

Marginbet Limited ABN 95 112 425 788

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18 January 2008

Australian Stock Exchange
Companies Announcement Centre
20 Bond Street
Sydney NSW 2000

Dear Sir/Madam,

QUARTERLY REPORT

Please find attached a consolidated statement of cash flows for Marginbet Limited (the 'Company') for the December quarter. Please note that cash as at 31 December 2007 of \$904,000 is inclusive of \$206,000 of client funds held by the Company for which it is not the beneficial owner. Net cash available to the Company as at 31 December 2007 was \$698,000. Further, payables at this date were \$239,000.

Portlandbet Pty Ltd has ceased operations and ongoing financial commitments are now limited to rent, the General Manager's wage, and software commitments. These total approximately \$15,000 per month.

At this time the Company is in advanced discussions with a potential buyer of the Portlandbet business, although consideration for a prospective sale of this business is not deemed to be material.

For further information, please contact me on 08 9223 9894.

Kind Regards,

A handwritten signature in black ink, appearing to read "Mathew Walker". The signature is written in a cursive, slightly slanted style.

Mathew Walker
Chairman

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

MARGINBET LIMITED

ABN

95 112 425 788

Quarter ended ("current quarter")

31 DECEMBER 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	727	1,232
a		
1.1 Payments to customers	(873)	(1,452)
b		
1.2 Payments for		
(a) staff costs	(340)	(599)
(b) costs of bookmaking	(69)	(121)
(c) advertising and marketing	(34)	(58)
(d) Consultant fees	(0)	(39)
(e) professional fees	(19)	(100)
(f) other working capital	(120)	(249)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	14
1.5 Interest and other costs of finance paid	0	(2)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(723)	(1,374)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(723)	(1,374)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(2)	(4)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid to other entities	0	(50)
1.13 Other (provide details if material)		
Net investing cash flows	(2)	(54)
1.14 Total operating and investing cash flows	(725)	(1,428)
1.15 Cash flows related to financing activities		
Proceeds from issues of shares, options, etc.	0	2,002
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (Share issue expenses)	(9)	(216)
Net financing cash flows	(9)	1,786
Net increase (decrease) in cash held	(734)	358
1.21 Cash at beginning of quarter/year to date	1,645	556
1.22 Exchange rate adjustments to item 1.21	(7)	(10)
1.23 Cash at end of quarter	904*	904

* \$205,899 of this amount relates to client funds held by Marginbet Limited.

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	15
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions Payments of directors fees and superannuation	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	644	1,385
4.2 Deposits at call	260	260
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	904*	1,645

* \$205,899 of this amount relates to client funds held by Marginbet Limited.

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 18 January 2008
 (Director/Company secretary)

Print name:

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a)- policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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