



■ LASSETERS CORPORATION LIMITED AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2007

**DIRECTORS' REPORT****FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

Your directors present their report on the consolidated entity consisting of Lasseters Corporation Limited ("the Company or Lasseters") and the entities it controlled at the end of, or during, the half-year ended 31 December 2007:

**Directors**

The names and particulars of the directors of the Company during or since the end of half-year are:

<b>Name</b>	<b>Period of directorship</b>
Dato' Jaya J B Tan	Director and Chairman since 29 June 2001
Peter E Bridge	Managing Director since 29 June 2001
Dato' Kamal Y P Tan	Director since 29 June 2001
San Chuan Tan	Director since 6 October 2005
The Hon. Fred A Finch A.M.	Director since 29 June 2001
Allan R Farrar	Director since 30 June 1998

**Consolidated Result**

Lasseters continues to remain cautious in the 2008 financial year and this has enabled us to consolidate our position in the Casino operations and to support the Sportsbook which is still in its infancy.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was affected by a 62.2 percent decrease in revenue as compared to the same period last year and the Company reported an EBITDA loss of \$1,918,306 for the period ended 31 December 2007.

Lasseters has delivered a consolidated loss before tax of \$2,378,592 for the period. This compares to a consolidated loss before tax during the corresponding period in 2006 of \$7,112,117.

Work is continuing on two key initiatives – the ongoing upgrade of the online gaming operating systems to ensure their continued technological competitiveness and expansion in non-English speaking markets, and the company's diversification into the sportsbook operation with a primary focus on the International markets.

**Review of operations****Financial****Earnings**

Lasseters is currently in the consolidation phase of its online operations and continues in the start-up phase of its new Sportsbook operation.

The major expenses and cash outflows during the period to the end of December 2007 were:

- Employee expenses of \$1,726,704, which includes new staff hired for the Sportsbook operation. Employee expenses have been closely monitored and cost synergies have been achieved by employees performing dual roles for both the Sportsbook and Casino operations.
- Advertising and incentive expenses of \$685,220.

**Turnover and revenue**

Total revenue fell by 62.2 percent from \$4,990,977 in December 2006 to \$1,888,420 in December 2007. This decline in revenue is primarily due to the previous year having 4 months of US revenue from the US market, prior to its forced closure.

Lasseters made a small gain of \$11,674 on its foreign exchange transactions during the half year. The Australian dollar remains high against the US dollar.

During the six month period we have continued to work with referrers who source their customer base predominately from the European and Asian markets. Lasseters has made inroads into the Eastern European countries for both our Sportsbook and Casino.

The rate of player acquisition is starting to steadily increase for both the Sportsbook and Casino businesses.

The challenge is to now move quickly to direct resources and target gaming products to these highly competitive markets.

**DIRECTORS' REPORT****FOR THE HALF-YEAR ENDED 31 DECEMBER 2007****Operating cash flows**

As at 30 June 2007, Lasseters' cash position was \$1,589,399. At 31 December the current cash balance is \$415,879. This represents a reduction of \$1,173,520.

The movement in the cash position is due to expenditure to fund the continual growth of Lasseters Sportsbook and the development of new games. This is in addition to operating cash outflows for advertising and incentive expenses, along with outlays for player withdrawals and other expenditure.

The Company is continuing to monitor its cash position to ensure that we are able to continue to invest in both the Sportsbook and Casino operations. Additional investment will be required in both the Sportsbook and Casino as it continues its expansion plans into the global market.

**Lasseters Sportsbook**

During the six month period, we continued to focus on our new business segment, Lasseters Sportsbook. Our primary focus during the current period was to increase our customer base both locally and internationally. As discussed in our annual report the goal of Lasseters Sportsbook is to provide the largest number of events at competitive odds to build its player base to a critical mass level. We are seeing an improvement in our overseas player numbers, which has put us in good stead to generate positive returns until the start of the football seasons in Australia.

We continue to see the benefits of using an integrated gaming team. This has enabled us to share technology and resources in the area of finance, customer support and marketing.

**Lasseters Online Casino**

As noted in the Annual Report, during the 2007 financial year we implemented the Orbis operating platform to run our casino operations. We continue to operate our Ausvegas casino on our previous operating platform.

The continual investment in technology and games is one of the key strategies necessary for the online casinos to remain competitive. Therefore, during the current six months a significant portion of time has been spent working with in-house developers and Orbis to ensure that we are continually releasing games to the marketplace. We have experienced some significant delays in achieving these goals however, we are seeing improvement in the latter half of the current financial period. During the period we introduced 12 new games to the Lasseters Casino site.

Orbis offers the advantages of multi-lingual and multi-currency functionality. The languages which are supported are: English, Mandarin Chinese, Japanese, Spanish, Portuguese, German, Italian, and French. The currencies offered are Euro, British Pounds and United States Dollars.

In the current six month period, we undertook a finance lease agreement with EMC software for the purchase and upgrade of firewall equipment. The lease term is over a period of 36 months.

**Regulatory environment**

We are continuing to work with the regulators to implement the Anti Money Laundering and Counter Terrorism legislation. During the period we have worked quite closely with others in the industry to ensure that all Australian parties effected by the legislation are working from a universal perspective.

**Auditor's Declaration**

A copy of the independence declaration by the lead auditor under section 307C is included on page 5 to this half-year financial report.

**DIRECTORS' REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

This report is made in accordance with a resolution of the directors of Lasseters Corporation Limited.



**Dato' Jaya JB Tan**  
Chairman



**Peter E Bridge**  
Managing Director

Dated at Brisbane this 5<sup>th</sup> day of February, 2008.

LASSETERS CORPORATION LIMITED AND CONTROLLED ENTITIES  
**AUDITOR'S INDEPENDENCE DECLARATION**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF LASSETERS CORPORATION LIMITED**

To the best of my knowledge and belief, during the half-year ended 31 December 2007 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.



**P A GALLAGHER**  
Partner  
**BDO KENDALLS (QLD)**  
Chartered Accountants

Dated at Brisbane this 5<sup>th</sup> day of February, 2008.

LASSETERS CORPORATION LIMITED AND CONTROLLED ENTITIES  
**CONDENSED FINANCIAL REPORT**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

<b>CONTENTS</b>	<b>PAGE</b>
Condensed Income Statement	7
Condensed Balance Sheet	8
Condensed Statement of Changes in Equity	9
Condensed Cash Flow Statement	10
 <b>NOTES TO THE FINANCIAL STATEMENTS</b>	
Note 1 - Basis of preparation	11
Note 2 - Segment information	11
Note 3 - Contingent liabilities	12
Note 4 - Dividends	12
 Directors' Declaration	 13
Independent review report to the members of Lasseters Corporation Limited	14

## CONDENSED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Economic Entity	
	31 Dec 2007 \$	31 Dec 2006 \$
Revenue	1,888,420	4,990,977
Employee benefits expense	(1,726,704)	(1,549,545)
Rent expense	(71,741)	(81,420)
Depreciation and amortisation expenses	(452,669)	(908,614)
Advertising and incentives expenses	(685,220)	(1,410,235)
Telecommunication expenses	(104,734)	(95,828)
Information Technology expenses	(349,944)	(435,271)
Gaming tax	(78,753)	(189,994)
Borrowing costs	(17,456)	(11,972)
Impairment Loss	-	(6,487,301)
Other operating expenses	(779,791)	(932,914)
Profit / (loss) before income tax	(2,378,592)	(7,112,117)
Income tax	681,438	2,261,657
<b>Profit / (loss) for the period</b>	<b>(1,697,154)</b>	<b>(4,850,460)</b>
Profit / (loss) attributable to members of the parent entity	(1,697,154)	(4,850,460)
Earnings per share		
Basic	(0.012)	(0.057)
Diluted	(0.012)	(0.057)

The condensed income statement is to be read in conjunction with the notes to the financial statements set out on pages 11 to 13.

**CONDENSED BALANCE SHEET**

AS AT 31 DECEMBER 2007

	Economic Entity	
	31 Dec 2007 \$	30 Jun 2007 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	415,879	1,589,399
Trade and other receivables	367,390	527,060
Other current assets	205,426	139,417
<b>TOTAL CURRENT ASSETS</b>	<b>988,695</b>	<b>2,255,876</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	871,304	713,682
Deferred tax assets	5,069,514	4,388,077
Other non-current assets	202,671	263,471
Intangibles assets	4,027,513	4,270,949
<b>TOTAL NON-CURRENT ASSETS</b>	<b>10,171,002</b>	<b>9,636,179</b>
<b>TOTAL ASSETS</b>	<b>11,159,697</b>	<b>11,892,055</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,915,796	1,616,374
Short term borrowings	137,752	19,305
Short term provisions	473,906	107,166
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,527,454</b>	<b>1,742,845</b>
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	259,156	72,359
Long term provisions	49,199	55,809
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>308,355</b>	<b>128,168</b>
<b>TOTAL LIABILITIES</b>	<b>2,835,809</b>	<b>1,871,013</b>
<b>NET ASSETS</b>	<b>8,323,888</b>	<b>10,021,042</b>
<b>EQUITY</b>		
Issued capital	56,608,668	56,608,668
Accumulated losses	(48,284,780)	(46,587,626)
<b>TOTAL EQUITY</b>	<b>8,323,888</b>	<b>10,021,042</b>

The condensed balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 11 to 13.

## CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Share Capital	Accumulated Losses	Total Equity
<b>Balance at 1 July 2006</b>	54,706,629	(40,216,532)	14,490,097
Profit / (loss) attributable to members of the parent entity	-	(4,850,460)	(4,850,460)
<b>Balance at 31 December 2006</b>	54,706,629	(45,066,992)	9,639,637
<b>Balance at 1 January 2007</b>	54,706,629	(45,066,992)	9,639,637
Profit/ (loss) attributable to members of the parent entity	-	(1,520,634)	(1,520,634)
Issue of shares	1,902,039	-	1,902,039
<b>Balance at 30 June 2007</b>	56,608,668	(46,587,626)	10,021,042
<b>Balance at 1 July 2007</b>	56,608,668	(46,587,626)	10,021,042
Profit / (loss) attributable to members of the parent entity	-	(1,697,154)	(1,697,154)
<b>Balance at 31 December 2007</b>	56,608,668	(48,284,780)	8,323,888

The condensed statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 11 to 13.

**CONDENSED CASH FLOW STATEMENT**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Economic Entity	
	31 Dec 2007 \$	31 Dec 2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,907,373	4,857,396
Payments to suppliers and employees	(3,042,754)	(5,446,006)
Interest received	18,427	63,582
Interest and costs of finance paid	(17,456)	(11,972)
Government grant	-	70,000
<b>Net cash provided by operating activities</b>	<b>(1,134,410)</b>	<b>(467,000)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(3,156)	(417,096)
Purchase of other non-current assets	(10,383)	(687,286)
<b>Net cash used in investing activities</b>	<b>(13,539)</b>	<b>(1,104,382)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	118,162
Repayment of borrowings	(25,571)	(294,376)
<b>Net cash used in financing activities</b>	<b>(25,571)</b>	<b>(176,214)</b>
Net increase / (decrease) in cash and cash equivalents held	(1,173,520)	(1,747,596)
Cash and cash equivalents at beginning of period	1,589,399	3,596,144
<b>Cash and cash equivalents at end of period</b>	<b>415,879</b>	<b>1,848,548</b>

The condensed cash flow statement is to be read in conjunction with the notes to the financial statements set out on pages 11 to 13.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

**NOTE 1: BASIS OF PREPARATION**

The interim half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Lasseters Corporation Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an 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.

The financial report has been prepared on an accruals basis and is based on historical costs.

The same accounting policies and methods of computation have generally been followed in this interim financial report as compared with the most recent annual financial report.

**(a) Going Concern**

As detailed in the Financial Statements, the consolidated entity recorded a loss for the half-year of \$1,697,154 (30 June 2007 full-year loss \$6,371,094). As at 31 December 2007, the Group has a deficiency of current assets over current liabilities of \$1,538,759 (30 June 2007 surplus \$513,031).

The ability of the company and the economic entity to correct the deficits, maintain the carrying value of assets and continue to meet future financial commitments will depend on the Group's ability to derive projected future cash flows and profitability, and the continued financial support of the ultimate parent entity, Lasseters International Holdings Ltd. In the Directors' 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.

**NOTE 2: SEGMENT INFORMATION****(a) Primary Reporting - Geographical Segments**

The consolidated entity operates an internet gaming business, which is based wholly within Australia. The revenues generated can be sourced through the Internet from locations around the world.

	31 Dec 2007					31 Dec 2006		
	Asia Pacific	Europe	North America	Rest of world	Consolidated	USA	Rest of World	Consolidated
<b>Internet gaming</b>								
Operating revenue	644,692	635,338	350,831	125,101	1,755,962	2,741,495	2,047,646	4,789,141
Total internet gaming revenue	644,692	635,338	350,831	125,101	1,755,962	2,741,495	2,047,646	4,789,141
Unallocated revenue					132,458			201,836
Total revenue from ordinary activities	644,692	635,338	350,831	125,101	1,888,420	2,741,495	2,047,646	4,990,977
Segment result	493,134	485,979	268,356	95,692	1,343,161	2,386,948	1,782,831	4,169,779
Unallocated expenses					(3,721,753)			(11,281,896)
Consolidated profit / (loss) before income tax					(2,378,592)			(7,112,117)
Income tax					681,438			2,261,657
Consolidated profit / (loss) after income tax					(1,697,154)			(4,850,460)
<b>Assets</b>								
Segment assets					11,159,697			
Unallocated assets						-	-	11,172,868
Total assets					11,159,697	-	-	11,172,868

LASSETERS CORPORATION LIMITED AND CONTROLLED ENTITIES  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**NOTE 2: SEGMENT INFORMATION (continued)**

	31 Dec 2007					31 Dec 2006		
	Asia Pacific	Europe	North America	Rest of world	Consolidated	USA	Rest of World	Consolidated
<b>Liabilities</b>								
Segment liabilities	287,524	283,352	156,466	55,793	783,135	44,868	183,825	228,693
Unallocated liabilities					2,052,674	-	-	1,304,538
Total liabilities	287,524	283,352	156,466	55,793	2,835,809	44,868	183,825	1,533,231
<b>Other segment information</b>								
Acquisition of property, plant and equipment, intangible assets and other non-current assets					366,854			1,304,293
Depreciation					176,349			275,857
Amortisation					276,320			632,757
Impairment Loss					-			6,487,301
Non-cash expenses other than depreciation and amortisation					(681,438)			(2,540,813)

**(b) Secondary Reporting - Business Segments**

The economic entity operated in only one business segment being internet gaming.

**NOTE 3: CONTINGENT LIABILITIES**

There have been no changes in contingent liabilities or contingent assets since the last annual reporting date, 30 June 2007.

**NOTE 4: DIVIDENDS**

No dividends were paid or proposed in the reporting period.

**DIRECTORS' DECLARATION**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**Declaration by Directors**

The directors of the company declare that:

1. The interim financial report, comprising the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) complies with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) gives a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
  
2. In the directors' 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 and is signed for and behalf of the directors of Lasseters Corporation Limited.



**Dato' Jaya JB Tan**  
Chairman



**Peter E Bridge**  
Managing Director

Dated at Brisbane this 5<sup>th</sup> day of February, 2008.

**INDEPENDENT REVIEW REPORT****FOR THE HALF-YEAR ENDED 31 DECEMBER 2007****INDEPENDENT REVIEW REPORT  
TO THE MEMBERS OF LASSETERS CORPORATION LIMITED**

We have reviewed the accompanying half-year financial report of Lasseters Corporation Limited and Controlled Entities (the consolidated entity) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 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 Lasseters Corporation Limited and Controlled Entities, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Lasseters Corporation Limited and Controlled Entities on 5 February 2008 would be in the same terms if provided to the directors as at the date of this auditor's review report.

*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 Lasseters Corporation Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 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.

**INDEPENDENT REVIEW REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**Inherent Uncertainty Regarding Continuation as a Going Concern**

Without qualification to the opinion expressed above, attention is drawn to the following matter.

The interim financial report of Lasseters Corporation Limited has been prepared assuming the company and consolidated entity will continue as a going concern. As disclosed in note 1(a) of the financial report, and having regard to the company's and consolidated entity's losses for the half-year ended 31 December 2007 and the net deficiency of current assets at balance date, the ability of the company and the consolidated entity to correct deficits, maintain the carrying value of assets and continue to meet future financial commitments will depend upon the groups ability to derive sufficient future revenues and profits and the continued financial support of the ultimate parent entity.

In the event the company and the group becomes unable to continue as a going concern, it may be required to realize its assets and extinguish its liabilities at amounts different from those currently stated in the financial report.

**BDO KENDALLS (QLD)**

Chartered Accountants



**P A GALLAGHER**

Partner

Dated at Brisbane this 5<sup>th</sup> day February 2008.