)
Other Expenses		(427)	(330)
<i>Total Expenses</i>		<u>(10,331)</u>	<u>(9,294)</u>
Profit before income tax		<u>195</u>	468
Income tax expense		-	-
Net profit after related income tax attributable to members of the parent entity		<u>195</u>	468
Profit for the period		<u>195</u>	468
Basic earnings per share (cents per share)	6	<u>0.09</u>	0.22
Diluted earnings per share (cents per share)	6	<u>0.09</u>	0.22

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

Condensed Balance Sheet as at 31 December 2006

	Notes	Consolidated Entity	
		Dec 2006 \$000	Jun 2006 \$000
Current Assets			
Cash and cash equivalents	8	647	2,610
Trade and other receivables	9	5,530	4,908
Inventories	10	1,816	1,414
Financial assets	11	36	-
Other current assets	12	220	-
<i>Total Current Assets</i>		<u>8,249</u>	<u>8,932</u>
Non-Current Assets			
Financial assets	11	260	-
Property, plant & equipment	14	2,250	2,448
Deferred tax assets		746	746
Intangible assets	15	13,899	13,702
<i>Total Non-Current Assets</i>		<u>17,155</u>	<u>16,896</u>
Total Assets		<u>25,404</u>	<u>25,828</u>
Current Liabilities			
Trade and other payables	16	3,345	3,979
Other financial liabilities	17	1,032	5,142
Provisions	18	565	457
<i>Total Current Liabilities</i>		<u>4,942</u>	<u>9,578</u>
Non-Current Liabilities			
Other financial liabilities	17	4,096	-
Provisions	18	87	127
<i>Total Non-Current Liabilities</i>		<u>4,183</u>	<u>127</u>
Total Liabilities		<u>9,125</u>	<u>9,705</u>
Net Assets		<u>16,279</u>	<u>16,123</u>
Equity			
Issued Capital	19	50,040	50,036
Reserves	20	38	81
Accumulated losses		(33,799)	(33,994)
Total Equity		<u>16,279</u>	<u>16,123</u>

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

Condensed Statements of changes in equity for the six months ended 31 December 2006

	Economic Entity				Total \$000
	Issued Capital \$000	Accumulated Losses \$000	Option Reserve \$000	Exchange Variation Fluctuation \$000	
Balance at 1 July 2006	50,036	(33,994)	81	-	16,123
Share Issue of 23,500 on 29 November 2006	4	-	-	-	4
Fair value of options issued	-	-	32	-	32
Fluctuation on foreign exchange	-	-	-	(75)	(75)
Profit for the financial year	-	195	-	-	195
Balance at 31 December 2006	50,040	(33,799)	113	(75)	16,279
Balance at 1 July 2005	49,981	(35,741)	58	-	14,298
Profit for the financial year	-	468	-	-	468
Balance at 31 December 2005	49,981	(35,273)	58	-	14,766

Condensed Cash Flow Statements for the year ended 31 December 2006

	Notes	Consolidated Entity	
		Dec 2006 \$000	Dec 2005 \$000
Cash Flows from Operating Activities			
Receipts from customers		10,391	10,232
Payments to suppliers and employees		(11,201)	(8,327)
Interest received		38	40
Interest and other costs of finance paid		(261)	(279)
Net cash provided by / (used in) operating activities	7	<u>(1,033)</u>	<u>1,666</u>
Cash Flows from Investing Activities			
Payments for purchases of property, plant and equipment		(205)	(346)
Payments for software development and other intangibles		(715)	(423)
Net cash used in investing activities		<u>(920)</u>	<u>(769)</u>
Cash Flows from Financing Activities			
Repayment of principal - convertible notes		(5,134)	-
Proceeds of commercial bills		5,120	-
Proceeds from issue of shares		4	-
Net cash provided by financing activities		<u>(10)</u>	<u>-</u>
Net increase/(decrease) in cash held		(1,963)	897
Cash held at beginning of the financial year		2,610	2,351
Cash held at 31 December 2006		<u><u>647</u></u>	<u><u>3,248</u></u>

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

Notes to the Financial Statements 31 December 2006

Note 1 Corporate Information

The financial report of eBet Limited ('the company') for the half year ended 31 December 2006 was authorized for issue in accordance with a resolution of directors on 26 February 2007. eBet Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

Note 2 Statement of Significant Accounting policies

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

The half year financial report should be read in conjunction with the financial report of eBet limited as at 30 June 2006.

It is also recommended that the half year financial report be considered together with any public announcements made by eBet Limited and its controlled entities during the half year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporation Act 2001.

(a) Basis of Preparation

The half year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The half year financial report has been prepared on a historical cost basis.

The financial report is presented in Australia dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC class order 98/0100.

For the purpose of preparing the half year financial report, the half year has been treated as a separate reporting period.

(b) Significant Accounting Policies

The half year consolidated financial statements have been prepared by using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006. In addition the following policies have been applied :-

Leases

Finance Leases, which transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are at the inception of the lease recognized as a receivable at the amount equal to the net investment of the lessor in the lease. Net investment being the gross investment in the lease discounted at the interest rate implicit in the lease.

The recognition of the finance income is based on a pattern which reflects a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Basis of Consolidation

The half year consolidated financial statements comprise the financial statements of eBet Limited and its subsidiaries as at 31 December 2006 ('the Group').

Notes to the Financial Statements 31 December 2006 (cont)

		Consolidated Entity	
		Dec 2006	Dec 2005
Notes		\$000	\$000
Note 3	Revenues		
	Operating Revenue		
	Systems, Equipment & Software Sales	5,775	4,364
	Service Revenue - Gaming Systems	3,647	3,325
	US Links	500	1,319
	Online Wagering Systems & Services	465	585
		10,387	9,593
	Non Operating Revenue		
	Foreign Exchange Gain	2	64
	Interest received	38	39
	Government grants	99	66
	Other revenue	139	169
		10,526	9,762
Note 4	Items included in Profit		
	Cost of Sales	4,197	3,205
	Licence fees & Commission - US Links	166	395
	Borrowing costs:		
	- Directors and Director Related Entities	-	16
	- Other persons	261	266
		261	282
	Depreciation and amortisation		
	- Plant and equipment depreciation	374	333
	- Intellectual Property, software development & other intangible assets amortisation	518	449
		892	782
	Foreign Currency Losses	7	(2)
	Operating Leases		
	- Minimum Lease payments	620	299
Note 5	Dividend Imputation		
	The balance of the franking account at year end adjusted for franking credits arising from payments of income tax payable, payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.	0	0

Notes to the Financial Statements 31 December 2006 (cont)

	Notes	Consolidated Entity	
		Dec 2006 \$000	Dec 2005 \$000
Note 6	Earnings per Share		
Basic earnings per share (cents per share)		<u>0.09</u>	0.22
Diluted earnings per share (cents per share)		<u>0.09</u>	0.22
Net profit used in calculating basic and diluted EPS (\$'000)		<u>195</u>	468
Weighted average number of ordinary shares used in calculating basic earnings per ordinary share (000 shares)		217,531	217,008
Adjustments: Dilutive potential ordinary shares - share options (000 shares)		<u>247</u>	77
Used in calculating diluted earnings per share (000 shares)		<u>217,778</u>	<u>217,085</u>
Note 7	Cash Flow Information		
Reconciliation of Cash Flow from Operations With Profit after Income Tax			
Profit after Income Tax		195	468
Non-cash flows in Profit			
Amortisation of intangibles		518	449
Depreciation/ amortisation of plant & equipment		374	333
Loss on sale of property, plant and equipment		29	-
Fair Value of options issued to directors		32	-
Changes in assets and liabilities, net of the Effects of purchase and disposal of subsidiaries			
Decrease / (Increase) in : -			
Trade receivables		133	84
Other receivables & prepayments		(747)	(464)
Inventories		(402)	237
Financial Assets		(296)	-
Other current assets		(220)	-
Increase / (Decrease) in : -			
Trade payables		(508)	460
Other payables		(134)	(16)
Employee Entitlements		68	73
Reserves		(75)	42
Cash Flows from operations		<u>(1,033)</u>	1,666

Notes to the Financial Statements 31 December 2006 (cont)

		Consolidated Entity	
		Dec 2006	Jun 2006
Notes		\$000	\$000
Note 8	Cash and Cash Equivalents		
	Cash		
	Cash at bank & on hand	292	2,260
	Deposits at call	355	350
		<u>647</u>	<u>2,610</u>
	Reconciliation of Cash		
	Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows :-		
	Cash at bank and on deposit	<u>647</u>	<u>2,610</u>
Note 9	Trade and Other Receivables		
	Current		
	Trade Receivables*	4,857	5,008
	Provision for doubtful debts	(382)	(400)
		<u>4,475</u>	<u>4,608</u>
	Non-trade debts receivable		
	Due from other than related parties	771	216
	Prepayments	284	84
		<u>5,530</u>	<u>4,908</u>
	*includes amounts receivable in foreign currencies - US\$	<u>39</u>	<u>71</u>
Note 10	Inventories		
	Current		
	Computer parts - at cost	1,557	1,365
	Work In progress	259	49
		<u>1,816</u>	<u>1,414</u>
Note 11	Financial Assets		
	Current		
	Finance Lease Receivable	<u>36</u>	-
	Non-Current		
	Finance Lease Receivable	<u>260</u>	-
	Receivable not later than 1 year	36	-
	Receivable later than 1 year but not later than 5 year	199	-
	Receivable later than 5 years	61	-
		<u>296</u>	-
	Unearned Income	<u>124</u>	-

Leases relate to the provision of gaming systems and equipment over a 72 month period at an indicative interest rate of 12.5%.

Notes to the Financial Statements 31 December 2006 (cont)

	Notes	Consolidated Entity	
		Dec 2006 \$000	Jun 2006 \$000
Note 12	Other Current Assets		
	Costs associated with potential business acquisitions	<u>220</u>	-

	Country of Incorporation	% of Shares Held	
		Dec 2006 %	Jun 2006 %
Note 13	Controlled Entities		
Parent Entity :-			
eBet Limited	Australia		
Subsidiaries of eBet Limited :-			
eBet Gaming Systems Pty Limited	Australia	100	100
Maxi Gaming Limited	Australia	100	100
eBet Systems Pty Limited	Australia	100	100
eBet Inc	USA	100	100
eBet Racing USA Inc	USA	100	100

	Notes	Consolidated Entity	
		Dec 2006 \$000	Jun 2006 \$000
Note 14	Property, Plant & Equipment		
<i>Leasehold Improvements</i>			
At Cost		631	757
Accumulated Amortisation		(128)	(241)
		<u>503</u>	<u>516</u>
<i>Plant & Equipment</i>			
At Cost		3,001	3,699
Accumulated Depreciation		(1,254)	(1,767)
		<u>1,747</u>	<u>1,932</u>
Total Property, Plant & Equipment		<u><u>2,250</u></u>	<u><u>2,448</u></u>

Note 15	Intangibles		
Goodwill		6,755	6,755
Intellectual property, software development and other Intangibles - at cost.		18,411	17,696
Accumulated amortisation		(11,267)	(10,749)
		<u>7,144</u>	<u>6,947</u>
Total Intangible Assets		<u><u>13,899</u></u>	<u><u>13,702</u></u>

Notes to the Financial Statements 31 December 2006 (cont)

	Notes	Consolidated Entity	
		Dec 2006 \$000	Jun 2006 \$000
Note 16	Trade and Other Payables		
Current			
Unsecured Liabilities			
Trade payables *		847	1,355
Other payables and accruals *		2,017	2,139
Jackpot liabilities		-	52
Deferred income		481	433
		<u>3,345</u>	<u>3,979</u>
*includes amounts payable in Foreign Currencies - US \$		<u>218</u>	<u>115</u>
Note 17	Other Financial Liabilities		
Current			
Secured			
Commercial Bill Facility - St George Bank		1,024	-
Unsecured			
Convertible Notes - EBCI *		8	8
Convertible Notes - EBTG **		-	5,134
		<u>1,032</u>	<u>5,142</u>
Non-Current			
Secured			
Commercial Bill Facility - St George Bank		4,096	-
Unsecured			
Convertible Notes - EBTG **		-	-
		<u>4,096</u>	<u>-</u>
* EBCI Convertible Notes have an interest rate of 10%			
** EBTG Convertible Notes have an interest rate of 10% for a term ending 29 November 2006.			
On 29 November 2006 the company repaid redeemed convertible notes, EBTG, through a Commercial Bill financing facility from the St George Bank limited for a period of five years secured by a fixed and floating charge over the assets of the Group.			
Note 18	Provisions		
Current			
Provision for employee entitlements		<u>565</u>	<u>457</u>
Non-Current			
Provision for employee entitlements		<u>87</u>	<u>127</u>
Aggregate employee entitlements liability		<u>652</u>	<u>584</u>

Notes to the Financial Statements 31 December 2006 (cont)

	Notes	Consolidated Entity	
		Dec 2006 \$000	Jun 2006 \$000
Note 19	Contributed Equity		
Issued Capital 217,531,111 (June 2006: 217,507,611) fully paid Ordinary shares		50,040	50,036
Movement in share capital			
Balance at the beginning of the financial year		50,036	49,981
Shares issued during the year		4	55
Balance at end of the financial year		50,040	50,036
Note 20	Reserves		
Reserves			
Share Option Reserve		113	81
Foreign Exchange Fluctuation Reserve		(75)	-
		38	81

The option reserve records items recognised as expenses of employee share options.

Note 21 **Contingent Liabilities**

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

Note 22 **Economic Dependency**

The Consolidated Entity is not economically dependant upon any third parties.

Notes to the Financial Statements 31 December 2006

Note 23 Statement of Operations by Segment

	Gaming Systems		Online		Links		Economic Entity	
	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

Primary Reporting - Business Segments

Revenue	8,926	8,131	1,038	312	562	1,319	10,526	9,762
Segment results - Net Profit / (Loss)	174	416	632	51	(611)	1	195	468

	Australasia		US		Economic Entity	
	Dec 2006	Dec 2005	Dec 2006	Dec 2005	Dec 2006	Dec 2005
	\$000	\$000	\$000	\$000	\$000	\$000

Secondary Reporting - Geographic Segments

Revenue	9,140	8,016	1,386	1,746	10,526	9,762
Segment results - Net Profit / (Loss)	352	623	(157)	(155)	195	468

Business Segments

The Consolidated Entity has the following three business segments:

§ The Gaming Systems Division develops and markets a range of networked solutions for electronic gaming machines including player loyalty and tracking systems, card-based cashless gaming solutions and machine management software.

§ The Online Wagering Division supports online wagering technologies and works only with government sanctioned and licensed wagering operators located in regulated jurisdictions in New Zealand and the U.S.

§ The U.S. Link Division markets and operates wide-area jackpot links through Native American Casinos in the USA.

Geographical Segments

The Parent Entity is situated at the Company's head office in North Ryde, NSW, in Australia. All corporate, legal, finance, treasury, investor relations, accounting, finance and administration of the group is carried out from the Company's head office.

Note 24 Superannuation Commitments

The Consolidated Entity participates in various superannuation funds, which are externally managed and cover all employees. These funds provide accumulation benefits for members based on contributions received and earnings to date.

The level of superannuation contributions is determined by the Superannuation Guarantee Levy. The Consolidated Entity has no responsibility for the administration or performance of the funds. If requested by any employee, additional contributions can be made from amounts deducted from that employee's salary.

Note 25 Significant Events

In November 2006, the company informed the market that it had reached an agreement on terms to acquire the assets of Octavian Gaming Systems Limited, a UK based innovative and successful gaming systems company selling products in over 30 countries, with a suite of gaming systems product and technology that was complimentary to eBet's range of products.

Note 26

Subsequent Events

Since 31 December 2006, eBet has been undergoing a due diligence process on the Octavian business before submitting a proposal to the shareholders for their consideration for approval of the acquisition. At the time of preparing this interim financial report, it is intended that the due diligence report will be completed in March with a meeting of shareholders to consider the proposal in April.

DIRECTORS' DECLARATION

The directors of the company declare that

- 1 the financial statements and notes set out on pages 2 to 16
 - (a) comply with Accounting standards AASB 134: Interim Financial Reporting and the Corporations regulations: and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date.
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors



Tony Toohey
Managing Director / CEO



Russell Scott
Executive Director / CFO

Dated this 26th day of February 2007

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of eBet Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of eBet Limited, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of eBet Limited 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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of eBet Limited's financial position as at 31 December 2006 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.

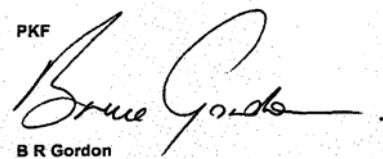
Conclusion

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 eBet Limited's financial position as at 31 December 2006 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



B R Gordon
Partner

Sydney, 27th February 2007