



## Sportingbet Plc

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### Unaudited results for the three months ended 30 April 2005

Sportingbet Plc (LSE: SBT), one of the world's leading online betting and gaming groups, announces its unaudited results for the third quarter and cumulative results for the nine months ended 30 April 2005.

#### Financial Highlights – three months ended 30 April 2005

- Turnover up 31.1% to £390.5m (2004: £297.8m)
- Gross margin up 137.5% to £57.0m (2004: £24.0m)
- Operating profit pre goodwill amortisation up 242.4% to £20.2m (2004: £5.9m)
- Strong performance from Paradise Poker, contributing £9.1m to operating profit
- Excluding Paradise Poker, operating profit up 88.1% to £11.1m
- Profit before tax up 226.2% to £13.7m (2004: £4.2m)
- Cash generation from operating activities up 211.7% to £18.7m (2004: £6.0m)
- Basic earnings per share pre goodwill amortisation up 83.3% to 5.5p (2004: 3.0p)
- Fully diluted earnings per share, pre goodwill amortisation up 100.0% to 4.2p (2004: 2.1p)

#### Business Highlights – three months ended 30 April 2005

- Registered customers up 11.0% to 2,531,193 compared with 31 January 2005
- Equivalent of 14 bets per second placed during the quarter (2004: 9 per second)
- Equivalent of 14 games of (Paradise) poker played per second (pro forma 2004: 8 per second)
- Strong sports margin in Europe, America and Australia at 6.7% (2004: 4.7%)
- Average daily poker rake up 69.9% to \$302,555 (pro forma 2004: \$178,068)
- Costs reduced by 11.8% to £0.69 per £1 of standard gross profit (2004: £0.78 per £1) on a like-for-like basis

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

"We are delighted with the performance of the business over the three months ended 30 April 2005. Our strategy of offering a broad range of online entertainment products to our customers in a localised manner is delivering real shareholder returns, with fully diluted earnings per share rising 100% over last year to 4.2 pence per share in this quarter.

In this three month period, the organic growth of our sports betting and gaming businesses has been strong and our poker business has continued to perform ahead of our expectations. The penetration that Sportingbet brands enjoy across a range of global markets has delivered a strong gross margin percentage in each of our operating regions.

With the benefits of the scale of our business clearly demonstrated and with continued growth in customer demand, we continue to view the future with confidence."

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

"I am delighted to report a record performance for Sportingbet for this three month period, a quarter in which the scale of the Group's operations has increased significantly. We now have over 2.5m registered customers, who placed 107.5m sports and gaming bets in the quarter, up 52.5% over the same period last year, and generated an 69.9% increase in the pro-forma average daily poker margin. We are particularly pleased with the gross margin percentage we achieved on sports betting which, at 6.7%, reflects a strong performance in each of our operating regions.

This strong margin percentage, the enhanced scale of the business, the breadth of our product range and the high customer retention we are seeing in our brands have yielded record profitability and record cash inflow for the Group. Our organic growth is continuing at a strong pace and we remain confident that the business is well positioned to play a leading role in the advancement of the industry and to maximise the opportunities that this will present."

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## **FINANCIAL RESULTS**

### **Three months ended 30 April 2005**

Turnover for the three months ended 30 April 2005 was £390.5m (2004: £297.8m), earning a gross margin of £57.0m (2004: £24.0m) at 14.6% of turnover (2004: 8.1%). Sports betting turnover was £357.3m (2004: £287.3m), earning a gross margin of £23.8m (2004: £13.5m) at a gross margin percentage of 6.7% (2004: 4.7%). Casino and gaming, poker and fee income contributed a further £13.7m, £16.6m and £2.9m respectively to both turnover and gross margin (2004: £8.4m, £0.4m and £1.7m). Of the total poker income of £16.6m, £14.2m related to Paradise Poker.

Costs in the three months, excluding goodwill amortisation, of £36.8m (2004: £18.1m) represented 64.6% (2004: 75.4%) of gross margin. Costs comprised marketing £15.5m (2004: £7.5m), banking fees £8.6m (2004: £4.1m), information technology £3.6m (2004: £2.8m), employee costs £5.4m (2004: £4.1m), depreciation £0.7m (2004: £0.5m) and other administration £3.0m (2004: £(0.9)m). Administration costs for 2004 included an exchange gain of £2.4m on the translation of US dollar loan notes due to the vendors of Sportsbook. These were repaid in full in November 2004.

Operating profit before goodwill amortisation for the three months was £20.2m (2004: £5.9m), representing 35.4% of gross margin (2004: 24.6%). Of the £20.2m, the Paradise Poker business contributed £9.1m. The average dollar/sterling exchange rate for the quarter was \$1.90 (2004: \$1.83), a 3.8% 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 profit from trading activities by £0.5m. Taken together with last year's £2.4m exchange gain on the US loan notes, there has been a year on year total adverse impact of exchange of £2.9m.

Profit before tax was £13.7m (2004: £4.2m), after deducting goodwill amortisation of £4.9m (2004: £1.8m), finance costs of £1.6m (2004: £0.3m) and adding the share of operating profit in an associate company of £Nil (2004: £0.4m). Included within finance costs is a £0.2m (2004: £Nil) imputed non-cash interest charge on the contingent consideration payable to Paradise Poker as required by FRS7.

Basic earnings per share, before exceptional costs and amortisation of goodwill, was 5.5p (2004: 3.0p). Diluted earnings per share, before exceptional costs and amortisation of goodwill, was 4.2p (2004: 2.1p).

During the three months ended 30 April 2005, the Group generated cash from operating activities of £18.7m (2004: £6.0m). At the end of the quarter, cash amounted to £70.2m (2004: £26.2m) and gross debt amounted to £99.7m (2004: £36.4m). Gross debt comprised a bank loan totalling £74.3m, US dollar denominated deferred consideration to World Gaming of £2.1m (\$4.0m), US dollar denominated contingent consideration to the vendors of Paradise Poker of £22.4m (\$42.8m) and a contingent consideration payment in Australia of £0.9m pending the outcome of ongoing litigation.

### **Nine months ended 30 April 2005**

Turnover for the nine months ended 30 April 2005 was £1,215.7m (2004: £935.0m), earning a gross margin of £137.3m (2004: £79.8m) at 11.3% of turnover (2004: 8.5%). Sports betting turnover was £1,140.2m (2004: £904.8m), earning a gross margin of £61.8m (2004: £49.6m) at a gross margin percentage of 5.4% (2004: 5.5%). Casino and

gaming, poker and fee income contributed a further £36.5m, £31.4m and £7.6m respectively to both turnover and gross margin (2004: £24.3m, £0.7m and £5.2m). Of the total poker income of £31.4m, £26.7m related to Paradise Poker.

Costs in the nine months, excluding goodwill amortisation and exceptional costs, of £91.1m (2004: £59.9m) represented 66.4% (2004: 75.1%) of gross margin. Costs comprised marketing £37.7m (2004: £25.1m), banking fees £21.7m (2004: £11.6m), information technology £9.7m (2004: £8.6m), employee costs £14.1m (2004: £11.4m), other administration £6.1m (2004: £2.0m) and depreciation £1.8m (2004: £1.2m). As noted earlier, administration costs for 2004 included an exchange gain of £2.4m on the translation of US dollar loan notes.

Operating profit before goodwill amortisation for the nine months was £46.2m (2004: £19.9m), representing 33.6% of gross margin (2004: 24.9%). Of the £46.2m, the Paradise Poker business contributed £17.1m.

The average dollar/sterling exchange rate for the nine months was \$1.87 (2004: \$1.74), a 7.5% 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 profit from trading activities by £2.4m. Taken together with last year's £2.4m exchange gain on the US loan notes, the year on year adverse impact of exchange amounted to £4.8m.

Profit before tax was £32.0m (2004: £12.6m), after deducting exceptional costs of £Nil (2004: £1.0m), goodwill amortisation of £11.6m (2004: £5.4m), finance costs of £2.9m (2004: £1.1m) and adding the share of operating profit in an associate company of £0.3m (2004: £0.2m). Included within finance costs is a £0.4m (2004: £Nil) imputed non-cash interest charge on the contingent consideration payable to Paradise Poker as required by FRS7. Basic earnings per share, before exceptional costs and amortisation of goodwill, was 15.0p (2004: 9.1p). Diluted earnings per share, before exceptional costs and amortisation of goodwill, was 10.9p (2004: 6.2p). During the nine months ended 30 April 2005, the Group generated cash from operating activities of £62.4m (2004: £27.3m).

## **REVIEW OF OPERATIONS**

### **Sportingbet Group**

In the three months ended 30 April 2005, Sportingbet has seen its key performance indicators advance strongly. The number of registered customers has increased by 251,392 (11.0%) to 2,531,193, with all of the increase coming from organic growth. Compared with the three months ended 30 April 2004, the number of sports and gaming bets placed rose sharply by 37.0m (52.5%) to 107.5m (2004: 70.5m), and the number of games played on Paradise Poker rose by 42.0m (67.4%) to 104.3m (2004: 62.3m).

Margin performance has been strong and has risen sharply across all products and across all regions of the Group. The sports margin percentage was 6.7% (2004: 4.7%). Margin from casino, gaming and fee income rose by £6.5m (64.4%) to £16.6m (2004: £10.1m). The Group's poker revenues rose by £7.4m (80.4%) to £16.6m (pro forma 2004: £9.2m). Paradise Poker revenue increased by £5.4m (61.4%) to £14.2m (pro forma 2004: £8.8m), and Sportingbet's other poker revenues increased £1.9m (500%) to £2.4m (2004: £0.4m). The cost base of the Group has scaled with operating costs falling by 11.8% to £0.69 per £1 of standard margin (2004: £0.78).

## **Europe**

The European region continues to make very strong progress. During the three months ended 30 April 2005, the region's key performance indicators have advanced well ahead of the Board's expectations. The number of European customers rose by 112,634 (19.5%) from 577,385 to 690,019.

Compared with the three months ended 30 April 2004, the number of sports and gaming bets placed increased materially by 22.4m (171.0%) to 35.5m (2004: 13.1m). Margin performance has been strong. The sports margin percentage was 8.9% (2004: 8.6%), with the breadth of product range and market coverage generating a strong overall margin despite weakness in certain countries. Margin from casino, gaming and fee income rose sharply by £3.9m (216.7%) to £5.7m (2004: £1.8m). Margin from poker rose by £1.1m (275.0%) to £1.5m (2004: £0.4m). The average sports bet size was broadly constant at £12 (2004: £13).

In order to support the rapid expansion within the European region, the Board is investing further in the operating infrastructure, particularly marketing, information technology and management. This increased investment left unit cost stable compared with the three months ended 30 April 2004, at £0.91 per £1 of standard gross margin (2004: £0.91).

## **America**

The US region has performed strongly in the quarter. In the three months ended 30 April 2005, the number of US customers rose by 40,866 (5.0%) from 822,377 to 863,243. Compared with the three months ended 30 April 2004, the number of sports bets placed increased by 1.2m (24.5%) to 6.1m (2004: 4.9m) and unit cost reduced by £0.03 per £1 of standard gross margin (4.4%) to £0.65 per £1 of standard gross margin (2004: £0.68). The average sports bet size was constant at \$56.

Margin performance has been strong. The sports margin percentage was 7.5% (2004: 5.8%). As in Europe, the growth of the US region's gaming business has been strong. In the three month period, the increase in customer numbers and overall scale of the US region yielded a 25.2% rise in the number of gaming bets to 65.1m (2004: 52.0m) at an average bet size of \$12 (2004: \$11). This sharp rise in gaming activity yielded a 31.3% rise in margin to £10.9m (2004: £8.3m). Margin from poker was £0.8m (2004: £Nil).

## **Australia**

The transition from being a primarily telephone based betting market to one where internet betting is increasingly important continues. In the three months ended 30 April 2005, the percentage of bets taken over the internet rose to 61.1% (2004: 45.5%). Whilst retaining a core telephone business, the increased internet focus, augmented through the introduction of a complete new suite of internet products, a new website, improved risk management tools and increased marketing spend, have improved the business significantly. These actions together with improved sports results, have increased sports gross margin to 3.5% (2004: 0.6%) enabling the business to have its best ever quarter.

During the period, the number of customers increased by 1,615 (3.8%) from 42,820 to 44,435. The number of sports bets placed increased sharply by 0.3m (60.0%) to 0.8m (2004: 0.5m). The average sports bet size fell in line with lower staking internet activity to

AUS\$297 (2004: AUS\$391). The unit cost per £1 of standard margin has remained stable at £0.74 (2004: £0.74).

### **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. All aspects of the integration of Paradise Poker have been completed, save for the cross selling "shared purse" technology. Phase one of the shared purse technology will be released in late June 2005 and rolled out during the US All Star sports break in the middle of July 2005. Despite not yet having shared purse functionality in place, over 15,000 customers from the Group's US facing sports betting brands have already registered with Paradise Poker and 3,639 of those play regularly.

In the three months to 30 April 2005, Paradise Poker has performed strongly and has exceeded the Board's expectations. The number of registered customers has increased by 11.5% from 837,219 as at 31 January 2005 to 933,496. Compared with the three months ended 30 April 2004, average daily margin has increased by 69.9% to \$302,555 per day (pro forma 2004: \$178,068). The average number of games played each day has increased by 69.3% to 1.17m games per day (pro forma 2004: 0.69m).

### **Regulatory Developments**

In the UK, the Government has now enacted the Gambling Act. The Board is in favour of the principle of proper regulation for the remote gambling industry and it supports the general principles of the Act. Sportingbet, however, upholds concern that the Act remains open to wide interpretation and has, as yet, an unclear taxation structure. Given these uncertainties, and the pre-existing level of taxes of UK VAT and UK Corporation Tax, the Board does not expect many, if any, offshore online gaming operators to relocate onshore into a UK regulated environment. The Board also believes that, depending upon the interpretation of clauses within the Act by the Gambling Commission, a number of operators may choose to relocate offshore.

Elsewhere within the EU and the EEA, 2005 is set to be an important year for the regulatory development of the industry. The regulatory models being adopted by the UK, Malta, Slovakia and increasingly other countries have the very real potential to lead to Internal Market distortions, underlining the need for a European initiative in remote gambling services. Unfortunately, the Board believes that such a requirement is likely to fall foul of political tensions from certain monopolistic Member States as they continue to resist free trade in the industry across the EU and the EEA. Presently, the only relevant European Court of Justice ruling (the Gambelli case) continues to be interpreted differently within Member States and is largely ineffective. The Board awaits further developments with interest.

Within the US, there has been little overall change to the regulatory environment. The World Trade Organisation ("WTO") has issued its final ruling where it confirmed that the US is presently violating its obligations under the GATS treaty. The Board notes that the US has acknowledged that it will comply with the ruling, though precisely what form this will take remains unclear. The Board does not believe that the cessation of all existing internet betting activity and the removal of State rights for any future initiative represent a viable option for the US in this regard and accordingly is monitoring developments very closely.

In the Australian market, the Board believes that recent regulatory developments may lead to the market being more open. Australia's competition regulator, the Australian Competition and Consumer Commission (ACCC), is presently considering whether senior executives of three key national racing bodies, plus those from TAB Corp have breached the Trade Practices Act by attempting to prevent betting exchanges securing betting licenses. The same bodies are also against the relaxation of laws regarding corporate bookmaking, such as the deregulated advertising laws, locating operations in southern states and offering Tote odds. A positive ruling by the ACCC may have the effect of removing the anti-competitive behaviour that exists against corporate bookmakers in the region, to the benefit of Sportingbet.

### **Dividend Policy**

As previously announced, the resolution to approve the capital reduction by way of cancellation of the share premium account was approved by shareholders on 29 April 2005. The High Court hearing to confirm the capital reduction is scheduled to take place on 8 June 2005. Subject to the outcome of this hearing, it is envisaged that a maiden dividend will be declared in respect of the year ending 31 July 2005 and approval of this payment will be sought at the AGM in December 2005.

### **Trading Outlook**

Trading volume and margin performance for the first four weeks of the final quarter have been strong. Organic growth has continued at an encouraging rate and Sportingbet's casino, gaming and poker revenue streams continue to perform well.

Sportingbet will report its results for the twelve months to 31 July 2005 in the middle of October 2005.

**Sportingbet Plc**  
**Unaudited Consolidated Profit and Loss Account**  
**Nine months ended 30 April 2005**

	Notes	<b>3 months 30 April 2005 £m</b>	3 months 30 April 2004 £m	<b>9 months 30 April 2005 £m</b>	9 months 30 April 2004 £m
Turnover – continuing operations		376.3	297.8	1,189.0	935.0
– acquisitions		14.2	-	26.7	-
<b>Turnover</b>	2	<b>390.5</b>	297.8	<b>1,215.7</b>	935.0
Cost of sales		<b>(333.5)</b>	(273.8)	<b>(1,078.4)</b>	(855.2)
<b>Gross profit</b>		<b>57.0</b>	24.0	<b>137.3</b>	79.8
Gross profit %		<b>14.6%</b>	8.1%	<b>11.3%</b>	8.5%
Exceptional costs		-	-	-	(1.0)
Goodwill amortisation		<b>(4.9)</b>	(1.8)	<b>(11.6)</b>	(5.4)
Other administration expenses		<b>(36.8)</b>	(18.1)	<b>(91.1)</b>	(59.9)
Total administration expenses		<b>(41.7)</b>	(19.9)	<b>(102.7)</b>	(66.3)
Group operating profit before exceptional costs and goodwill amortisation		<b>20.2</b>	5.9	<b>46.2</b>	19.9
Exceptional costs		-	-	-	(1.0)
Goodwill amortisation		<b>(4.9)</b>	(1.8)	<b>(11.6)</b>	(5.4)
Operating profit – continuing operations		<b>9.1</b>	4.1	<b>23.3</b>	13.5
– acquisitions		<b>6.2</b>	-	<b>11.3</b>	-
<b>Group operating profit</b>		<b>15.3</b>	4.1	<b>34.6</b>	13.5
Share of operating profit in associate		-	0.4	<b>0.3</b>	0.2
<b>Profit before interest</b>		<b>15.3</b>	4.5	<b>34.9</b>	13.7
Finance costs	3	<b>(1.6)</b>	(0.3)	<b>(2.9)</b>	(1.1)
<b>Profit before taxation</b>		<b>13.7</b>	4.2	<b>32.0</b>	12.6
Taxation		<b>(0.5)</b>	0.3	<b>(0.6)</b>	(0.1)
<b>Profit after taxation</b>	6	<b>13.2</b>	4.5	<b>31.4</b>	12.5
<b>Earnings per ordinary share</b>	8				
Basic		<b>4.0p</b>	2.1p	<b>11.0p</b>	6.0p
Diluted		<b>3.0p</b>	1.5p	<b>8.0p</b>	4.1p
<b>Adjusted EPS (pre exceptionals and goodwill amortisation)</b>	8				
Basic		<b>5.5p</b>	3.0p	<b>15.0p</b>	9.1p
Diluted		<b>4.2p</b>	2.1p	<b>10.9p</b>	6.2p



**Sportingbet Plc**  
**Unaudited Consolidated Balance Sheet**  
**As at 30 April 2005**

	30 April 2005 £m	30 April 2004 £m	31 July 2004 £m
<b>Fixed Assets</b>			
Intangible fixed assets – goodwill	345.5	126.3	124.2
Tangible assets	7.5	5.2	5.2
Investment in joint venture – share of gross and net assets	8.5	-	-
Investments in associated companies	-	2.4	2.7
	<b>361.5</b>	<b>133.9</b>	<b>132.1</b>
<b>Current Assets</b>			
Debtors	11.4	9.7	8.3
Cash at bank and in hand	70.2	26.2	20.3
	<b>81.6</b>	<b>35.9</b>	<b>28.6</b>
Creditors			
Amounts falling due within one year	49.6	27.1	24.9
Bank loans and overdrafts	42.8	10.5	17.3
Rescheduled earnout	-	17.5	15.7
Deferred consideration	2.1	-	-
	<b>94.5</b>	<b>55.1</b>	<b>57.9</b>
<b>Net Current Liabilities</b>	<b>12.9</b>	<b>19.2</b>	<b>29.3</b>
<b>Total Assets Less Current Liabilities</b>	<b>348.6</b>	<b>114.7</b>	<b>102.8</b>
Creditors			
Amounts falling due after more than one year	-	-	0.1
Provision for liabilities and charges	1.9	0.5	0.9
Contingent consideration	23.3	1.4	0.8
Bank loan	31.5	7.0	-
	<b>56.7</b>	<b>8.9</b>	<b>1.8</b>
<b>NET ASSETS</b>	<b>291.9</b>	<b>105.8</b>	<b>101.0</b>
<b>Capital and Reserves</b>			
Called up share capital	0.3	0.2	0.2
Shares to be issued	54.8	28.1	26.7
Share premium	213.1	51.2	52.5
Other reserves	0.3	21.3	21.3
Profit and loss account	23.4	5.0	0.3
<b>SHAREHOLDERS' FUNDS – EQUITY</b>	<b>291.9</b>	<b>105.8</b>	<b>101.0</b>

**Sportingbet Plc**  
**Unaudited Consolidated Cashflow Statement**  
**Nine months ended 30 April 2005**

	Notes	<b>3 months 30 April 2005 £m</b>	3 months 30 April 2004 £m	<b>9 months 30 April 2005 £m</b>	9 months 30 April 2004 £m
Cash inflow in respect of EBITDA		20.9	6.4	48.0	20.1
Net working capital movement		(2.2)	(0.4)	14.4	7.2
Net cash inflow from operating activities		<u>18.7</u>	6.0	<u>62.4</u>	27.3
Returns on investment and servicing of finance		(0.7)	(0.3)	(3.3)	(0.8)
Capital expenditure		(2.0)	(1.0)	(4.1)	(1.9)
Acquisitions	4	<u>(1.6)</u>	(2.2)	<u>(123.3)</u>	(9.3)
<b>Cash (outflow)/inflow before use of liquid resources and before financing</b>		<b>14.4</b>	2.5	<b>(68.3)</b>	15.3
Management of liquid resources		(0.3)	(0.2)	(12.2)	(7.2)
Financing	4	<u>(10.2)</u>	(1.7)	<u>128.5</u>	(5.2)
<b>Increase in cash in the period</b>		<u><b>3.9</b></u>	0.6	<u><b>48.0</b></u>	2.9
<b>Reconciliation of net cashflow to movement in net funds</b>					
Increase in cash in the period		3.9	0.6	48.0	2.9
Cash outflow from increase in liquid resources		0.3	0.2	12.2	7.2
Cash (inflow)/outflow from (increase)/decrease in debt		10.7	1.9	(67.1)	5.4
<b>Movement in net funds resulting from cash flows in period</b>		<u><b>14.9</b></u>	2.7	<u><b>(6.9)</b></u>	15.5
Net funds at start of period		<u>(19.2)</u>	5.6	<u>2.6</u>	(7.2)
<b>Net funds at end of period</b>		<u><b>(4.3)</b></u>	8.3	<u><b>(4.3)</b></u>	8.3

**Sportingbet Plc**  
**Notes**  
**Nine months ended 30 April 2005**

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

	<b>3 months</b> <b>30 April</b> <b>2005</b> <b>£m</b>	3 months 30 April 2004 £m	<b>9 months</b> <b>30 April</b> <b>2005</b> <b>£m</b>	9 months 30 April 2004 £m
Profit for financial period	13.2	4.5	31.4	12.5
Exchange translation differences on consolidation	(2.4)	-	(8.3)	(1.0)
Total recognised gains for the financial period	<b>10.8</b>	4.5	<b>23.1</b>	11.5

2. **Analysis of turnover:**

	<b>3 months</b> <b>30 April</b> <b>2005</b> <b>£m</b>	3 months 30 April 2004 £m	<b>9 months</b> <b>30 April</b> <b>2005</b> <b>£m</b>	9 months 30 April 2004 £m
a) Analysis of revenue by activity				
Sports betting	357.3	287.3	1,140.2	904.8
Casino betting	13.7	8.4	36.5	24.3
Poker rake	16.6	0.4	31.4	0.7
Fee income	2.9	1.7	7.6	5.2
	<b>390.5</b>	297.8	<b>1,215.7</b>	935.0
b) Analysis of revenue by region				
Americas	191.7	168.6	685.7	563.1
Australia	101.9	83.1	285.6	246.2
Europe	82.7	46.1	217.7	125.7
Paradise	14.2	-	26.7	-
	<b>390.5</b>	297.8	<b>1,215.7</b>	935.0

3. **Finance costs:**

	<b>3 months</b> <b>30 April</b> <b>2005</b> <b>£m</b>	3 months 30 April 2004 £m	<b>9 months</b> <b>30 April</b> <b>2005</b> <b>£m</b>	9 months 30 April 2004 £m
Interest receivable	0.1	-	0.2	-
Interest payable	(1.3)	(0.3)	(2.3)	(1.1)
Amortisation of issue costs	(0.2)	-	(0.4)	-
	(1.4)	(0.3)	(2.5)	(1.1)
Deferred consideration discount charge	(0.2)	-	(0.4)	-
<b>Total finance costs</b>	<b>(1.6)</b>	(0.3)	<b>(2.9)</b>	(1.1)

**Sportingbet Plc**  
**Notes continued**  
**Nine months ended 30 April 2005**

4. **Notes to the cashflow:**

	<b>3 months</b> <b>30 April</b> <b>2005</b> <b>£m</b>	3 months 30 April 2004 £m	<b>9 months</b> <b>30 April</b> <b>2005</b> <b>£m</b>	9 months 30 April 2004 £m
<b>Acquisitions</b>				
Cash consideration paid to vendors of Paradise	-	-	<b>(111.8)</b>	-
Cash acquired with acquisition	-	-	<b>7.9</b>	-
Cash consideration paid to vendors of Sportsbook	-	(2.2)	<b>(15.7)</b>	(9.3)
Cash consideration paid to World Gaming	<b>(1.6)</b>	-	<b>(3.7)</b>	-
<b>Total acquisitions</b>	<b>(1.6)</b>	(2.2)	<b>(123.3)</b>	(9.3)

	<b>3 months</b> <b>30 April</b> <b>2005</b> <b>£m</b>	3 months 30 April 2004 £m	<b>9 months</b> <b>30 April</b> <b>2005</b> <b>£m</b>	9 months 30 April 2004 £m
<b>Financing</b>				
Exercise of share options	<b>0.5</b>	0.2	<b>1.4</b>	0.2
Issue of ordinary share capital	-	-	<b>60.0</b>	-
Repayment of bank loan	<b>(10.7)</b>	(2.0)	<b>(17.7)</b>	(3.0)
New bank loan	-	-	<b>85.0</b>	-
Repayment of loan notes	-	-	-	(2.5)
Capital element of finance lease	-	0.1	<b>(0.2)</b>	0.1
<b>Total financing</b>	<b>(10.2)</b>	(1.7)	<b>128.5</b>	(5.2)

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 30 April 2005 comprised:

	<b>£m</b>
Cash	<b>111.8</b>
Shares	<b>78.4</b>
Contingent consideration - cash	<b>22.1</b>
- shares	<b>27.9</b>
<b>Total</b>	<b>240.2</b>

8. The basic earnings per share for the nine months is based on the profit on ordinary activities after taxation of £31.4m (2004: £12.5m), and on the weighted average number of shares in issue of 286,468,364 (2004: 207,834,734). The diluted earnings per share for the quarter is based on the profit on ordinary activities after taxation of £31.4m (2004: £12.5m) 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 393,622,037 (2004: 303,131,449).

Adjusted basic and diluted earnings per ordinary share before goodwill amortisation and exceptional costs exclude amortisation of goodwill of £11.6m (2004: £5.4m) 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 £13.2m (2004: £4.5m), and on the weighted average number of shares in issue of 326,024,018 (2004: 208,015,718). The diluted earnings per share for the quarter is based on the profit on ordinary activities after taxation of £13.2m (2004: £4.5m) 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 434,422,530 (2004: 306,333,114).

Adjusted basic and diluted earnings per ordinary share before goodwill amortisation and exceptional costs exclude amortisation of goodwill of £4.9m (2004: £1.8m).