Sportingbet Plc

Unaudited results for the six months ended 31 January 2005

Sportingbet Plc (LSE: SBT), one of the world's leading online betting and gaming groups, announces its unaudited results for the six months ended 31 January 2005.

Financial Highlights – six months ended 31 January 2005

- Turnover up 29.5% to £825.2m (2004: £637.2m).
- Gross margin up 43.9% to £80.3m (2004: £55.8m).
- Operating profit pre goodwill amortisation and exceptional costs up 85.7% to £26.0m (2004: £14.0m).
- Strong first time performance from Paradise Poker, acquired 3 November 2004, contributing £12.5m to turnover and £8.0m to operating profit.
- Excluding the acquisition of Paradise Poker, operating profit pre goodwill amortisation and exceptional costs up 28.6% to £18.0m, or 42.1% at constant exchange rates.
- Profit before tax up 117.9% to £18.3m (2004: £8.4m).
- Cash generation from operating activities up 105.2% to £43.7m (2004: £21.3m).
- Basic earnings per share pre goodwill amortisation and exceptional costs up 52.5% to 9.3p (2004: 6.1p).
- Fully diluted earnings per share, pre goodwill amortisation and exceptional costs, up 59.5% to 6.7p (2004: 4.2p).

Business Highlights – six months ended 31 January 2005

- Registered customers up 85.1% to 2,279,801 (2004: 1,231,649); up 17.1% without the acquisition of Paradise Poker.
- Equivalent of 13 bets per second placed during the six months (2004: 9 per second).
- Equivalent of 10 games of poker played per second (pro forma 2004: 6 per second).
- Average daily poker rake up 114.5% to $261,668 (pro forma 2004: $121,991).
- Costs reduced by 18% to £0.58 per £1 of standard gross profit earned (2004: £0.71 per £1).

Commenting on today's announcement, Peter Dicks, Chairman, said:

"We are delighted with the performance of the business in the first six months of the financial year. Our strategy is to offer a range of online entertainment products to our customers in a regulated, localised manner. In so doing, we believe that not only do we increase the loyalty of our customer base but we also diversify margin risk.

During the six months to 31 January 2005, the organic growth of our sports betting and gaming business has been very strong and our poker business, following the acquisition of Paradise Poker on 3 November 2004, has performed well ahead of our expectations. Our industry is now entering an interesting phase. With the benefits of scale clearly demonstrated and with the demand from consumers for our products showing no sign of abating, we expect that 2005 will see the industry continue to consolidate."

Commenting on the results, Nigel Payne, Chief Executive, said:

"I am delighted to report a record six month performance for Sportingbet, in which we have seen the scale of the Group's operations, augmented by the recent acquisition of Paradise Poker, increase considerably. Sportingbet now has over 2.2m registered customers. We have seen a 49% rise over the same period last year in the number of sports and gaming bets to 206.4m bets, and a pro-forma rise of 114% in the average daily poker rake per day.

In a six month period where sports margins have been somewhat below their long term average, the enhanced scale of the business has nevertheless delivered significant operational leverage, yielding an 18% reduction in unit cost to our lowest ever level, and this, together with strong casino, gaming and poker revenues, has yielded record profitability and record cash inflow for the Group.

With organic growth continuing at a strong pace we continue to view the future with confidence."

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Sportingbet Plc

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FINANCIAL RESULTS

Six months ended 31 January 2005

Turnover for the six months ended 31 January 2005 was £825.2m (2004: £637.2m), earning a gross margin of £80.3m (2004: £55.8m) at 9.7% of turnover (2004: 8.8%). Sports betting turnover was £782.9m (2004: £617.5m), earning a gross margin of £38.0m (2004: £36.1m) at a gross margin percentage of 4.9% (2004: 5.8%). Casino and gaming, poker and fee income contributed a further £22.8m, £14.8m and £4.7m respectively to both turnover and gross margin (2004: £15.9m, £0.3m and £3.5m). Of the total poker income of £14.8m, £12.5m related to Paradise Poker.

Costs in the six months, excluding goodwill amortisation and exceptional costs, of £54.3m (2004: £41.8m) represented 67.6% (2004: 74.9%) of gross margin. Costs comprised marketing £22.2m (2004: £17.6m), banking fees £13.1m (2004: £7.5m), information technology £6.1m (2004: £5.8m), employee costs £8.7m (2004: £7.3m), other administration £3.1m (2004: £2.9m) and depreciation £1.1m (2004: £0.7m). The above costs include a central provision of £1.0m for the integration of Paradise Poker.

Operating profit before goodwill amortisation and exceptional costs for the six months was £26.0m (2004: £14.0m), representing 32.4% of gross margin (2004: 25.1%). Of the £26.0m, the Paradise Poker business contributed £8.0m.

The average dollar/sterling exchange rate for the six months was $1.85 (2004: $1.70), a 9% decline over the same period last year. The net impact of the adverse exchange rate movements during the period has been to reduce the Group's operating profit by £1.9m.

Profit before tax was £18.3m (2004: £8.4m), after deducting exceptional costs of £Nil (2004: £1.0m), goodwill amortisation of £6.7m (2004: £3.6m), finance costs of £1.3m (2004: £0.8m) and adding the share of operating profit in associate of £0.3m (2004: loss of £0.2m). Included within finance costs is a £0.2m (2004: £Nil) imputed non-cash interest charge in the contingent consideration payable to Paradise Poker as required by FRS7.

Basic earnings per share, before exceptional costs and amortisation of goodwill, was 9.3p (2004: 6.1p). Diluted earnings per share, before exceptional costs and amortisation of goodwill, was 6.7p (2004: 4.2p).

During the six months ended 31 January 2005, the Group generated cash from operating activities of £43.7m (2004: £21.3m). At the end of the six months, cash amounted to £66.1m (2004: £25.2m) and gross debt amounted to £112.1m (2004: £43.2m). Gross debt comprised a bank loan totalling £85.0m, US dollar denominated deferred consideration to World Gaming of £3.7m ($7.0m), US dollar denominated contingent consideration to the vendors of Paradise Poker of £22.5m and a contingent consideration payment in Australia of £0.9m pending the outcome of ongoing litigation.

Three months ended 31 January 2005

Turnover for the three months ended 31 January 2005 was £466.8m (2004: £361.1m), earning a gross margin of £53.5m (2004: £34.4m) at 11.5% of turnover (2004: 9.5%). Sports betting turnover was £436.5m (2004: £349.3m), earning a gross margin of £23.2m (2004: £22.6m) at a gross margin percentage of 5.3% (2004: 6.5%). Casino and gaming, poker and fee income contributed a further £13.5m, £13.9m and £2.9m respectively to both turnover and gross margin (2004: £9.2m, £0.3m and £2.3m). Of the total poker income of £13.9m, £12.5m related to Paradise Poker.

Costs in the quarter, excluding goodwill amortisation and exceptional costs, of £32.0m (2004: £23.4m) represented 59.8% (2004: 68.0%) of gross margin. Costs comprised marketing £13.2m (2004: £9.4m), banking fees £8.5m (2004: £4.5m), information technology £3.1m (2004: £3.6m), employee costs £4.9m (2004: £4.1m), other administration £1.7m (2004: £1.4m) and depreciation £0.6m (2004: £0.4m). The above costs include a central provision of £1.0m for the integration of Paradise Poker.

Operating profit before goodwill amortisation and exceptional costs for the quarter was £21.5m (2004: £11.0m), representing 40.2% of gross margin (2004: 32.0%). Of the £21.5m, the Paradise Poker business contributed £8.0m.

The average dollar/sterling exchange rate for the quarter was $1.89 (2004: $1.74), a 9% decline over the same period last year. The net impact of the adverse exchange rate movements during the period has been to reduce the Group's operating profit by £1.2m.

Profit before tax was £15.7m (2004: £8.8m), after deducting goodwill amortisation of £4.8m (2004: £1.8m), finance costs of £1.1m (2004: £0.4m) and adding share of operating profit in associate of £0.1m (2004: £Nil). Included within finance costs is a £0.2m (2004: £Nil) imputed non-cash interest charge in the contingent consideration payable to Paradise Poker as required by FRS7.

Basic earnings per share, before exceptional costs and amortisation of goodwill, was 6.3p (2004: 5.0p). Diluted earnings per share, before exceptional costs and amortisation of goodwill, was 4.8p (2004: 3.4p). During the quarter ended 31 January 2005, the Group generated cash from operating activities of £26.2m (2004: £10.7m).

REVIEW OF OPERATIONS

Sportingbet Group

In the six months ended 31 January 2005, Sportingbet has made strong progress across the business. The number of registered customers has increased by 1,048,152 to 2,279,801. Of this increase, 303,227 came from organic growth and 744,925 from the acquisition of Paradise Poker. Compared with the six months ended 31 January 2004, the number of sports and gaming bets placed rose sharply by 68.2m (49.3%) to 206.4m (2004: 138.2m), and the number of games of poker played rose by 29.9m (61.0%) to 78.9m (pro forma 2004: 49.0m). The sports margin percentage of 4.9% (2004: 5.8%) has, in the six month period, been below the long term average, as a result of a higher than normal percentage of favourites winning.

The cost base of the business has reduced by 18.3% from £0.71 of cost per £1 of standard gross margin to £0.58 of cost per £1 of standard gross margin. For the purposes of this measure, the sports element of gross margin has been calculated by multiplying sports turnover by the long term average sports margin percentages by region. This has been done in order to highlight changes in the cost base only as opposed to swings in the short term volatility of sports margin.

The busy sports betting season has seen a significant rise in overall database activity levels and this, combined with the benefit of a broader product range into an expanded number of markets, has led to a material increase in casino, gaming and fee income. Margin from these revenue streams has risen sharply by £10.1m (51.3%) to £29.8m (2004: £19.7m). The Group's poker revenues have also grown strongly, with all elements of the recently acquired Paradise Poker business exceeding the Board's expectations.

Europe

The European region continues to make strong progress in the development of its business. During the six months ended 31 January 2005, the region's key performance indicators have advanced ahead of the Board's expectations. The European region now has a developed and profitable business in sixteen European markets, operated in fifteen different languages. In the six months ended 31 January 2005, the number of European customers rose by 126,800 (28.1%) from 450,585 to 577,385. As compared to the six months ended 31 January 2004, the number of sports bets placed increased sharply by 4.5m (93.8%) to 9.3m (2004: 4.8m). The European region now takes 60.8% of the number of sports bets taken by the Group's US region. The average sports bet size was £14 (2004: £16).

During the six months, the operating infrastructure of the region has been augmented, particularly with regard to information technology. Accordingly, whilst the cost base of the region has fallen during the period by 4.4% to £0.86 per £1 of standard gross margin earned, this fall is less than would normally be the case.

A notable area of success in Europe has been the growth of the region's gaming revenues. In the six month period, the increase in customer numbers and overall scale of the European region yielded a 91.9% rise in the number of gaming bets to 35.7m (2004: 18.6m) at an average bet size of £6 (2004: £6). This sharp rise in gaming activity yielded a 123.7% rise in margin to £8.5m (2004: £3.8m). Included in this gross margin is margin earned from Sportingbet's own brand European poker room of £1.6m (2004: £0.3m).

The strong rise in gross margin from gaming, together with the increased volume of sports bets, has more than compensated for a sports margin percentage of 7.3% (2004: 7.7%), which has been slightly below the long term average for the region.

America

In the six months ended 31 January 2005, the number of US customers rose by 89,299 (12.2%) from 733,078 to 822,377. As compared to the six months ended 31 January 2004, the number of sports bets placed increased sharply by 4.3m (39.1%) to 15.3m (2004: 11.0m) and the cost base of the region reduced by £0.12 per £1 of standard gross margin (17.9%) to £0.55 per £1 of standard gross margin (2004: £0.67). The average sports bet size was constant at $57.

As in Europe, a particular area of success in the six months to 31 January 2005 has been the growth of the US region's gaming business. In the six month period, the increase in customer numbers and overall scale of the US region yielded a 40.5% rise in the number of gaming bets to 144.6m (2004: 102.9m) at an average bet size of $10 (2004: $11). This sharp rise in gaming activity yielded a 29.0% rise in margin to £16.0m (2004: £12.4m).

The margin from gaming, together with the increased volume of sports bets, has more than compensated for a sports margin percentage of 5.6% (2004: 6.7%), which has been below the long term average for the region.

In October 2004, Sportingbet restructured its relationship with its US facing software supplier, World Gaming. This was previously an investment in an associate and was restructured into a joint venture arrangement in the period. The new arrangements provide Sportingbet with joint ownership of the software platform for its US facing business and, importantly, control over the future development of the software. Since October and throughout the busy season, the Board has been particularly pleased with the progress that has been made in furthering the development of the software platform and reducing its cost of operation.

Australia

The transition continues in the Australian sports betting market from being a primarily telephone based betting market to one where the internet is increasingly important. In the six months ended 31 January 2005, the percentage of bets taken over the internet rose to 58% (2004: 36%).

During the period the number of customers fell by 5,166 (10.8%) from 47,986 to 42,820. This decline represents the closing of a number of customer accounts which no longer fit the lower staking profile of the business. The number of sports bets placed increased sharply by 0.6m (66.7%) to 1.5m (2004: 0.9m). The average sports bet size has fallen in line with the lower staking internet activity to AUS$316 (2004: AUS$422). The increased activity level and particularly the introduction of the higher volume, lower cost internet betting platform have resulted in the unit cost per £1 of standard margin falling significantly by 29.7% to £0.45 (2004: £0.64).

The margin performance of the region, particularly the telephone business, has been disappointing during the six month period. The sports gross margin percentage after betting tax, of 1.4%, has been well below the average level (2004: 2.5%). Whilst the Board recognises that low telephone margins are an industry wide issue in the region during the period, it nevertheless commenced a review of the Australian telephone business and an improvement programme. Over the past two months the Board is pleased to report that sports margins have recovered back towards their long term average levels of between 3% and 4% before betting tax.

Paradise Poker

In line with the strategy to become the world's leading online sports betting and gaming entertainment business, Sportingbet completed the acquisition of Paradise Poker on 3 November 2004. A detailed plan to integrate the business and introduce technology to maximise the cross selling opportunities between the Group's sports and poker brands is now in place.

All aspects of the integration of Paradise Poker, save for the cross selling "shared purse" technology, have been completed. New marketing initiatives including affiliate and white label programmes have been launched. Immediately following the acquisition, splash page branding links were created between the Paradise brand and Sportingbet's primary sports betting brand, Sportsbook.com. Despite not yet having shared purse functionality in place, over 9,000 customers have already joined complementary group brands. This level of cross sell has exceeded the Board's expectations. An upgraded Paradise Poker platform and shared purse technology will be introduced in early June 2005, well before the start of the next busy sports season.

Since acquisition, Paradise Poker has performed strongly and has exceeded the Board's expectations. The number of registered customers has increased from 744,925 as at 3 November 2004 to 837,219 at 31 January 2005. Average daily rake has increased by 114.5% to $261,668 per day (pro forma 2004: $121,991) over the same period last year and by 16.6% over the three month period prior to acquisition. The number of games of poker dealt each day has increased by 61.0% to 858,324 games per day (pro-forma 2004: 533,122) over last year and by 5.6% in the three months since acquisition.

Regulatory Developments

Given the rapid growth in the online gaming industry, governments are increasingly considering their attitude and regulatory approach to the industry. Accordingly, the Board believes the calendar year 2005 will see a heightened level of regulatory debate over online gaming, with the potential for jurisdictions to clarify their positions.

<u>UK</u>

Within the UK, the Government continues on its path towards the enactment of the Gambling Bill. The Board is in favour of the principle of proper regulation for the remote gambling industry and it supports the general principles of the Gambling Bill. Sportingbet, however, along with other operators and industry bodies, has concerns that the Gambling Bill, in its current form, may be open to wide interpretation. Unless properly addressed, this lack of clarity may compromise one of the primary aims of the Gambling Bill, to encourage online gaming operators onshore into a UK regulated environment. We await further developments with interest.

<u>EU</u>

Elsewhere within the EU, 2005 is set to become an important year for the industry. The regulatory models being adopted by the UK, Malta, Slovakia and others have the potential to lead to Internal Market distortions, underlining the need for a European initiative in remote gambling services. Presently, the only relevant European Court of Justice ruling (the Gambelli case) is being interpreted differently within Member States. In 2005 the European Court of Justice will revisit the issue with a new (Placanica) case. In addition to this case, the European Commission has recently announced a comprehensive study of Gambling Services in the Internal Market. This year will also see debate on the Electronic Commerce Directive and the Service Directive. Both Directives presently contain the Internal Market principle wherein a gaming operator need only comply with the laws of its Country of Origin and cannot be subjected to additional requirements for the cross-border provision and promotion of its services.

<u>US</u>

Within the US there has been little change to the regulatory environment. Certain US State initiatives are being closely monitored by the Board, in particular the consideration being given by North Dakota to regulating Internet Poker, the expansion of internet horse racing in various States and the review of internet betting generally in New Jersey.

The Board is also monitoring developments at the World Trade Organisation ("WTO") and a First Amendment challenge ongoing within the US. In November 2004 the publication by a WTO Panel of its Report into the legality of restrictions on market access to internet gaming services in the US, found that the US had not complied with its legal commitments under the WTO's Services Agreement. In January 2005, the US appealed the decision and the outcome of the appeal is expected in April 2005. In August 2004, Casino City filed a complaint seeking a judgment that advertising online casinos and sportsbooks on the internet represents constitutionally protected free speech. The district court of Louisiana has recently ruled that it is not able to argue the case on its merits, as Casino City does not have adequate standing to file the complaint since it has not itself been prosecuted. This decision is expected to be appealed.

<u>Australia</u>

In Australia, the Government's review of the Interactive Gambling Act 2003 did not make any significant changes to the internet gaming industry. The Board notes, however, that subsequent to the review, a number of licensed Australian based websites are now offering gaming and poker services from outside the jurisdiction of the Australian Government. Accordingly these developments are being closely monitored.

Social Responsibility

In addition to the Group's existing Customer Charter and Code of Conduct, the Board has set up a Social Responsibility Committee that will oversee Sportingbet's policies and approach to this important area of the business. The Committee is chaired by Brian Harris, a Non-Executive Director, and its members are Sean O'Connor, the senior independent Non-Executive Director and Daniel Talisman, General Counsel and Group Company Secretary. The Committee will consider and review the social, environmental and ethical risks and opportunities that arise from our global gaming businesses, including, inter alia, responsible gaming, know your customer identification, age verification and excessive play.

Dividend Policy

The Board is working on a capital reconstruction of the Company, involving a transfer of share premium to distributable reserves in order to facilitate the paying of dividends in a tax efficient manner. This process requires the approval of shareholders, the UK courts and certain creditors. A shareholder circular will be issued in due course. Subject to these formalities, it is envisaged that a maiden dividend will be paid in respect of the year ending 31 July 2005 and approval of this payment will be sought at the AGM in December of this year.

Trading Outlook

Trading volume and margin performance has been strong for the first three weeks of the third quarter. Sports betting volume continued to grow at an encouraging rate and Sportingbet's casino, gaming and poker revenue streams performed well. Sportingbet will report its results for the nine months to 30 April 2005 on 2 June 2005.

Sportingbet Plc
Unaudited Consolidated Profit and Loss Account
Six months ended 31 January 2005

	Notes	**3 months 31 January 2005 £m**	3 months 31 January 2004 £m	**6 months 31 January 2005 £m**	6 months 31 January 2004 £m
Turnover – continuing operations		**454.3**	361.1	**812.7**	637.2
– acquisitions		**12.5**	-	**12.5**	-
Turnover	2	**466.8**	361.1	**825.2**	637.2
Cost of sales		**(413.3)**	(326.7)	**(744.9)**	(581.4)
Gross profit		**53.5**	34.4	**80.3**	55.8
Gross profit %		**11.5%**	9.5%	**9.7%**	8.8%
Exceptional costs		**-**	-	**-**	(1.0)
Goodwill amortisation		**(4.8)**	(1.8)	**(6.7)**	(3.6)
Other administration expenses		**(32.0)**	(23.4)	**(54.3)**	(41.8)
Total administration expenses		**(36.8)**	(25.2)	**(61.0)**	(46.4)
Group operating profit before exceptional costs and goodwill amortisation		**21.5**	11.0	**26.0**	14.0
Exceptional costs		**-**	-	**-**	(1.0)
Goodwill amortisation		**(4.8)**	(1.8)	**(6.7)**	(3.6)
Operating profit – continuing operations		**11.6**	9.2	**14.2**	9.4
– acquisitions		**5.1**	-	**5.1**	-
Group operating profit		**16.7**	9.2	**19.3**	9.4
Share of operating profit/(loss) in associate		**0.1**	-	**0.3**	(0.2)
Profit before interest		**16.8**	9.2	**19.6**	9.2
Finance costs	3	**(1.1)**	(0.4)	**(1.3)**	(0.8)
Profit before taxation		**15.7**	8.8	**18.3**	8.4
Taxation		**(0.1)**	(0.3)	**(0.1)**	(0.4)
Profit after taxation	6	**15.6**	8.5	**18.2**	8.0
Earnings per ordinary share	8				
Basic		**4.8p**	4.1p	**6.8p**	3.8p
Diluted		**3.6p**	2.8p	**4.9p**	2.6p
Adjusted EPS (pre exceptionals and goodwill amortisation)	8				
Basic		**6.3p**	5.0p	**9.3p**	6.1p
Diluted		**4.8p**	3.4p	**6.7p**	4.2p

Sportingbet Plc
Unaudited Consolidated Balance Sheet
As at 31 January 2005

	31 January 2005 £m	31 January 2004 £m	31 July 2004 £m
Fixed Assets			
Intangible fixed assets – goodwill	**348.2**	127.3	124.2
Tangible assets	**6.2**	4.9	5.2
Investment in joint venture – share of gross and net assets	**8.8**	-	-
Investments in associated companies	**-**	2.0	2.7
	363.2	134.2	132.1
Current Assets			
Debtors	**11.6**	12.8	8.3
Cash at bank and in hand	**66.1**	25.2	20.3
	77.7	38.0	28.6
Creditors			
Amounts falling due within one year	**51.0**	27.3	24.9
Bank loans and overdrafts	**42.1**	10.3	17.3
Rescheduled earnout	**-**	22.5	15.7
Deferred consideration	**3.7**	-	-
	96.8	60.1	57.9
Net Current Liabilities	**19.1**	22.1	29.3
Total Assets Less Current Liabilities	**344.1**	112.1	102.8
Creditors			
Amounts falling due after more than one year	**-**	-	0.1
Provision for liabilities and charges	**1.7**	0.5	0.9
Contingent consideration	**23.4**	1.4	0.8
Bank loan	**42.9**	9.0	-
	68.0	10.9	1.8
NET ASSETS	**276.1**	101.2	101.0
Capital and Reserves			
Called up share capital	**0.3**	0.2	0.2
Shares to be issued	**50.0**	28.1	26.7
Share premium	**191.9**	51.1	52.5
Other reserves	**21.3**	21.3	21.3
Profit and loss account	**12.6**	0.5	0.3
SHAREHOLDERS' FUNDS – EQUITY	**276.1**	101.2	101.0

Sportingbet Plc
Unaudited Consolidated Cash Flow Statement
Six months ended 31 January 2005

	Notes	**3 months 31 January 2005 £m**	3 months 31 January 2004 £m	**6 months 31 January 2005 £m**	6 months 31 January 2004 £m
Cash inflow in respect of EBITDA		**22.1**	11.4	**27.1**	13.7
Net working capital movement		**4.1**	(0.7)	**16.6**	7.6
Net cash inflow from operating activities		**26.2**	10.7	**43.7**	21.3
Returns on investment and servicing of finance		**(2.3)**	(0.2)	**(2.6)**	(0.5)
Capital expenditure		**(1.3)**	(0.5)	**(2.1)**	(0.9)
Acquisitions	4	**(119.6)**	(4.3)	**(121.7)**	(7.1)
Cash (outflow)/inflow before use of liquid resources and before financing		**(97.0)**	5.7	**(82.7)**	12.8
Management of liquid resources		**(3.1)**	(1.6)	**(11.9)**	(7.0)
Financing	4	**140.5**	(1.0)	**138.7**	(3.5)
Increase in cash in the period		**40.4**	3.1	**44.1**	2.3
Reconciliation of net cashflow to movement in net funds					
Increase in cash in the period		**40.4**	3.1	**44.1**	2.3
Cash outflow from increase in liquid resources		**3.1**	1.6	**11.9**	7.0
Cash (inflow)/outflow from (increase)/decrease in debt		**(79.8)**	1.0	**(77.8)**	3.5
Movement in net funds resulting from cash flows in period		**(36.3)**	5.7	**(21.8)**	12.8
Net funds at start of period		**17.1**	(0.1)	**2.6**	(7.2)
Net funds at end of period		**(19.2)**	5.6	**(19.2)**	5.6

Sportingbet Plc
Notes
Six months ended 31 January 2005

1. **Consolidated statement of total recognised gains and losses:**

	3 months 31 January 2005 £m	3 months 31 January 2004 £m	**6 months 31 January 2005 £m**	6 months 31 January 2004 £m
Profit for financial period	**15.6**	8.5	**18.2**	8.0
Exchange translation differences on consolidation	**(5.9)**	(0.7)	**(5.9)**	(1.0)
Total recognised gains for the financial period	**9.7**	7.8	**12.3**	7.0

2. **Analysis of turnover:**

	3 months 31 January 2005	3 months 31 January 2004	**6 months 31 January 2005**	6 months 31 January 2004
a) Analysis of revenue by activity	**£m**	£m	**£m**	£m
Sports betting	**436.5**	349.3	**782.9**	617.5
Casino betting	**13.5**	9.2	**22.8**	15.9
Poker rake	**13.9**	0.3	**14.8**	0.3
Fee income	**2.9**	2.3	**4.7**	3.5
	466.8	361.1	**825.2**	637.2
b) Analysis of revenue by region				
Americas	**286.0**	231.4	**494.0**	394.5
Australia	**98.4**	90.9	**183.7**	163.1
Europe	**69.9**	38.8	**135.0**	79.6
Paradise	**12.5**	-	**12.5**	-
	466.8	361.1	**825.2**	637.2

3. **Finance costs:**

	3 months 31 January 2005 £m	3 months 31 January 2004 £m	**6 months 31 January 2005 £m**	6 months 31 January 2004 £m
Interest receivable	**0.1**	-	**0.1**	-
Interest payable	**(0.8)**	(0.4)	**(1.0)**	(0.8)
Amortisation of issue costs	**(0.2)**	-	**(0.2)**	-
	(0.9)	(0.4)	**(1.1)**	(0.8)
Deferred consideration discount charge	**(0.2)**	-	**(0.2)**	-
Total finance costs	**(1.1)**	(0.4)	**(1.3)**	(0.8)

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Notes continued
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4. **Notes to the cashflow:**

Acquisitions	**3 months 31 January 2005 £m**	3 months 31 January 2004 £m	**6 months 31 January 2005 £m**	6 months 31 January 2004 £m
Cash consideration paid to vendors of Paradise	**(111.8)**	-	**(111.8)**	-
Cash acquired with acquisition	**7.9**	-	**7.9**	-
Cash consideration paid to vendors of Sportsbook	**(15.7)**	(4.3)	**(15.7)**	(7.1)
Cash consideration paid to World Gaming	**-**	-	**(2.1)**	-
Total acquisitions	**(119.6)**	(4.3)	**(121.7)**	(7.1)

Financing	**3 months 31 January 2005 £m**	3 months 31 January 2004 £m	**6 months 31 January 2005 £m**	6 months 31 January 2004 £m
Exercise of share options	**0.7**	-	**0.9**	-
Issue of ordinary share capital	**60.0**	-	**60.0**	-
Repayment of bank loan	**(5.0)**	(1.0)	**(7.0)**	(1.0)
New bank loan	**85.0**	-	**85.0**	-
Repayment of loan notes	**-**	-	**-**	(2.5)
Capital element of finance lease	**(0.2)**	-	**(0.2)**	-
Total financing	**140.5**	(1.0)	**138.7**	(3.5)

5. These results have been prepared on the basis of the accounting policies set out in the Group's 2004 statutory accounts. These results do not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. The financial information for the period ending 31 July 2004 is extracted from the Group's financial statements to that date which received an unqualified auditor's report and have been filed with the Registrar of Companies.

6. All amounts on the profit and loss account relate to continuing activities.

7. **Acquisitions:**
The assets of Paradise Poker were acquired on 3 November 2004. The fair value of consideration as at 31 January 2005 comprised:

	£m
Cash	**111.8**
Shares	**78.4**
Contingent consideration - cash	**22.4**
- shares	**23.3**
Total	**235.9**

8. The basic earnings per share for the six months is based on the profit on ordinary activities after taxation of £18.2m (2004: £8.0m), and on the weighted average number of shares in issue of 267,335,466 (2004: 207,775,718). The diluted earnings per share for the quarter is based on the profit on ordinary activities after taxation of £18.2m (2004: £8.0m) and the weighted average number of shares in issue adjusted to assume the exercise of options over shares and the effect of dilutive earnout shares to be issued, of 373,228,521 (2004: 302,271,195).

Adjusted basic and diluted earnings per ordinary share before goodwill amortisation and exceptional costs exclude amortisation of goodwill of £6.7m (2004: £3.6m) and exceptional charges of £Nil (2004: £1.0m).

The basic earnings per share for the quarter is based on the profit on ordinary activities after taxation of £15.6m (2004: £8.5m), and on the weighted average number of shares in issue of 322,105,309 (2004: 207,775,718). The diluted earnings per share for the quarter is based on the profit on ordinary activities after taxation of £15.6m (2004: £8.5m) and the weighted average number of shares in issue adjusted to assume the exercise of options over shares and the effect of dilutive earnout shares to be issued, of 428,854,687 (2004: 302,315,097).

Adjusted basic and diluted earnings per ordinary share before goodwill amortisation and exceptional costs exclude amortisation of goodwill of £4.8m (2004: £1.8m) and exceptional charges of £Nil (2004: £Nil).