Sportingbet Plc

Preliminary Results for the year ended 31 March 2003 and Results for the three months ended 30 June 2003

Highlights for the year ended 31 March 2003

- Turnover of £1,150.3m (2002: £991.5m).
- Gross profit of £74.1m at 6.4% of turnover (2002: £60.3m at 6.1%).
- Operating profit of £14.6m (2002: £14.3m) before amortisation of goodwill of £9.6m (2002: £6.3m) and exceptional costs of £1.4m (2002: £1.5m).
- Profit before tax of £1.4m (2002: £5m) after finance costs, amortisation of goodwill and exceptional costs.
- Earnings per share pre exceptional costs and goodwill of 7.1p (2002: 8.7p).
- Cash inflow in respect of EBITDA of £14.7m (2002: £14.7m), with £20.1m (2002: £21.5m) of cash and cash deposits on the balance sheet.

Highlights for the three months ended 30 June 2003

- Turnover of £256m (2002: £248.1m).
- Gross profit of £14.1m at 5.5% of turnover (2002: £13.3m at 5.4%).
- Operating profit of £1.4m (2002: £1.4m) before amortisation of goodwill of £1.7m (2002: £2.4m). Loss before tax of £0.9m (2002: £1.5m).

Business highlights

- Strong growth in customer base, from 558,587 as at 31 March 2002 to 882,971 as at 31 March 2003 and 979,972 as at 30 June 2003.
- Integration of Sportsbook and Sporting Odds both complete.
- Material improvement in trading performance of European Region.
- As announced separately today the earn out of IOE has been successfully rescheduled and the Company’s banking facilities are in place.
- Earn Out of Number One Betting Shop complete.

Sportingbet Plc Chairman, Peter Dicks said:

“This has been a challenging year for the Group in which we have faced and largely overcome a number of issues. Notwithstanding this, the Company has delivered good growth in revenue and solid profitability. Having completed the integration of the businesses previously acquired, all parts of the Group are now trading profitably. With the earn out in Australia now complete, the earn out of Sportsbook successfully rescheduled, bank facilities in place, the Convertible Loan Stock being repaid imminently, and a solid first quarter behind us, the Board looks forward to the future with confidence.”

Financial Results

Year ended 31 March 2003

Turnover for the 12 months ended 31 March 2003 was £1,150.3m (2002: £991.5m), with gross margin of £74.1m (2002: £60.3m), at 6.4% of turnover (2002: 6.1%). Turnover for the year comprised £950.3m on sports betting (2002: £856.8m), £184.7m on casino betting (2002: £124.5m) and £15.3m from sports and casino "white label" services (2002: £10.2m).

The gross margin on sports betting was £54.8m (2002: £47.5m), on casino betting £4.0m (2002: £2.6m) and on services £15.3m (2002: £10.2m). This represented 5.8%, 2.2% and 100% of their turnovers (2002: 5.5%, 2.0% and 100%).

Administration costs, before amortisation of goodwill and exceptional costs, of £59.5m (2002: £46.0m) represented 5.2% of turnover (2002: 4.6%). Major items of administration costs were: marketing £12.9m (2002: £10.9m), information technology £9.4m (2002: £6.7m), banking fees £13.6m (2002: £9.7m) and employee costs £11.0m (2002: £7.2m). Of the increase in administration costs of £13.5m, £2.8m arose from the acquisition of Sporting Odds in July 2002 and £6.6m from the full year impact of Sportsbook acquired in July 2001.

Operating profit before goodwill and exceptional costs was £14.6m (2002: £14.3m), representing 1.3% of turnover (2002: 1.4%). After charging exceptional costs of £1.4m (2002: £1.5m), amortisation of goodwill of £9.6m (2001: £6.3m), and net finance costs of £2.2m (2002: £1.5m), profit before tax was £1.4m (2002: £5.0m). The exceptional costs relate principally to the write-off of a court imposed Australian bad debt, which is the subject of an appeal.

Included within finance costs of £2.2m is a non cash charge of £1.5m (2002: £1.0m) arising from the discounting of future earn out liabilities back to current values in accordance with UK accounting standard FRS7.

Earnings per share pre exceptional costs and goodwill was 7.1p per share (2002: 8.7p). After taking account of exceptional costs and goodwill, earnings per share was 0.8p (2002: 3.4p).

The Group generated operating cash inflows in respect of EBITDA of £14.7m (2002: inflow of £14.7m) and as at 31 March 2003 the Group had £20.1m (2002: £21.5m) of cash and cash deposits on its balance sheet.

The balance sheet as at 31 March 2003 has been presented as if the earn out obligations with the vendors of Sportsbook and the completion of the Australian earn out had happened at that date. The principal balance sheet items affected by this presentation are goodwill and shares to be issued. As these obligations were denominated in US$ and AUS$ respectively and contain equity consideration, the year on year movement in exchange rates and the Company's share price have also affected the balance sheet movement.

Fourth quarter to 31 March 2003

Turnover for the three months ended 31 March 2003 was £301.5m (2002: £345.9m), with gross margin of £20.0m (2002: £21.8m), at 6.6% of turnover (2002: 6.3%).

Turnover for the three months ended 31 March 2003 comprised £244.3m on sports betting (2002: £296.6m), £53.6m on casino betting (2002: £45.1m) and £3.6m from sports and casino "white label" services (2002: £4.2m). The fall in sports turnover reflects both the Group's exit from the Asian and Australian wholesale markets and the adverse movement in the £/US$ exchange rate.

The gross margin on sports betting was £15.1m (2002: £16.8m), on casino betting £1.3m (2002: £0.8m) and on services £3.6m (2002: £4.2m). This represented 6.2%, 2.4% and 100% of their turnovers (2002: 5.7%, 1.8% and 100%).

Administration costs, before amortisation of goodwill and exceptional costs, of £16.0m (2002: £15.6m) represented 5.3% of turnover (2002: 4.5%). Major items of administration costs were: marketing £3.4m (2002: £3.6m), information technology £2.6m (2002: £2.0m), banking fees £3.6m (2002: £3.7m) and employee costs £2.7m (2002: £3.0m).

Operating profit before goodwill and exceptional costs was £4.0m (2002: £6.2m), representing 1.3% of turnover (2002: 1.8%). The loss before tax was £0.4m (2002: profit of £1.8m) after deducting exceptional costs of £1.4m (2002: £0.5m), goodwill amortisation of £2.4m (2002: £2.7m) and net finance costs of £0.6m (2002: £1.2m). Included within finance costs of £0.6m is a non cash charge of £0.4m (2002: £1.0m) arising from the discounting of future earn out liabilities back to current values in accordance with UK accounting standard FRS7.

Review of Operations

In the twelve months to 31 March 2003, customer numbers increased from 558,587 to 882,971. Of this increase, 260,851 customers were gained from organic growth and 63,533 through the acquisition of Sporting Odds at the end of July 2002.

Region	31 Mar 03	31 Mar 02
AMER	644,349	468,429
EMEA	201,514	54,884
AA	37,108	35,274
Total	882,971	558,587

AMERICA (AMER)

In the twelve months ended 31 March 2003 Sportingbet's American business made good progress. The integration of Sportsbook into Sportingbet was completed on 1 July 2002 and since then the business has operated under one management structure and a single software platform. The integration was completed without business disruption and has yielded savings in labour and infrastructure costs in line with the targets set out when Sportsbook was acquired.

Customer numbers increased by 175,920 (38%), through organic marketing activities. The number of sports bets placed increased by 6.2m to 17.4m (2002: 11.2m). Of this increase, 2.5m can be attributed to the full year effect of the acquisition of Sportsbook and 3.7m from organic activities. The increase in the number of bets placed reflects both the increase in customer numbers and a widening of product offered. The average bet size remained relatively stable at $59 (£37) (2002: $60) as has the gross margin from sports bets at 6.7% (2002: 6.9%).

In addition to its core sports product, the gross margin from the Group's US facing casino business and white label fee income made good progress. The gross margin on own label casino activities was £2.2m (2002: £1.6m) and the gross margin on fee income was £15.3m (2002: £10.2m). The cost of taking a bet, represented by total operating costs divided by the number of sports bets placed, fell to £2.32 per bet, (2002: £2.57). This fall reflects the integration savings referred to above and the scaling of the cost base as volumes increase. The reduction was less than anticipated, reflecting the increase in unit banking costs during the 12 months ended 31 March 2003.

Historically, customers in the US online gaming market have used their credit cards as the primary means of depositing funds with online gaming companies. During the year the processing of such cards was unexpectedly more difficult as a result of a number of US banks suspending the processing of online gaming transactions. This restricted supply into the US market caused the cost of processing to rise by 30 per cent between November 2002 and January 2003. Since then, Sportingbet has been developing a number of new payment channels which are more cost effective and less dependent upon credit cards.

Sportingbet uses a third party software product from World Gaming Plc for its US facing business. Subsequent to the end of the financial year, Sportingbet has enhanced its close working relationship with World Gaming. Sportingbet has made a $1m loan to World Gaming for the purposes of securing additional hardware, and now has a 29.9% equity interest in the company, together with a convertible note 2006 which, if converted, would give Sportingbet a total interest of 39.4%. The hardware loan, which is repayable over the next twelve months and 16% of the 29.9% equity interest have together been financed through the issue of US$3.5m non interest bearing loan notes repayable in January 2007. World Gaming Plc will be accounted for as an associate company in the current financial year ending 31 March 2004.

EUROPE, MIDDLE EAST AND AFRICA (EMEA)

The twelve months ended 31 March 2003 represent a watershed year for the Group's European business. Historically this region has been a loss making part of the Group. Following the acquisition of Sporting Odds in July 2002, together with the introduction of a wide range of new products, the penetration into new markets and increased penetration into existing markets, Sportingbet's business in Europe has expanded significantly and was profitable in the three months to 31 March 2003, despite the poor margins earned at the UK Cheltenham racing festival in March 2003.

Customer numbers in the European region have risen by 146,630 (267%). Of this increase, 63,533 arose from the acquisition of Sporting Odds in July 2002 and 83,097 from organic marketing activities. The number of sports bets placed increased by 2.7m to 4.4m. Of this increase, 1.2m came from the acquisition of Sporting Odds in July 2002 and 1.5m from organic activities. The average bet size fell during the period to £22 (2002: £52). This reduction reflects the penetration into new lower staking markets. The gross margin percentage from sports bets, after charging UK betting tax has increased by 1.3% to 5.5%, reflecting the scale change in the region's business.

In addition to its core sports product the European business has progressively introduced a broad range of casino and gaming products. Gross margin from these products has risen by £1.2m to £1.8m. In line with the increase in scale of the region's business, the cost of taking a bet has fallen to £2.15 (2002: £3.50) and is now the lowest in the Group reflecting both the region's developed regulatory environment and its mature supply base.

AUSTRALIA AND ASIA (AA)

The Board has consistently taken a cautious approach to trading in Asia. The gross margin in this region is now being derived through retail customers rather than using wholesale agents. The Board is confident that this customer strategy will now deliver a solid and profitable business in this region.

In the twelve months ended 31 March 2003 Sportingbet's business in Australia has been disappointing. The industry in this region revolves predominantly around horse racing. A long and sustained drought during the peak season led to a reduction in the number of horses racing and an increase in the predictability of outcome. Accordingly, horse racing margins for all operators in the market were lower than the long term average. Furthermore, in January 2002 Sportingbet relocated its business onshore into a regulated and tax paying environment in Darwin, which has further reduced gross margin.

Customer numbers in the Australian region have risen by 1,834 (5.2%), all from organic marketing activities. During the year Sportingbet exited from the wholesale business in the region and closed a number of accounts. On a like for like basis, customer numbers have risen by 2,934 (8.3%). The number of sports bets placed increased by 0.2m to 0.8m.

The average bet size fell during the period to AUS$620 (2002: $1,098), reflecting the exiting from wholesale business. The gross margin percentage from sports bets also fell to 3.3% (2002: 4.1%). This reduction reflects both the effect of the drought and our relocation to a betting tax paying location. The cost of taking a bet has, however, fallen to £6.33 (2002: £10.15).

The Board believes that the cultural environment for sports betting in Australia is changing and that there is now a marked acceptance of the Internet as a channel for betting. The Group's Internet product was launched in June 2003. To date Sportingbet's business in the region has been telephone based and the key performance indicators of the region reflect this.

Financing

As separately announced today, the Company's earn out obligations with the vendors of Sportsbook.com have been successfully rescheduled. In addition, Barclays Bank PLC has agreed to provide the Company with a £10 million revolving term loan facility, repayable by 31 March 2005, and to extend the Company's overdraft facility to £10.5 million. The Company's £6.5m Group Convertible Loan Stock is redeemable on 27 July 2003. Accordingly, the Company will redeem the Loan Stock on the next business day, being Monday 28 July 2003.

Regulatory Developments

During the year there has been considerable discussion in the UK regarding the regulation and modernisation of its gambling legislation. The Board welcomes the changes which it believes to be encouraging for Sportingbet. Specifically, the paper from the Department of Culture Media and Sport "The Future Regulation of Remote Gambling" addresses the area of the regulation of remote gambling for licensed UK companies wherein it is proposed that properly licensed UK operators can accept bets from remote (i.e. non UK) locations. The paper and the draft Gambling Bill recently published confirm the UK Government's previously stated policy of regulation, taxation and encouragement for the UK to become a leading jurisdiction for the industry.

Elsewhere within the European Union some countries are attempting to follow a protectionist approach. In January 2003 the District Court in Arnhem, Holland, ruled against two non Dutch based companies in the industry, ordering them to block customers in Holland from placing sports fixed odds bets. This decision is being appealed. The decision was in support of the Dutch Government's sole, monopolistic sports betting licence granted to De Lotto. Further, the Danish Government enacted legislation in March 2003 which provides that bets cannot be accepted from Danish citizens without a Danish licence being granted to such providers. In contrast to these protectionist developments, in March 2003 Advocate-General Gambelli of the European Court of Justice ruled in a gaming-related matter that the only justification for individual countries to place restrictions on the EU principle of the freedom to provide services is where fundamental national interests such as public policy, public health or state security apply. The Board believes that such a ruling calls into question the current positions in Holland and Denmark and continues to monitor developments with interest.

The regulatory debate in the US has continued to be active. During the year, Sportingbet conducted an extensive lobbying campaign designed to set out the merits of a liberal but regulated environment. This campaign continues to attract interest from politicians. At the end of the 107th Congress in the Autumn of 2002 a Bill by Representatives Conyers and Cannon was introduced, designed to create a commission to resolve how to regulate internet gambling. This was the first time that permissive legislation at a Federal level has been considered in the US. A number of individual States have also begun to explore how they might regulate the industry within their State in order to raise taxation revenues. In contrast, at the outset of the 108th Congress, in the Spring of 2003, a Bill by Representative Bachus aimed at outlawing the use of US financial instruments for the purposes of internet gambling was introduced. This latter Bill, which does not currently contain any civil or criminal penalties, passed through the House of Representatives in June 2003. The progress of this Bill and a sister Bill through the Senate is far from clear. The Board believes that the overall position remains one of uncertainty and that the debate is likely to continue throughout the current financial year.

In contrast, the established regulatory framework for sports betting in Australia has been stable. Regulated licences in Australia do not allow casino and gaming products to be provided to Australian citizens and the current position with regard to the provision of an internet betting exchange is unclear. As part of its previously stated policy, the Government is to review the regulatory framework for the industry in 2003. The position with regard to online casinos, exchanges and other matters is expected to be included within this review. The Board anticipates that this review will permit an expanded product offering to Australian citizens.

In Asia, the regulatory framework continues to vary by country. Hong Kong has followed a largely protectionist approach. A bill to legalise soccer betting in Hong Kong was passed on 10 July 2003 providing an exclusive licence to be issued to the Hong Kong Jockey Club. The Board will monitor the effectiveness of such an approach with interest. In Thailand, after a year long study, a government advisory body has recently concluded that, whilst it recognised that its citizens gamble, circumstances were not yet appropriate to regulate the industry within Thailand. By contrast, the Philippines have recently announced that Internet gaming licenses are now available from a Special Economic Zone in their country.

3 months ended 30 June 2003

Turnover for the three months to 30 June 2003 was £256.0m (2002: £248.1m). The three months ended 30 June 2002 included the World Cup 2002. Gross profit was £14.1m (2002: £13.3m), representing 5.5% of turnover (2002: 5.4%). Turnover for the three months ended 30 June 2003 comprised £193.8m on sports betting (2002: £208.6m), £59.4m on casino betting (2002: £35.4m) and £2.8m (2002: £4.1m) from sports and casino “white label” services.

The gross margin on sports betting was £9.4m (2002: £8.4m), on casino betting £1.9m (2002: £0.9m) and on services £2.8m (2002: £4.1m). This represented 4.9%, 3.2% and 100% of their respective turnovers (2002: 4.0%, 2.5% and 100%).

Administration costs, before amortisation of goodwill and exceptional costs, of £12.7m (2002: £11.9m) represented 5.0% of turnover (2002: 4.8%). Major items of administration costs were: £2.7m of marketing (2002: £2.7m), £2.0m of information technology costs (2002: £1.7m), £2.8m of banking fees (2002: £2.3m) and £2.5m of employee costs (2002: £2.7m).

Operating profit before goodwill was £1.4m (2002: £1.4m) representing 0.5% of turnover (2002: 0.6%). The loss before tax was £0.9m (2002: £1.5m) after deducting goodwill amortisation of £1.7m (2002: £2.4m) and net finance costs of £0.6m (2002: £0.5m) which includes £0.4m (2002: £0.4m) of non cash consideration in accordance with UK accounting standard FRS7.

In the three months ended 30 June 2003, customer numbers increased from 882,971 to 979,972. All of this increase was gained from organic growth.

CUSTOMER NUMBERS					
Region	31 Mar 03	30 Jun 03		30 Mar 02	30 Jun 02
AMER	644,349	681,222		468,429	503,220
EMEA	201,514	261,039		54,884	73,568
AA	37,108	37,711		35,274	31,423
Total	882,971	979,972		558,587	608,211

AMER

Customer numbers have risen by 36,873 (5.7%) all of whom were gained from organic marketing activities. Despite a higher customer base, the number of sports bets placed remained static at 3.1m. This reflects the fact that the US baseball season this year has had the lowest US television ratings since 1981 as a result of the more popular teams exiting the main competitions at an early stage, and to a lesser extent, the year on year impact of the 2002 World Cup in Korea and Japan. Conversely the loss of the favoured baseball teams has had a beneficial effect on margin with the gross margin percentage from sports bets increasing to 5.6% (2002: 5.0%). Business integration cost savings reduced the cost of taking a bet to £2.46 (2002: £2.70). The average bet size remained relatively stable at $57 (2002: $60). Casino margin and fee income levels reduced to £3.2m (2002: £3.8m) as a result of the generally lower betting activity.

In the three months ended 30 June 2003 Sportingbet's American business has put in place a number of new initiatives. The Group's close working relationship with World Gaming has enabled a number of new product initiatives such as horse racing, poker, bingo and a new casino to be developed, along with important new technology to improve the processing of customer funds. These new initiatives are expected to be launched in August, placing the business in a good position for the forthcoming busy season.

The new payment channels being developed by the Group have progressed further in the three months ended 30 June 2003 and are on target to be launched prior to the busy season. Developments to date have resulted in a reduction in bank charges which have fallen to 1.1% of turnover in the three months ended 30 June 2003 from 1.3% in the previous six month period.

At the end of the three months ended 30 June 2003, Sportingbet has, as part of the settlement of its earn out obligations, acquired for a nominal sum the ownership of certain casino websites previously operated under a white label management agreement with the vendors of Sportsbook.com. Following this change and reflecting the generally accepted accounting policy within the industry, Sportingbet will now account for the turnover of its entire casino business on a net win basis rather than its previous policy of stating turnover on a bets placed basis. The impact of these changes will cause a net reduction in turnover of the casino business, but an increase in the Group's gross margin percentage. If this policy had been in place for the three months ended 30 June 2003, there would not have been any impact upon the profitability of the Group.

EMEA

Sportingbet's European business has continued to progress well and has been profitable for the quarter. Customer numbers have increased by 59,525 (29%) all of which have arisen through organic growth. This increase compares to an increase of 18,684 in the three months ended 30 June 2002. The number of sports bets placed increased by 1.25m to 1.7m. The average bet size has fallen to £20 (2002: £26). This reduction reflects the effect of the World Cup in 2002. The gross margin percentage from sports bets, after charging UK betting tax, was relatively stable at 5.8% (2002: 6.1%). The region continues to make strong progress in its casino and gaming products with gross margin increasing to £1.4m (2002: £0.1m). In line with the change in scale, the cost of taking a bet has fallen to £1.86 (2002: £4.03). The cost per bet in the European region is the lowest in the Group.

AA

The Board is pleased to report that gross margin in its Australian business has improved and that the region has delivered a solid first quarter. Sportingbet's new internet platform in Australia was launched in June and progress to date has been encouraging. The Board believes that it now has an industry leading product into the region and looks forward to developing this new business opportunity further as Australian customers continue to migrate from telephone betting to internet betting.

Customer numbers in the Australian region have increased by 603 (2%), all from organic marketing activities. The number of sports bets placed increased by 0.1m to 0.24m. The average bet size has fallen during the period to AUS$590 (2002: $880), reflecting the final quarter of the exiting from wholesale business. The gross margin percentage from sports bets after tax increased to 3.2% (2002: 2.8%). The cost of taking a bet has fallen to £4.52 (2002: £7.64).

Outlook

Sportingbet approaches the future with confidence. All regions of the Group are trading profitably, the Number One Betting Shop earn out has been completed, the IOE earn out has been rescheduled and new banking facilities are in place. The Board's focus is now firmly on developing the business it has built over the last three years, maximising organic growth and reducing its debt in a timely manner through the delivery of solid profitability.

The Board believes that the online sports betting and gaming industry has now entered a new phase of development wherein the larger players are becoming more successful having achieved critical mass and profitability, whilst a number of smaller players are ceasing to trade. The Board believes that as a result of its profitability, its sound business practices and its position as the leading worldwide provider, Sportingbet is well placed to capitalise on the organic growth opportunities that this provides.

Further Enquiries

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Sportingbet Plc
Unaudited Consolidated Profit and Loss Account
Twelve months ended 31 March 2003

	Notes	3 months 31 Mar 2003 £m	**12 months 31 Mar 2003 £m**	12 months 31 Mar 2002 £m
TURNOVER	2	301.5	**1,150.3**	991.5
Cost of sales		(281.5)	**(1,076.2)**	(931.2)
GROSS PROFIT		**20.0**	**74.1**	**60.3**
Gross profit %		**6.6%**	**6.4%**	**6.1%**
Exceptional costs		(1.4)	**(1.4)**	(1.5)
Goodwill amortisation		(2.4)	**(9.6)**	(6.3)
Other administration expenses		(16.0)	**(59.5)**	(46.0)
Total administration expenses		(19.8)	**(70.5)**	(53.8)
Group operating profit before exceptional costs and goodwill amortisation		4.0	**14.6**	14.3
Exceptional costs		(1.4)	**(1.4)**	(1.5)
Goodwill amortisation		(2.4)	**(9.6)**	(6.3)
GROUP OPERATING PROFIT		0.2	**3.6**	6.5
Finance costs	3	(0.6)	**(2.2)**	(1.5)
PROFIT/(LOSS) BEFORE TAXATION		(0.4)	**1.4**	5.0
Taxation		0.1	**-**	-
PROFIT/(LOSS) AFTER TAXATION		(0.3)	**1.4**	5.0
Minority Interest		-	**-**	-
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		(0.3)	**1.4**	5.0
EARNINGS PER ORDINARY SHARE		(0.2)p	**0.8p**	3.4p
ADJUSTED EARNINGS PER SHARE (PRE EXCEPTIONALS AND GOODWILL)		2.0p	**7.1p**	8.7p
EBITDA PER SHARE		1.7p	**8.4p**	9.9p
FULLY DILUTED EARNINGS PER SHARE		(0.1)p	**0.5p**	3.2p

All amounts relate to continuing activities

Sportingbet Plc

Unaudited Consolidated Balance Sheet
As at 31 March 2003

	Notes	31 March 2003 £'000	31 March 2002 £'000
FIXED ASSETS			
Intangible fixed assets – goodwill		125.1	184.2
Tangible assets		4.3	3.1
		129.4	187.3
CURRENT ASSETS			
Debtors	4	9.8	7.5
Cash at bank and in hand		20.1	21.5
TOTAL CURRENT ASSETS		29.9	29.0
CREDITORS:			
Amounts falling due within one year		18.5	20.0
Convertible loan notes		9.0	3.5
NET CURRENT ASSETS		2.4	5.5
TOTAL ASSETS LESS CURRENT LIABILITIES		131.8	192.8
CREDITORS:			
Amounts falling due after more than one year		0.1	-
Provisions for liabilities and charges		43.3	48.3
Convertible loan notes		-	13.6
NET ASSETS		88.4	130.9
CAPITAL AND RESERVES			
Called up share capital		0.2	0.2
Shares to be issued		29.5	87.6
Share premium		48.6	43.2
Other reserves		13.8	5.1
Profit and loss account		(3.7)	(5.2)
SHAREHOLDERS' FUNDS – EQUITY		88.4	130.9
Minority Interests		-	-
		88.4	130.9

Sportingbet Plc
Unaudited Consolidated Cash Flow statement
Twelve months to 31 March 2003

	12 months ended 31 March 2003 £'000	12 Months ended 31 Mar 2002 £'000
Cash inflow in respect of EBITDA	14.7	14.7
Net working capital movement	(5.4)	2.5
Net cash inflow from operating activities	9.3	17.2
Returns on investment and servicing of finance	(0.6)	(0.4)
Taxation	-	-
Capital expenditure	(1.9)	(1.9)
Acquisitions	(8.0)	(12.9)
CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND BEFORE FINANCING	(1.2)	2.0
Management of liquid resources	(6.0)	(4.8)
Financing	(0.1)	7.3
(DECREASE)/ INCREASE IN CASH IN THE PERIOD	(7.3)	4.5
RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS		
(Decrease)/ Increase in cash in the period	(7.3)	4.5
Cash outflow from increase in liquid resources	6.0	4.8
Cash outflow from decrease in debt	10.5	5.2
MOVEMENT IN NET FUNDS RESULTING FROM CASH FLOWS IN PERIOD	9.2	14.5
Loan notes issued to fund acquisition	(2.5)	(15.6)
Movement in net funds in period	6.7	(1.1)
Net funds at start of period	4.4	5.5
NET FUNDS AT END OF PERIOD	11.1	4.4

Sportingbet Plc
Notes for the twelve months to the 31 March 2003

1. Consolidated statement of total recognised gains and losses

	12 months to 31 Mar 2003	12 months to 31 Mar 2002
	£'000	£'000
Profit for financial year	**1.4**	5.0
Exchange translation differences on consolidation	**0.1**	-
Total recognised gains for the financial year	**1.5**	5.0

2.	3 months to 31 Mar 2003	**12 months to 31 Mar 2003**	12 months to 31 Mar 2002
a) Analysis of revenue by activity	£'000	**£'000**	£'000
Sports Betting	244.3	**950.3**	856.8
Casino Betting	53.6	**184.7**	124.5
Fee Income	3.6	**15.3**	10.2
	301.5	**1,150.3**	991.5
b) Analysis of revenue by region			
AMER	189.7	**763.6**	573.5
EMEA	60.9	**173.0**	96.8
AA	50.9	**213.7**	321.2
	301.5	**1,150.3**	991.5
3. Finance costs:			
Interest receivable	-	**0.1**	0.2
Interest payable	(0.2)	**(0.8)**	(0.7)
	(0.2)	**(0.7)**	(0.5)
Deferred consideration discount	(0.4)	**(1.5)**	(1.0)
	(0.6)	**(2.2)**	(1.5)

4. Included in debtors is an amount of £3.3m relating to a payment processing supplier that has been terminated. The Board expects this amount to be recoverable.

5 The financial statements have been prepared on the basis of the accounting policies set out in the Group's 2002 statutory accounts. These Accounts do not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985 The financial information for the year ended 31 March 2002 has been extracted from the Annual Report and Accounts, which has been filed with the Registrar of Companies. The auditors report on those accounts was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

6. There is no material tax charge for the year. There are tax losses available to carry forward and set off against future profits subject to agreement with the Inland Revenue.

7. The directors do not propose a dividend to be paid for the year.

8. The basic earnings per share is based on the profit on ordinary activities after taxation of £1.4m (2002: £5.0m), and on the weighted average number of shares in issue of 174,649,840 (2002:148,048,110).

9. Exchange rates

	US $ year end rate	US $ average rate
Year ended 31 March 2003	1.58	1.55

Year ended 31 March 2002	1.42	1.44

Sportingbet Plc
Unaudited Consolidated Profit and Loss Account
Three months ended 30 June 2003

	Notes	3 months 30 June 2003 £'000	3 Months 30 June 2002 £'000
TURNOVER	2	256.0	248.1
Cost of sales		(241.9)	(234.8)
GROSS PROFIT		**14.1**	**13.3**
Gross profit %		**5.5%**	**5.4%**
Exceptional costs		-	-
Goodwill amortisation		(1.7)	(2.4)
Other administration expenses		(12.7)	(11.9)
Total administration expenses		(14.4)	(14.3)
Group operating profits before exceptional costs and goodwill amortisation		1.4	1.4
Exceptional costs		-	-
Goodwill amortisation		(1.7)	(2.4)
GROUP OPERATING LOSS		(0.3)	(1.0)
Finance costs	5	(0.6)	(0.5)
LOSS BEFORE TAXATION		(0.9)	(1.5)
Taxation		-	(0.1)
LOSS AFTER TAXATION		(0.9)	(1.6)
Minority Interest		-	-
LOSS FOR THE FINANCIAL PERIOD		(0.9)	(1.6)
EARNINGS PER ORDINARY SHARE		(0.5)p	(1.0)p
EARNINGS PER SHARE (PRE EXCEPTIONALS AND GOODWILL)		0.5p	0.5p
EBITDA PER SHARE		0.9p	1.1p

All amounts relate to continuing activities.

Sportingbet Plc

Unaudited Consolidated Balance Sheet
As at 30 June 2003

	30 June 2003 £'000	30 June 2002 £'000
FIXED ASSETS		
Intangible fixed assets – goodwill	126.3	181.7
Tangible assets	4.6	3.2
	130.9	184.9
CURRENT ASSETS		
Debtors	12.0	8.8
Cash at bank and in hand	14.5	17.7
TOTAL CURRENT ASSETS	26.5	26.5
CREDITORS:		
Amounts falling due within one year	15.5	18.1
Convertible loan notes	9.0	-
NET CURRENT ASSETS	2.0	8.4
TOTAL ASSETS LESS CURRENT LIABILITIES	132.9	193.3
CREDITORS:		
Amounts falling due after more than one year		
Provisions for liabilities and charges	45.5	48.5
Convertible loan notes	-	13.5
NET ASSETS	87.4	131.3
CAPITAL AND RESERVES		
Called up share capital	0.2	0.2
Shares to be issued	29.5	87.6
Share premium	48.6	45.2
Other reserves	13.8	5.1
Profit and loss account	(4.7)	(6.8)
SHAREHOLDERS' FUNDS – EQUITY	87.4	131.3
Minority Interests	-	-
	87.4	131.3

Sportingbet Plc
Unaudited Consolidated Cash Flow statement
Three months to 30 June 2003

	3 Months ended 30 June 2003 £'000	3 Months ended 30 June 2002 £'000
Cash inflow in respect of EBITDA	1.7	1.7
Net working capital movement	(5.2)	(2.5)
Net cash outflow from operating activities	(3.5)	(0.8)
Returns on investment and servicing of finance	(0.2)	0.1
Capital expenditure	(0.6)	-
Acquisitions	(1.3)	(3.1)
CASH OUTFLOW BEFORE FINANCING	(5.6)	(3.8)
Management of liquid resources	2.0	(0.6)
Financing	-	-
DECREASE IN CASH IN THE PERIOD	(3.6)	(4.4)
RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS		
Decrease in cash in the period	(3.6)	(4.4)
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(2.0)	0.6
Cash outflow from decrease in debt	-	2.8
MOVEMENT IN NET FUNDS RESULTING FROM CASH FLOWS IN PERIOD	(5.6)	(1.0)
Movement in net funds in period	(5.6)	(1.0)
Net funds at start of period	11.1	4.4
NET FUNDS AT END OF PERIOD	5.5	3.4

Sportingbet Plc
Notes for the three months to the 30 June 2003

1. Consolidated statement of total recognised gains and losses

	3months to 30 June 2003 £'000	3months to 30 June 2002 £'000
Loss for period	**(0.9)**	(1.6)
Exchange translation differences on consolidation	**(0.1)**	-
Total recognised gains and losses for the financial period	**(1.0)**	(1.6)

2.

		3 months to 30 June 2003	3 months to 30 June 2002
a)	Analysis of revenue by activity	**£'000**	£'000
	Sports Betting	**193.8**	208.6
	Casino Betting	**59.4**	35.4
	Fee Income	**2.8**	4.1
		256.0	248.1
b)	Analysis of revenue by region		
	AMER	**129.9**	158.6
	EMEA	**72.0**	23.9
	AA	**54.1**	65.6
		256.0	248.1

3. The financial statements have been prepared on the basis of the accounting policies set out in the Group's 2003 statutory accounts. These Accounts do not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985.

4. The basic loss per share is based on the loss on ordinary activities after taxation of £(0.9)m (2002: loss of £1.5m), and on the weighted average number of shares in issue of 179,195,360 (2002: 157,525,509).

5.

Finance costs:		
Interest receivable	-	0.1
Interest payable	(0.2)	(0.2)
	(0.2)	(0.1)
Deferred consideration discount	(0.4)	(0.4)
	(0.6)	(0.5)