

**PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A**

**Name of entity**

**LASSETERS CORPORATION LIMITED**

**ABN or equivalent reference #**

**48083201923**

**Reporting period**

**Financial year-ended 30/06/2008**

**Previous corresponding period**

**Financial year-ended 30/06/2007**

<b>Contents</b>	<b>Item</b>
Results for announcement to the market	<b>1.</b>
Commentary on Results	<b>2.</b>
Condensed Consolidated Income Statement	<b>3.</b>
- Revenue	3.1
- Other income	3.2
- Expenses	3.3
- Individually Significant Items	3.4
- Amortisation and Impairment Expenses	3.5
- Capitalisation of Borrowing Costs	3.6
- Comparison of Half-Year Profits	3.7
Condensed Consolidated Balance Sheet	<b>4.</b>
- Consolidated Accumulated Losses	4.1
-Net tangible assets per ordinary share	4.2
Condensed Consolidated Cash Flow Statement	<b>5.</b>
- Reconciliation of Cash	5.1
- Non-Cash Financing and Investing Activities	5.2
Condensed Consolidated Statement of Changes in Equity	<b>6.</b>

This report is based upon accounts which are in the process of being audited.

Disputes/Qualifications

Inherent uncertainty regarding continuation as a going concern

## 1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from continuing operations	down	<b>-49%</b>	to \$	<b>3,473,426</b>
(Loss) after income tax from continuing operations	down	<b>-144%</b>	to \$ -	<b>15,551,118</b>
Net (loss) for the period attributable to members	down	<b>-144%</b>	to \$ -	<b>15,551,118</b>

<b>Dividends per Share</b>	Amount per share	Franked amount per share at 30% tax
Final	0 cents	0 cents
Interim	0 cents	0 cents

Record date for determining entitlements to dividends ***Not applicable***

***No dividends were paid or proposed in the current or prior financial year***

### Explanations

Despite the Company repositioning itself through the integration of its Australian Sportsbook, the Company suffered an operating loss on EBITDAI of \$6.4 m (2007: \$1.5 m) primarily due to the US market closure. This loss is before the reversal of the historical deferred tax assets and impairment of casino licence and product development costs in the 2008 financial year. The effect of these combined one-off adjustments is \$8.2m. The current year total operating loss is \$15.5m.

## 2. COMMENTARY ON RESULTS

### Accounting Policies, Estimation Methods and Measurement Bases

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last half-year report and comply with Australian equivalents to International Financial Reporting Standards in their entirety.

### Earnings Per Share

Basic earnings per share for 2008: \$ **(0.11)** and 2007: \$(0.06)

Diluted earnings per share for 2008: \$ **(0.10)** and 2007: \$(0.05)

### Dividends Per Share (including buy backs)

No dividends were paid or proposed in the current or prior financial years.

### Significant Features of Operating Performance

2007-08 was the first financial year where the full impact of the loss of the US market was integrated into the company and the first full year of operations of the Sportsbook. It has not yet reached the critical mass of customers that it needs to be successful in achieving its objectives. This has resulted in the Sportsbook having a significant loss in the current financial year. We continue to enhance our Casino products by implementing games on a regular basis, however, unlike the majority of our competitors we are restricted by the requirements of our licence. This delays the speed in which we can supply games to the marketplace. This also increases the costs associated with the games as our software developer has to modify them to meet regulatory requirements. The Casino has also incurred a loss in the current financial year as we attempt to re-establish ourselves in other gaming markets.

Lasseters Sportsbook was launched approximately 16 months ago and has made progress in creating a presence in a very competitive and challenging domestic market. The Company has recognised however that the domestic market alone is not sufficient to sustain the company and a decision was made to target the Asian sports betting market.

The Casino has been operating below its full potential primarily due to the limitations in the games that we can provide to our players. As mentioned above we are restricted in the games that we can offer due to the requirements of our gaming licence. Although faced with this restriction we have on average launched two games per month. We are currently in the process of negotiating to have our suite of products operate on one platform which will enhance our advertising and marketing initiatives and increase the potential for cross-promotion of our services.

The consolidated loss for the year was (\$15.5m) (2007: (\$6.4m)). This is after taking into consideration the reversal of historical deferred tax assets and the impairment of the casino licence and associated product development costs in accordance with AASB 136.

## Segment Results

	2008				
	Europe	Australasia	North America	Rest of World	Consolidated
	\$	\$			\$
<b>Gaming</b>					
Operating - revenue	1,392,677	886,651	808,393	106,043	3,193,764
<b>Total gaming revenue</b>	1,392,677	886,651	808,393	106,043	3,193,764
Unallocated revenue					279,662
Total revenue from ordinary activities	1,392,677	886,651	808,393	106,043	3,473,426
Segment result	1,075,367	684,635	624,208	81,883	2,466,093
Unallocated expenses					- 13,629,134
Consolidated loss from ordinary activities before income tax					- 11,163,041
Income tax expense					- 4,388,077
Consolidated loss from ordinary activities after income tax					- 15,551,118
<b>Assets</b>					
Segment assets	890,232	566,768	516,744	67,786	2,041,530
Unallocated assets					1,411,431
Total assets	890,232	566,768	516,744	67,786	3,452,961
<b>Liabilities</b>					
Segment liabilities	1,726,807	1,099,376	1,002,342	131,486	3,960,011
Unallocated liabilities					4,232,847
Total liabilities	1,726,807	1,099,376	1,002,342	131,486	8,192,858
<b>Other segment information:</b>					
Acquisition of plant and equipment and intangible assets					536,985
Depreciation					372,754
Amortisation					561,725
Impairment					3,851,670
Non-cash expenses other than depreciation and amortisation - tax expense					4,388,077

### (a) Primary Reporting - Geographical Segments

The consolidated entity operates a gambling business, which is based wholly within Australia.

The revenue generated can be sourced through the Internet from locations around the world.

### Performance Trends

The current financial year has presented us with operating challenges as we attempt to re-position ourselves in the marketplace and continue to build our Sportsbook client base. The deterioration of US Dollars against Australian Dollars has also hindered operating performance.

### Financial Position

The net assets of the Company have decreased by \$14.7m (2007:\$4.5m). This is primarily attributable to the following factors:

The reversal of historical deferred tax asset balances. These historical deferred tax balances predominantly comprise tax losses which the Directors believe will not be recouped in the foreseeable future. A decision has been made at 30 June 2008 to reverse these assets. The effect of this adjustment is a debit to income tax expense of \$4.4m.

A review has been conducted in accordance with AASB 136 of the carrying value of the casino licence and product development costs. Based on the discounted future cashflow analysis the carrying amount of these assets has been impaired at 30 June 2008 to a value of \$1. The adjustment to impairment expense is \$3.9m.

The carrying value of plant and equipment and intangibles has decreased by \$4.3m largely due to depreciation and amortisation expense and the impairment noted above.

Total current assets have increased by \$0.3m primarily due to an increase in cash at bank by \$0.4m.

During the year the Company entered into a finance lease with EMC for the purchase of computer hardware. The Company also entered into a finance lease for a company motor vehicle. This along with the funds we have received from the parent company (Lasseters International Holdings Limited) has increased the interest bearing liabilities by \$3.0m.

The increase in the trade and other payables balance is due to the increase in the player purse balances and the outstanding trade creditors balances.

**Operating cash flows**

The cash position has increased from \$1.6m in 2007 to \$2.0m in 2008. This is primarily due to the subscription agreement in May 2008, which raised \$0.7m and receipt of funding from the parent entity during the current financial year. The majority of the cash balance are funds held in trust from player deposits.

Net operating cash flow decreased from (\$1.5m) in 2007 to (\$2.9m) in 2008. \$0.2m was used for investing in information technology infrastructure. \$3.4m was provided from financing activities which included a subscription of 15,807,480 shares at a price 0.05c raising \$0.7m. Financing activities also includes loans from the parent company of \$2.7m.

### 3. CONDENSED CONSOLIDATED INCOME STATEMENT

	Current Period	A\$	Previous corresponding period	A\$
Revenue from continuing operations - <i>refer 3.1 below</i>		3,473,426		6,759,539
Other income - <i>refer 3.2 below</i>		-		150,000
Expenses - <i>refer 3.3 below</i>		(14,622,689)		(16,084,343)
Finance costs - <i>refer 3.6 below</i>		(13,778)		(37,066)
(Loss) before income tax		(11,163,041)		(9,211,870)
Income tax benefit/(expense)		(4,388,077)		2,840,777
(Loss) for the period from continuing operations		(15,551,118)		(6,371,093)
(Loss) for the year		(15,551,118)		(6,371,093)
(Loss) for the period attributable to members		(15,551,118)		(6,371,093)
Basic Earnings Per Share		(0.11)		(0.06)
Diluted Earnings Per Share		(0.10)		(0.05)
Dividends Per Share		0.00		0.00

**NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT**

**3.1 Revenue from continuing operations**

	Current Period	A\$	Previous corresponding period	A\$
Revenue from Sales	3,193,764		6,517,275	
Interest Revenue	29,281		91,091	
Other relevant revenues	250,381		151,173	
	<b>3,473,426</b>		<b>6,759,539</b>	

**3.2 Other income**

	Current Period	A\$	Previous corresponding period	A\$
Government grants	-		150,000	
	-		150,000	

### 3.3 Expenses

	Current Period	Previous corresponding period
	A\$	A\$
Employee benefit expenses	3,880,662	3,115,018
Marketing expenses	3,010,360	2,062,768
Gaming Tax and usage fees	727,671	825,354
Occupancy expenses	147,690	162,195
Depreciation and Amortisation	934,479	1,313,993
Professional Fees	131,623	183,069
Insurance	83,830	82,397
Telecommunication expenses	75,500	170,755
Travel expenses	307,110	125,559
Loss on disposal of plant and equipment	-	(81)
Audit Services	57,308	96,042
Impairment expenses	3,851,670	6,487,302
Other expenses	1,414,786	1,459,972
	<b>14,622,689</b>	<b>16,084,343</b>

### 3.4 Individually Significant Items

None

### 3.5 Amortisation and Impairment Expenses

Consolidated - Current period								
	Before tax	A\$	Related tax	A\$	Related outside equity interests	A\$	Amount (after tax) attributable to members	A\$
Amortisation of intangibles		561,725		-				561,725
Total amortisation of intangibles		561,725		-		-		561,725
Impairment of other intangibles - Northern Territory gaming licence		2,431,528		-		-		2,431,528
Impairment of other assets - Development of Software costs		1,420,142		-		-		1,420,142
Total impairment write-downs		3,851,670		-		-		3,851,670

### 3.6 Capitalisation of Borrowing Costs

Borrowing costs capitalised that are not included in finance cost expenses disclosed above include:

	Current Period	A\$	Previous corresponding period	A\$
Borrowing costs paid or payable to	-		-	
Interest costs capitalised to intangibles (unless arising from an acquisition of a business)	-		-	
	-		-	

### 3.7 Comparison of Half-Year Profits

	Current Period	A\$	Previous corresponding period	A\$
Consolidated (loss) after tax attributable to members reported for the 1st half yearly report	(1,697,154)		(4,850,460)	
Consolidated (loss) after tax attributable to members for the 2nd half year	(13,853,964)		(1,520,633)	

4. CONDENSED CONSOLIDATED BALANCE SHEET

	Current Period A\$	Previous corresponding period A\$
<b>Current Assets</b>		
Cash and cash equivalents	1,963,533	1,589,399
Trade and other receivables	187,844	527,060
Other - Prepayments	424,246	139,417
<b>Total Current Assets</b>	<b>2,575,623</b>	<b>2,255,876</b>
<b>Non-Current Assets</b>		
Plant and equipment	735,465	713,682
Intangible assets	1	4,270,949
Deferred tax assets	-	4,388,077
Other long term assets	141,872	263,471
<b>Total Non-Current Assets</b>	<b>877,338</b>	<b>9,636,179</b>
<b>TOTAL ASSETS</b>	<b>3,452,961</b>	<b>11,892,055</b>
<b>Current Liabilities</b>		
Trade and other payables	4,906,500	1,616,374
Interest-bearing liabilities	2,850,866	19,305
Provisions	105,003	107,166
<b>Total Current Liabilities</b>	<b>7,862,369</b>	<b>1,742,845</b>
<b>Non-Current Liabilities</b>		
Interest-bearing liabilities	229,905	72,359
Provisions	100,584	55,809
<b>Total Non-Current Liabilities</b>	<b>330,489</b>	<b>128,168</b>
<b>TOTAL LIABILITIES</b>	<b>8,192,858</b>	<b>1,871,013</b>
<b>NET (LIABILITIES)/ASSETS</b>	<b>(4,739,897)</b>	<b>10,021,042</b>

**4. CONDENSED CONSOLIDATED BALANCE SHEET**

**Equity**

Capital/Contributed Equity  
Accumulated losses

	<i>57,398,847</i>	<i>56,608,668</i>
	<i>(62,138,744)</i>	<i>(46,587,626)</i>
<b>Parent entity interest</b>	<i>(4,739,897)</i>	<i>10,021,042</i>
<b>Total (Shareholders deficiency)/ Equity</b>	<i>(4,739,897)</i>	<i>10,021,042</i>

**NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET**

**4.1 Consolidated Accumulated Losses**

Accumulated losses at the beginning  
of the financial period  
Net (loss) attributable to members

	Current Period A\$	Previous corresponding period A\$
	<i>(46,587,626)</i>	<i>(40,216,533)</i>
	<i>(15,551,118)</i>	<i>(6,371,093)</i>
<b>Retained Earnings at the end of the financial period</b>	<i>(62,138,744)</i>	<i>(46,587,626)</i>

**4.2 Net Tangible Assets**

Net Tangible Assets

	Current Period %	Previous corresponding period %
	-3%	4%

## 5. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Period A\$	Previous corresponding period A\$
<b>Cash flows related to operating activities</b>		
Receipts from customers	3,474,251	6,720,478
Payments to suppliers and employees	(6,150,745)	(8,110,504)
Interest and other items of a similar nature received	29,281	91,091
Interest and other costs of finance paid	(38,325)	(37,066)
Gaming taxes paid	(182,630)	(274,137)
Other - Government Grant	-	150,000
<b>Net operating cash flows</b>	<b>(2,868,168)</b>	<b>(1,460,138)</b>
<b>Cash flows related to investing activities</b>		
Payments for purchases of plant and equipment	(48,385)	(586,120)
Proceeds from sale of plant and equipment	-	1,189
Purchase of other non-current assets	(142,447)	(1,680,971)
<b>Net investing cash flows</b>	<b>(190,832)</b>	<b>(2,265,902)</b>

### Cash flows related to financing activities

Receipts from Parent Company  
 Repayment of borrowings  
 Proceeds from the issue of shares

	2,710,000	-
	(67,045)	(182,744)
	790,179	1,902,039
<b>Net financing cash flows</b>	<b>3,433,134</b>	<b>1,719,295</b>
<b>Net increase (decrease) in cash held</b>	<b>374,134</b>	<b>(2,006,745)</b>
Cash at beginning of period - <i>refer 5.1 below</i>	1,589,399	3,596,144
<b>Cash at end of period - <i>refer 5.1 below</i></b>	<b>1,963,533</b>	<b>1,589,399</b>

## NOTES TO THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT

### 5.1 Reconciliation of Cash

Cash on hand and at bank

**Total cash at end of period**

	Current Period	Previous
	A\$'000	corresponding period A\$'000
Cash on hand and at bank	1,963,533	1,589,399
<b>Total cash at end of period</b>	<b>1,963,533</b>	<b>1,589,399</b>

### 5.2 Non-Cash Financing and Investing Activities

NA

**6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Issued capital</b>	<b>Accumulated losses</b>	<b>Other Reserves</b>	<b>Total</b>	<b>Minority Interests</b>	<b>TOTAL EQUITY</b>
<b>As at 1 July 2006</b>	<b>54,706,629</b>	<b>(40,216,532)</b>	-	<b>14,490,097</b>	-	<b>14,490,097</b>
Loss for the year	-	<b>(6,371,094)</b>	-	<b>(6,371,094)</b>	-	<b>(6,371,094)</b>
Issue of capital	<b>1,902,039</b>	-	-	<b>1,902,039</b>	-	<b>1,902,039</b>
<b>As at 30 June 2007</b>	<b>56,608,668</b>	<b>(46,587,626)</b>	-	<b>10,021,042</b>	-	<b>10,021,042</b>
<b>As at 1 July 2007</b>	<b>56,608,668</b>	<b>(46,587,626)</b>	-	<b>10,021,042</b>	-	<b>10,021,042</b>
Loss for the year	-	<b>(15,551,118)</b>	-	<b>(15,551,118)</b>	-	<b>(15,551,118)</b>
Issue of capital	<b>790,179</b>	-	-	<b>790,179</b>	-	<b>790,179</b>
<b>As at 30 June 2008</b>	<b>57,398,847</b>	<b>(62,138,744)</b>	-	<b>(4,739,897)</b>	-	<b>(4,739,897)</b>