

APPENDIX 4D

Half Year Report to the Australian Securities Exchange

Name of Entity	Marginbet Limited
ABN	95 112 425 788
Half Year Ended	31 December 2007
Previous Corresponding Reporting Period	31 December 2006

Results for Announcement to the Market

	\$ increase /(decrease) over previous corresponding period	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities		
- Continuing operations	(46,429)	(89%)
- Discontinuing operations	(1,419)	(14%)
Loss from ordinary activities after tax attributable to members	1,583,590	2.4%
Net profit for the period attributable to members	1,583,590	2.4%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	
<p>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</p> <p>For an explanation of revenue and profit from continuing operations, see commentary on results included in the accompanying half year report.</p>		

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 (cents per share)	\$0.01	\$0.02

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired.	N/A
Profit / (loss) from ordinary activities after tax 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

Portlandbet Pty Ltd	Marginbet Limited entered into an agreement to dispose of Portlandbet Pty Ltd on 29 January 2008, subject to shareholder approval. Portlandbet Pty Ltd contributed an operating loss after tax of \$1,210,496 (2006 loss: \$690,202) to the consolidated entity.
---------------------	--

Details of Associates and Joint Venture Entities

Name of Entity (or group of entities)	N/A
---------------------------------------	-----

Foreign Entities Accounting Framework


<p>For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards)</p> <p>N/A</p>
--

Audit/Review Status

<p>This report is based on accounts to which one of the following applies:</p> <p>(Tick one)</p>			
The accounts have been audited		The accounts have been subject to review	✓
<p>If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification: N/A</p>			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Half Year Financial Report
2	Audit Review Report

Signed By (Director/Company Secretary)	
Print Name	Mathew Walker
Date	4 March 2008

Marginbet Limited

ABN 95 112 425 788

Half Year Report

for the half year ended 31 December 2007

Contents to Half Year Report

Directors' Report	3
Auditor's Independence Declaration	5
Consolidated Income Statement	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes in Equity	8
Consolidated Cash Flow Statement	9
Notes to the Financial Statements	10
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	10
2. SEGMENT INFORMATION	11
3. ISSUED CAPITAL	12
4. DISCONTINUED OPERATIONS	13
5. SUBSEQUENT EVENTS	14
Directors' Declaration	15
Independent Review Report	16

Directors' Report

The directors of Marginbet Limited submit their report for the half-year ended 31 December 2007.

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Garry Ralston, Director (Appointed 3.12.2007)
Mr Mathew Walker, Chairman, Director, Company Secretary (Appointed 3.12.2007)
Mr Michael Shields, Director (Appointed 5.12.2007)
Mr John Levy (Resigned 3.12.2007)
Mr Robert Drake (Resigned 3.12.2007)
Mr David Gray (Resigned 5.12.2007)

Principal Activities

The principal activity of the consolidated group during the period was internet and telephone sports bookmaking operating under a Sports Bookmaker Licence issued in the Australian Capital Territory.

Review of Operations

Please refer to the information below for a review of operations for the Company during the year.

Results of operations

The consolidated loss of the group for the financial period after providing for income tax amounted to \$1,583,590 (2006: \$1,545,786).

Placements

The Company undertook an Initial Public Offering (IPO) for shares which was completed with the successful listing on the Australian Securities Exchange on 19 September 2007, resulting in the placement of 10,010,000 ordinary shares at \$0.20 each raising A\$2,002,000 before expenses.

Options Issued

Pursuant to the Company's IPO, 5,005,000 options were issued to shareholders taking up shares in the IPO with a strike price of \$0.20 and an expiry date of 18 September 2010.

On 4 December 2007 1,000,000 options were issued with an exercise price of \$0.20 and an expiry date of 4 December 2010.

Acquisition of interest in Christmas Bore Project

On 26 November 2007 the Company announced it had entered into a conditional agreement to farm into two prospecting licenses currently owned by Cazaly Resources Limited. As a consequence the Company has changed its focus to the resources sector.

Discontinuation of gaming operation

The Directors of the Company advised shareholders on 18 December 2007 that gaming operations had been discontinued and the Company will now focus exclusively on its mining interests.

The Company announced on the 3 December 2007 they will be considering proposals for the

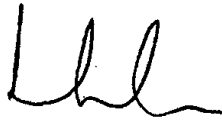
sale of its subsidiary Portlandbet Pty Limited. The subsidiary was sold on 29 January 2008 subject to shareholder approval.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the half year report.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'M Walker', with a stylized flourish at the end.

Mr Mathew Walker
Chairman, Director

4 March 2008



Chartered Accountants
& Business Advisers

4 March 2008

Board of Directors
Marginbet Limited
PO Box Z5223
St George's Terrace
PERTH WA 6831

Dear Directors

INDEPENDENCE DECLARATION

As lead engagement partner for the review of Marginbet Limited for the half-year ended 31 December 2007, 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 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF
Chartered Accountants

D J Garvey
Partner

Tel: 61 3 9603 1700 | Fax: 61 3 9602 3870 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

Liability limited by a scheme approved under Professional Standards Legislation.

PKF is a national association of independent chartered accounting and consulting firms, each trading as PKF. PKF Australia Ltd is also a member of PKF International, an association of legally independent chartered accounting and consulting firms.

Consolidated Income Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated	
		Half year ended 31 Dec 2007	Half year ended 31 Dec 2006
Continuing Operations			
Interest Revenue		5,884	52,313
Employee benefits expense		(113,433)	(113,700)
Finance costs		(1,800)	(33,669)
Audit Fees		(15,418)	-
Consulting Fees		(57,501)	(66,377)
Professional Costs		(76,609)	(30,879)
Legal Fees		(21,311)	(54,530)
Corporate Advisory Fees		-	(600,955)
Marketing		(4,447)	-
Rent		(17,853)	-
Other expenses		(70,606)	(7,787)
(Loss) before income tax expense		(373,094)	(855,584)
Income tax expense		-	-
(Loss) for the period from continuing operations		(373,094)	(855,584)
(Loss) from discontinued operations	4	(1,210,496)	(690,202)
(Loss) attributable to members of the parent entity		(1,583,590)	(1,545,786)
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Member of the parent entity:			
Basic earnings per share		(3.33)	(13.12)
Diluted earnings per share		(3.33)	(13.12)
Continuing operations:			
Basic earnings per share		(0.78)	(7.26)
Diluted earnings per share		(0.78)	(7.26)

Consolidated Balance Sheet

AS AT 31 DECEMBER 2007

		Consolidated	
		31 December 2007	30 June 2007
		\$	\$
Note			
	CURRENT ASSETS		
	Cash and cash equivalents	294,763	556,407
	Trade and other receivables	4,884	4,055
	Other current assets	-	34,320
4	Assets of disposal group classified as held for sale	670,055	-
	TOTAL CURRENT ASSETS	969,702	594,782
	NON-CURRENT ASSETS		
	Property, plant and equipment	-	236,607
	Exploration and evaluation assets	25,000	-
	TOTAL NON-CURRENT ASSETS	25,000	236,607
	TOTAL ASSETS	994,702	831,389
	CURRENT LIABILITIES		
	Trade and other payables	82,304	429,360
	Borrowings	-	50,000
	Provisions	11,898	38,856
4	Liabilities of disposal group classified as held for sale	365,055	-
	TOTAL CURRENT LIABILITIES	459,257	518,216
	TOTAL LIABILITIES	459,257	518,216
	NET ASSETS	535,445	313,173
	EQUITY		
3	Contributed equity	5,705,722	3,902,860
	Retained earnings	(5,387,452)	(3,803,862)
	Reserves	217,175	214,175
	TOTAL EQUITY	535,445	313,173

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Consolidated			
	Share Capital Ordinary	Retained Earnings	Reserves	Total
Note	\$	\$	\$	\$
Balance at 1 July 2006	464,680	(735,686)	69,803	(201,203)
Loss attributable to members of the parent entity	-	(1,533,646)	-	(1,533,646)
Convertible notes issued (reversed)	-	-	(69,803)	(69,803)
Shares issued	657,923	-	-	657,923
Balance at 31 December 2006	1,122,603	(2,269,332)	-	(1,146,729)
Balance at 1 July 2007	3,902,860	(3,803,862)	214,175	313,173
Loss attributable to members of the parent entity	-	(1,583,590)	-	(1,583,590)
Shares issued to Transparence Group	37,500	-	-	37,500
Shares issued pursuant to Initial Public Offering	2,002,000	-	-	2,002,000
Share options issued	-	-	3,000	3,000
Transaction costs (net of tax)	(236,638)	-	-	(236,638)
Balance at 31 December 2007	5,705,722	(5,387,452)	217,175	535,445

Consolidated Cash Flow Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Consolidated	
	Half year ended 31 Dec 2007	Half year ended 31 Dec 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,357,322)	(919,555)
Finance costs	(9,445)	(36,680)
Interest received	14,740	11,588
TOTAL NET CASH USED IN OPERATING ACTIVITIES	(1,352,027)	(944,647)
NET CASH USED IN OPERATING ACTIVITIES- Continuing Operations	(338,475)	(606,907)
NET CASH USED IN OPERATING ACTIVITIES- Discontinued Operations	(1,013,552)	(337,740)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,380)	(65,386)
Payments for exploration activities	(25,000)	-
TOTAL NET CASH USED IN INVESTING ACTIVITIES	(28,380)	(65,386)
NET CASH USED IN INVESTING ACTIVITIES- Continuing Operations	(25,000)	-
NET CASH USED IN INVESTING ACTIVITIES- Discontinued Operations	(3,380)	(65,386)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,802,863	693,120
Repayment of borrowings	(75,000)	-
TOTAL NET CASH USED IN FINANCING ACTIVITIES	1,727,863	693,120
NET CASH PROVIDED BY FINANCING ACTIVITIES- Continuing Operations	652,863	623,370
NET CASH PROVIDED BY FINANCING ACTIVITIES- Discontinued Operations	1,075,000	69,750
Net increase/(decrease) in cash and cash equivalents	347,456	(316,913)
Cash at the beginning of the reporting period	556,407	1,080,781
CASH AT THE END OF THE REPORTING PERIOD	903,863	763,868

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Corporate Information

The financial report of Marginbet Limited for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolutions of directors on 4 March 2008. Marginbet Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The financial report is presented in Australian dollars.

b. Basis of preparation

The half year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 'Interim Reporting Standard'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 "Interim Financial Reporting". The half year financial report does not include 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 as the annual report.

The half year report should be read in conjunction with the financial report for the year ended 30 June 2007 and considered together with any public announcements made by Marginbet Limited during the half year ended 31 December 2007, in accordance with continuous disclosure obligations of the ASX Listing Rules.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

c. Going Concern – Material Uncertainty Regarding Continuation as a Going Concern

The consolidated entity incurred a loss of \$1,583,590 and had a net deficiency in operating cash flows of \$1,352,027 for the half year ended 31 December 2007. Net current assets amounted to \$510,445 at that date.

The consolidated entity's income has been insufficient to service its operating expenses in the period ended 31 December 2007. The net deficiency in operating cash flows for the half year ended 31 December 2007 was funded out of the Company's working capital and capital raisings.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The directors are satisfied that the going concern basis of preparation is appropriate as they expect the consolidated entity to be in a position to meet its cash requirements from the date of signature by the directors of this half year financial report to the date of the directors signature of the next financial report being and for a period of not less than 12 months between these dates for the following reasons:

- Prior to 31 December 2007, the Company announced that it was ceasing the operating activities of Portlandbet Pty Ltd and was investigating options for the disposal of Portlandbet Pty Ltd.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

- The Directors expect that ceasing the operating activities of Portlandbet Pty Ltd will significantly reduce the Company's operating losses and net deficiency in cash flows.
- Subsequent to the 31 December 2007, the Company entered into an Agreement to dispose of its wholly owned subsidiary, Portlandbet Pty Ltd and focus its activities solely on the mining sector by acquiring a 20 percent interest in the Christmas Bore Project. The disposal of Portlandbet Pty Ltd is subject to shareholder approval. The consideration to be received if this transaction is approved is \$55,000 plus the return of \$250,000 in cash deposits held by Portlandbet Pty Ltd at 31 December 2007, which is recorded as an Available for Sale asset.
- The Company also plans to complete a placement of shares to raise additional capital of up to \$3 million, with a minimum of \$2 million, subsequent to obtaining shareholder approval to dispose of Portlandbet Pty Ltd. Approval for the issue of shares under the placement is being sought from shareholders in a General Meeting to be held on the 28 March 2008. The Directors have outlined an indicative timetable for completion of the capital raising by 11 April 2008, as outlined in the recent Notice of General Meeting announced to the ASX on 25 February 2008.

Based on the above, the financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the consolidated entity and the parent entity be unable to continue as a going concern, they may be required to realise their assets and extinguish their liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity and the parent be unable to continue as a going concern.

2. SEGMENT INFORMATION

Segment information is not provided as the Company operates in one business and geographic segment.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

3. ISSUED CAPITAL

	Consolidated			
	As at 31 Dec 07	As at 30 Jun 07		
	Number	Number		
Fully paid ordinary shares	52,107,063	41,347,063		
	<u>52,107,063</u>	<u>41,347,063</u>		
	Half year ended 31 Dec 07		Year ended 30 Jun 07	
	Number	\$	Number	\$
Ordinary shares				
Balance at beginning of period	41,347,063	3,902,860	9,841,600	464,680
Shares issued via placements	-	-	19,433,400	1,738,837
Conversion of convertible notes	-	-	12,072,063	1,744,543
Shares issued on 19 September 2007 pursuant to prospectus	10,010,000	2,002,000	-	-
Shares issued 4 December pursuant to initial public offering prospectus dated 22 June 2007	750,000	37,500	-	-
Transaction costs on shares issued	-	(236,638)	-	(45,200)
Balance at end of financial period	<u>52,107,063</u>	<u>5,705,722</u>	<u>41,347,063</u>	<u>3,902,860</u>
Share Option Reserve		\$		\$
Balance at beginning of period		214,175		-
1,000,000 Options issued (2006: 2,750,000 options issued)		3,000		214,175
Balance at end of financial period		<u>217,175</u>		<u>214,175</u>

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

4. DISCONTINUED OPERATIONS

On 3 December 2007, the Company announced its decision to dispose of its wholly owned subsidiary Portlandbet Pty Ltd, thereby discontinuing its operations in the consolidated group.

Portlandbet Pty Ltd was sold on the 29 January 2008, subject to shareholder approval.

The financial performance of the discontinued operation, which is included in the consolidated income statement is as follows:

	Portlandbet Pty Ltd	
	31 December 2007	31 December 2006
	\$	\$
Interest Revenue	8,856	10,275
Employee benefits expense	(458,394)	(320,946)
Depreciation expense	(47,230)	(29,951)
Finance costs	(218)	(2,912)
Consulting Fees	(13,479)	-
Professional Costs	(18,369)	(6,240)
Communications	(40,054)	(39,609)
Computer Related Consumables	(4,689)	(9,251)
Legal Fees	(750)	(3,609)
Corporate Advisory Fees	-	-
Gross Bookmaking Loss	(110,300)	(50,518)
Marketing	(89,613)	(132,303)
Impairment Loss	(144,090)	-
Other expenses	(292,166)	(105,138)
Expenses	(1,219,352)	(700,477)
Loss before tax from discontinued operations	(1,210,496)	(690,202)
Loss from discontinued operations after tax	(1,210,496)	(690,202)

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

The net cash flows of the discontinuing subsidiary with have been incorporated into the statement of cash flows are as follows:

	Portlandbet Pty Ltd	
	31 December 2007	31 December 2006
	\$	\$
Net cash inflow/(outflow) from operating activities	(1,013,552)	(337,740)
Net cash inflow/(outflow) from investing activities	(3,380)	(65,386)
Net cash inflow/(outflow) from financing activities	1,075,000	69,750
Net cash increase in cash generated by the discontinuing subsidiary	<u>58,068</u>	<u>(333,376)</u>

	31 December 2007
	\$
Assets of Discontinued Operation	
Cash and cash equivalents	609,100
Trade and other receivables	12,286
Property, plant & equipment	48,669
Total assets of discontinued operation	<u>670,055</u>
Liabilities of Discontinued Operation	
Trade and other payables	363,106
Provisions	1,949
Total liabilities of discontinued operation	<u>365,055</u>
Net Assets of Discontinued Operation	<u>305,000</u>

On 29 January 2008 the Company advised they had entered into a binding Sale Agreement for the disposal, subject to shareholder, of its wholly owned gaming subsidiary Portlandbet Pty Ltd.

Consideration for the sale of Portlandbet Pty Ltd is the sum of \$55,000 cash. In addition the purchaser is required to pay Marginbet Limited the sum of \$250,000, being an amount equivalent to the bond paid to the ACT Gaming and Racing Commission.

Pursuant to the terms of the Sale Agreement, the purchaser assumed all operating expenses and liabilities as at 29 January 2008.

5. SUBSEQUENT EVENTS

On 29 January 2008, Portlandbet Pty Ltd was sold subject to shareholder approval. Refer to Note 4. Discontinued Operations for further information.


Directors' Declaration

In accordance with a resolution of the directors of Marginbet Limited, I state that:

In the opinion of the directors of Marginbet Limited:

- (a) the accompanying financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001 give a true and fair view of the consolidated entity's financial position as at 31 December 2007, and the performance for the half-year ended on that date; and comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) at the date of this declaration, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'M Walker', written in a cursive style.

Mr Mathew Walker
Chairman, Director

4 March 2008



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MARGINBET LIMITED

We have reviewed the accompanying half-year financial report of Marginbet Limited ('Marginbet'), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Marginbet and the entities it controlled at 31 December 2007 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of Marginbet 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 Marginbet'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 Marginbet, 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.

Tel: 61 3 9603 1700 | Fax: 61 3 9602 3870 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

Liability limited by a scheme approved under Professional Standards Legislation.

PKF is a national association of independent chartered accounting and consulting firms, each trading as PKF. PKF Australia Ltd is also a member of PKF International, an association of legally independent chartered accounting and consulting firms.

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 Marginbet 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.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying the conclusion above, we draw attention to Note 1(c) in the half year financial report. The consolidated entity has incurred losses of \$1,583,590 and has a net deficiency in operating cash flows of \$1,352,027 for the half year ended 31 December 2007. Net current assets at that date amount to \$510,445.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at the amounts that differ from those stated in the financial report.



PKF
Chartered Accountants



D J Garvey
Partner

4 March 2008
Melbourne