Sportingbet Plc

Unaudited Results for the Second Quarter and First Half ended 31 January 2006

Sportingbet Plc (LSE: SBT), a leading online sports betting and gaming group, announces its results for the periods ended 31 January 2006.

Financial Highlights – Second Quarter ended 31 January 2006

- Gross margin up 66% to £83.1m (2005: £50.1m)
- Operating profit* up 62% to £34.8m (2005: £21.5m)
- Profit before tax up 72% to £27.0m (2005: £15.7m)
- Diluted earnings per share* up 67% to 8.2p (2005: 4.9p)
- Interim dividend of 1.0p per share

Business Highlights – Second Quarter ended 31 January 2006

- New real money customers up 62% to 159,814 (2005: 98,799)
- Average cost of customer acquisition £142 (12 months 2005: £137)
- Average daily Paradise Poker rake up 107% to $541,782 (2005: $261,668)
- Further solid development of shared purse technology:
  - 23,077 active US sports customers played poker during the quarter (Q1: 17,729) generating an average of $52,888 of rake per day (Q1: $26,000)
  - 23,005 active US poker players bet on sports / gaming during the quarter (Q1: 13,296) generating $1.9m of margin (Q1: $1.0m)

Highlights – First Half ended 31 January 2006

- Operating profit* up 120% to £57.1m (2005: £26.0m), up 66% on a pro-forma basis**
- Profit before tax up 126% to £41.3m (2005: £18.3m), up 74% on a pro-forma basis**
- Cash generated from operating activities up 76% to £77.1m (2005: £43.7m)
- Diluted earnings per share* up 112% to 14.4p (2005: 6.8p)
- Paradise Poker games up 122% to 338.7m (pro-forma 2005: 152.6m)**
- Sports and gaming bets up 40% to 290.0m (2005: 206.5m)

** Stated pre goodwill amortisation and UITF 17 share option charges*

***Assuming that Paradise Poker had been owned throughout the first quarter 2005*

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

“The benefits of the increased size of our business across our shared purse "one-stop-shop" environment have again been demonstrated in this quarter. During the three months ended 31 January 2006 we have recruited more new customers, taken more bets, played more games of poker and made more profit than in any previous quarter in the Group’s history. Our cash generation in the quarter has also been at record levels, and I am delighted to announce the payment of an interim dividend of 1.0p per ordinary share.

I am also pleased to report that we are experiencing solid organic growth at the start of the third quarter and consequently the outlook for the second half of the financial year remains encouraging.”

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

“I am delighted to report a record performance for Sportingbet this quarter, a period in which the scale of the Group’s operations has again increased significantly and a period in which the benefits of our shared purse strategy have started to deliver real returns.

We now have over 3.9m registered customers, who placed 290m sports and gaming bets in the first half of this year and played 339m games of poker. Our growth continues at a strong pace. Notwithstanding this increase, however, the Group’s customer dynamics have remained broadly in line with previous years. Important indicators such as customer acquisition cost, bet size, bet frequency and attrition have all remained consistent with last year. The stability of these indicators demonstrates the power of Sportingbet’s multi-product, global offering and our ability to drive growth cost efficiently, without compromising the quality of customer attained.

At the start of the third quarter this trend has continued, with growth remaining strong across all products.”

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There will be a presentation for analysts and investors at the City Conference Centre, 80 Coleman Street, London, EC2R 5BJ at 9.30am today.

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FINANCIAL RESULTS

Second Quarter ended 31 January 2006

Turnover for the second quarter ended 31 January 2006 was £647.7m (2005: £463.4m), earning a gross margin of £83.1m (2005: £50.1m) at 12.8% of turnover (2005: 10.8%). Sports betting turnover was £594.0m (2005: £434.7m), earning a gross margin of £29.4m (2005: £21.4m) at a gross margin percentage of 4.9% (2005: 4.9%). Casino and gaming, poker and fee income contributed a further £19.2m, £31.3m and £3.2m respectively to both turnover and gross margin (2005: £12.6m, £13.2m and £2.9m). Of the £31.3m of poker turnover, Paradise Poker accounted for £27.8m (2005: £12.0m).

Turnover and margin for the period are stated after a deduction for customer bonuses of £4.5m (2005: £3.4m). The sports gross margin as reported was 4.9% (2005: 4.9%), however without this bonus deduction, the equivalent number would have been 5.3% (2005: 5.3%).

Costs (excluding goodwill amortisation and UITF 17 share option charges) in the quarter of £48.3m (2005: £28.6m) represented 58.1% of gross profit (2005: 57.1%). Costs comprised marketing £18.4m (2005: £9.8m), banking fees £12.2m (2005: £8.5m), information technology £4.5m (2005: £3.1m), employee costs £8.5m (2005: £4.9m), other administration costs £3.6m (2005: £1.7m) and depreciation £1.1m (2005: £0.6m). The 1.0% increase in costs as a percentage of gross profit reflects an investment in both the quality of staff and staff levels, together with associated costs.

Operating profit (before goodwill and share option charges) for the quarter was £34.8m (2005: £21.5m), representing a margin of 41.9% of gross profit (2005: 42.9%). Profit before tax was £27.0m (2005: £15.7m), after expensing share option charges of £1.5m (2005: £Nil), goodwill amortisation of £5.5m (2005: £4.8m), net finance costs of £0.8m (2005: £1.1m) and adding the share of operating profit in associated undertakings of £Nil (2005: £0.1m).

Basic earnings per share before share option charges and amortisation of goodwill was 8.4p (2005: 6.3p). Diluted earnings per share before share option charges and amortisation of goodwill was 8.2p (2004: 4.9p).

During the quarter, the Group generated cash from operating activities of £35.0m (2005: £26.2m). As at 31 January 2006 the Group had £101.8m (2005: £66.1m) of cash and liquid resources on its balance sheet, of which £47.5m represented client liabilities. Gross debt amounted to £69.1m (2005: £112.1m). This comprised a bank loan of £42.2m (2005: £85.0m), deferred consideration of £Nil (2005: £3.7m) and contingent cash consideration of £26.9m: £23.9m due to the vendors of Paradise Poker and £3.0m due to the vendors of the business of ISC (2005: £23.4m).

First Half ended 31 January 2006

Turnover for the first half ended 31 January 2006 was £1,128.1m (2005: £819.2m), earning a gross margin of £147.7m (2005: £74.3m) at 13.1% of turnover (2005: 9.1%). Sports betting turnover was £1,034.6m (2005: £779.4m), earning a gross margin of £54.2m (2005: £34.5m) at a gross margin percentage of 5.2% (2005: 4.4%). Casino and gaming, poker and fee income contributed a further £32.4m, £55.5m and £5.6m respectively to both turnover and gross margin (2005: £21.1m, £14.0m and £4.7m). Of the £55.5m of poker turnover, Paradise Poker accounted for £49.1m (pro-forma 2005: £24.3m).

Turnover and margin for the period are stated after a deduction for customer bonuses of £11.7m (2005: £6.0m). The sports gross margin as reported was 5.2% (2005: 4.4%), however without the bonus deduction, the equivalent number would have been 5.8% (2005: 4.9%).

Costs (excluding goodwill amortisation and UITF 17 share option charge) for the period of £90.6m (2005: £48.3m) represented 61.3% of gross profit (2005: 65.0%). Costs comprised marketing £36.6m (2005: £16.2m), banking fees £22.0m (2005: £13.1m), information technology £8.3m (2005: £6.1m), employee costs £15.2m (2005: £8.7m), other administration costs £6.4m (2005: £3.1m) and depreciation £2.1m (2005: £1.1m).

Operating profit (before goodwill and share option charge) for the six months was £57.1m (2005: £26.0m), representing a margin of 38.7% of gross profit (2005: 35.0%). Profit before tax was £41.3m (2005: £18.3m), after expensing share option charges of £3.0m (2005: £Nil), goodwill amortisation of £11.0m (2005: £6.7m), net finance costs of £1.8m (2005: £1.3m) and adding the share of operating profit in associated undertakings of £Nil (2005: £0.3m).

Basic earnings per share before share option charges and amortisation of goodwill, was 14.8p (2005: 9.3p). Diluted earnings per share, before share option charges and amortisation of goodwill, was 14.4p (2005: 6.8p).

During the six months ended 31 January 2006, the Group generated cash from operating activities of £77.1m (2005: £43.7m).

REVIEW OF OPERATIONS

Sportingbet Group

In the second quarter ended 31 January 2006, the number of registered customers rose strongly at 0.5m (2005: 0.2m), a rate more than double that of the same period last year, increasing the size of the Group's customer database from 3.4m to 3.9m. Of these new registrations, 159,814 new customers funded accounts in the quarter (2005: 98,799). All new customers were acquired through organic growth initiatives, at an average cost of £142 (12 months 2005: £137).

The increase in customer numbers, combined with a broader product range and further development into the US market of the Group's shared purse technology, yielded a record level of overall betting volume for the Group. The number of sports and gaming bets placed in the quarter rose by 38% to 166.8m (2005: 120.6m). The average number of games played per day (including free to play games) on Paradise Poker rose by 147% to 2.10m (2005: 0.85m) and by 33% since the last reported quarter.

Overall margin performance was stable in the second quarter despite a period of well reported adverse sports results, reflecting the strength of the Group's diversified geographical reach and breadth of product. The sports margin percentage, gross of customer bonuses, was 5.3% (2005: 5.3%). Margin from casino, gaming and fee income rose by 45% to £23.8m (2005: £16.4m). Margin from poker was £32.4m.

Europe

The Group's European region delivered its best ever set of results this quarter. Organic growth was strong and profitability was at a record level. The number of customers who bet on the region's sports betting websites rose by 55% to 159,661 (2005: 102,649). Following the introduction of a wide range of new products during the quarter, particularly an enhanced in-running betting platform, the number of sports bets placed by these customers rose significantly by 74% to 8.7m (2005: 5.0m), the equivalent of 54 bets per active customer per quarter (2005: 48 bets). The average sports bet size was relatively constant at £14 (2005: £13). The sports margin percentage after betting tax was below historical levels at 6.6% (2004: 8.8%), reflecting the profile of sports betting results in the period.

Sportingbet's European region has had fully functioning shared purse technology in place for two years. In the quarter, whilst the sports margin was below its long term average, the lower than normal sports margin helped to generate a higher level of gaming activity with sports winnings being recycled into the gaming environment. The number of customers who bet on the region's gaming websites rose by 69% to 40,413 (2005: 23,945). The number of gaming bets placed by these customers rose by 100% to 41.9m (2005: 20.9m) at a constant average bet size of £5. The gaming margin percentage was 3.8% (2005: 3.5%).

Notwithstanding this significant scale change in volume, the cost of acquiring customers continues to be cost effective at £158 (12 months 2005: £137) per new active customer, yielding a cash payback in under six months.

America

The US region delivered a record quarter across all measures. As a result of significantly increased marketing activity, the number of customers who bet on the region's sports betting websites rose by 55% to 192,695 (2005: 124,632). New active customers were acquired in the quarter at $253 per customer, a significant fall of 31% over last year (12 months 2005: $368), and yielding a cash payback of under three months.

The Board is particularly pleased with the region's sports margin percentage in the quarter, which at 5.3% (2005: 6.0%) reflects the strength of the Group's risk management and product offering in what has been an unusually volatile US NFL sports betting season. The total number of sports bets placed in the quarter rose by 38% to 12.4m (2005: 9.0m). The number of sports bets per active customer per quarter was 64 bets (2005: 72 bets) with an average sports bet size of $54 (2005: $58).

The number of customers who bet on the region's gaming websites rose by 28% to 73,356 (2005: 57,228). The number of gaming bets placed by these customers rose by 21% to 102.8m (2005: 84.9m) at an average bet size of $10 (2005: $11). The gaming margin percentage was constant at 2.0%. This increase in gaming was achieved despite a sharp increase in the number of sports betters playing poker which rose by 334% to 28,825 (2005: 6,638). Of these poker players, 23,077 played at Paradise Poker through the Group's shared purse facilities.

Sportingbet introduced its shared purse technology at the end of July 2005. This allows customers of its US-facing brands to bet across sports, casino and poker platforms with one account, username and password. Since its introduction, the Board has been pleased with the contribution this technology has delivered, increasing each month since its launch. During the quarter, the 23,077 active sports customers who played poker utilising the shared purse generated an average of $52,888 of rake per day, up 103% over the first quarter (Q1: $26,000). On Superbowl night in the US in early February, the daily rake contribution through the shared purse was approximately $81,000.

Australia

The significant improvement seen in the Group's Australian business in the 12 months to 31 July 2005 has continued in the first and second quarters of the current year. The three months ended 31 January 2006 was the best quarter for the Group's Australian business since it moved onshore three years ago.

During the quarter, the percentage of bets taken over the internet rose to 74% (2005: 59%). The increased internet focus, augmented through the introduction of a new suite of sports internet products, a new website, improved risk management tools and increased marketing spend, has continued to drive the business forward. These actions, together with more normal sports results, have increased sports gross margin to 3.3% (2005: 1.3%).

The number of customers who bet on the region's sports betting business rose by 14% to 7,853 (2005: 6,884). The number of sports bets placed by these customers rose by 25% to 1.0m (2005: 0.8m) at a rate of 133 bets per active customer per quarter (2005: 114 bets). The average sports bet size was lower at AUS$201 (2005: AUS$308), reflecting the increased activity on the more leisure-oriented internet platform. The cost of acquiring a new active customer rose to AUS$1,019 (12 months 2005: AUS$917), reflecting a strong marketing push following the introduction of the new technology suite.

Paradise Poker

The Group's poker business continues to grow at a very strong pace. In the second quarter, the number of active customers who have contributed to rake at Paradise Poker rose significantly by 90% to 188,273 (2005: 99,036), generating an average daily rake up 107% to $541,782 (2005: $261,668). The cost of acquiring new active customers to Paradise Poker was $199 (12 months 2005: $139), yielding a payback period of less than two months. When compared to the previous quarter, the number of active customers who contributed to rake at Paradise Poker rose significantly by 12% (Q1: 168,112), generating an average daily rake up 26% (Q1: 430,858).

Since the introduction of the Group's shared purse technology, the Board has been pleased with the contribution being obtained from allowing poker customers to bet on sports. During the quarter, 23,005 active real money poker customers also bet on the Group's US-facing sports or casino websites generating $1.9m of margin.

Regulatory Developments

The Board believes that proper regulation of the internet gaming industry is essential: regulation enhances consumer protection and mitigates social responsibility concerns. During the three months ended 31 January 2006, the Board has continued to invest a great deal of time and resource in attempting to improve the global regulatory environment. The political drive and will to navigate through the respective needs of diverse interest groups is, however, still absent in many parts of the world, resulting in little overall regulatory change.

In Europe, the regulatory framework continues, as expected, to be shrouded in country specific political manoeuvres as opposed to any serious EU consideration of the issues.

On 16 February 2006, for example, the EU approved its Services Directive, but excluded the online betting and gaming industry from its remit. In so doing, an opportunity to provide guidance to both Member States as to the appropriateness of their local law, and to the European Court of Justice, has again been missed. As a consequence, whilst having little practical operational impact on regulated online gaming companies, the much-needed harmonisation of the industry across Europe is no nearer. Sportingbet's previous announcements have referred to countries pursuing monopolistic stances. This position is now expected to continue. From an operating perspective, the Board believes that the industry will be increasingly regulated from the large number of jurisdictions that allow bets to be taken from across the EU. From a legal perspective, the industry will now be reliant upon long, drawn-out court cases to attempt to bring the laws of individual EU countries into line with long-standing European Union principles.

In the UK, Sportingbet continues to participate in discussions with HM Treasury and other UK bodies as to the appropriate licensing structure and level of tax to be levied on the industry. The Board's view remains that given the existing high (by international standards) levels of non-gaming related taxation in the UK (such as VAT and Corporation tax) the level of gaming tax proposed by the UK government is not, per se, relevant to encouraging companies to come onshore. Sportingbet supports the adoption of alternative structures whereby operators pay a licensing fee to be licensed and regulated but are not obliged to be onshore. A decision from HM Treasury is expected in the March budget.

In the US there has been a good deal of activity so far this year. The Board continues to work hard to educate interested parties as to the merits of regulation. A number of other events have supplemented this effort. A recent high profile documentary (CBS 60 Minutes) set out the arguments that surround the industry. Further, external bodies such as the World Trade Organisation (WTO) continue to openly express concern over the present US position of selectively regulating elements of internet gambling to the exclusion of foreign operators. The Board awaits the results of the US stated policy of "complying" with the WTO Ruling by early April with interest.

Notwithstanding this progress however, certain US politicians continue to refuse to believe in the now proven merits of regulation and are seeking to introduce legislation designed to prohibit or restrict the industry's activities. Such initiatives are indeed often at odds with US stated policy on other internet matters. For instance, the US Congress has very recently publicly and vehemently censured certain US high profile ISP's for agreeing to China's wishes to limit the freedom of speech on the internet. Further, the initiatives designed to restrict internet gambling are also at odds with the stated moralistic grounds, by, for example, exempting Internet Horse Racing and Intra State Wagering from such restriction.

The Board notes the introduction of a Bill by Rep. Goodlatte and further notes that Rep. Leach has previously introduced legislation in the House of Representatives. Senator Kyl, who unsuccessfully attempted to attach a gaming bill to broader legislation last autumn, has intimated that he is considering offering legislation again this year in the US Senate. These lawmakers continue to premise their Bills upon moral objections to gaming and take little account of the progress the industry has made in addressing and overcoming the very concerns that have caused the Bills to be introduced in the first place.

The appetite of the House of Representatives and Senate leadership to give full debating time to these Bills, in a short and very busy political year, is as yet unclear and remains to be seen. The popularity of internet gaming accompanied by the growing awareness of the technological safeguards of which advanced companies are capable provide substantive counterweight to efforts attempting to ban internet gaming. Furthermore, in light of the exemptions present in all recent versions of anti-gaming legislation, stakeholder infighting that has scuttled previous legislative efforts are likely to arise once again. Whilst the Board recognises that proposed legislation will face significant procedural and political obstacles, we also appreciate the inherent uncertainties of the U.S. political process, and we will continue to closely monitor developments in these areas.

Dividends

The Directors recommend a maiden interim dividend of 1.0p per ordinary share for the six months ended 31 January 2006, amounting to £4.2m. This will be paid on 14 April 2006 to shareholders on the register as at 17 March 2006.

Trading Outlook

During the first three weeks of the third quarter, organic growth and trading volumes have continued at a strong pace across all of the Group's product streams. Operating margins are in line, and, for some products, are slightly above the normal levels for this time of year and accordingly the Board remains confident with regard to the prospects for the current financial year. Should the current level of strong performance continue throughout the second half of the year, then the Board intends to re-invest any such excess in furthering the organic growth of the business.

Sportingbet will report its results for the third quarter ended 30 April 2006 on 31 May 2006.

Sportingbet Plc
Unaudited Consolidated Profit and Loss Account
Six months ended 31 January 2006

	Notes	**3 months to 31 January 2006 £m**	3 months to 31 January 2005 Restated £m	**6 months to 31 January 2006 £m**	6 months to 31 January 2005 Restated £m
Turnover	2	**647.7**	463.4	**1,128.1**	819.2
Cost of sales		**(564.6)**	(413.3)	**(980.4)**	(744.9)
Gross profit		**83.1**	50.1	**147.7**	74.3
Gross profit %		**12.8%**	10.8%	**13.1%**	9.1%
Share option charge		**(1.5)**	-	**(3.0)**	-
Goodwill amortisation		**(5.5)**	(4.8)	**(11.0)**	(6.7)
Other administration expenses		**(48.3)**	(28.6)	**(90.6)**	(48.3)
Total administration expenses		**(55.3)**	(33.4)	**(104.6)**	(55.0)
Group operating profit before share option charge and goodwill amortisation		**34.8**	21.5	**57.1**	26.0
Share option charge		**(1.5)**	-	**(3.0)**	-
Goodwill amortisation		**(5.5)**	(4.8)	**(11.0)**	(6.7)
Group operating profit		**27.8**	16.7	**43.1**	19.3
Share of operating profit in associate		**-**	0.1	**-**	0.3
Profit before interest		**27.8**	16.8	**43.1**	19.6
Finance costs	4	**(0.8)**	(1.1)	**(1.8)**	(1.3)
Profit before taxation		**27.0**	15.7	**41.3**	18.3
Taxation		**(0.4)**	(0.1)	**(0.7)**	(0.1)
Profit after taxation		**26.6**	15.6	**40.6**	18.2
Earnings per ordinary share	8				
Basic		**6.7p**	4.8p	**11.0p**	6.8p
Diluted		**6.5p**	3.7p	**10.7p**	5.0p
Adjusted earnings per ordinary share (pre share option charge and goodwill amortisation)	8				
Basic		**8.4p**	6.3p	**14.8p**	9.3p
Diluted		**8.2p**	4.9p	**14.4p**	6.8p

Sportingbet Plc
Unaudited Consolidated Balance Sheet
As at 31 January 2006

	Notes	**31 January 2006**	31 January 2005	31 July 2005 Restated
		£m	£m	£m
Fixed assets				
Intangible assets – goodwill		**377.9**	348.2	386.5
Tangible assets		**10.5**	6.2	8.8
Investment in joint venture		**8.8**	8.8	9.0
		397.2	363.2	404.3
Current assets				
Debtors		**22.4**	11.6	22.2
Cash at bank and in hand		**101.8**	66.1	67.0
		124.2	77.7	89.2
Creditors: amounts falling due within one year				
Bank loans and overdrafts		**41.4**	42.1	41.5
Deferred consideration		**-**	3.7	12.6
Other creditors	3	**70.4**	51.0	51.1
		111.8	96.8	105.2
Net current assets/(liabilities)		**12.4**	(19.1)	(16.0)
Total assets less current liabilities		**409.6**	344.1	388.3
Creditors: amounts falling due after more than one year				
Bank loan		**-**	42.9	20.8
		-	42.9	20.8
Provisions for liabilities and charges				
Other provisions		**3.5**	1.7	2.8
Contingent consideration		**26.9**	23.4	26.5
		30.4	25.1	29.3
NET ASSETS		**379.2**	276.1	338.2
Capital and reserves				
Called up share capital		**0.4**	0.3	0.3
Shares to be issued		**40.5**	50.0	73.1
Share premium		**38.0**	191.9	0.6
Share option reserve		**3.0**	-	-
Other reserves		**0.3**	21.3	0.3
Profit and loss account	3,6	**297.0**	12.6	263.9
SHAREHOLDERS' FUNDS – EQUITY		**379.2**	276.1	338.2

Sportingbet Plc
Unaudited Consolidated Cash Flow Statement
Six months ended 31 January 2006

	Notes	**3 months to 31 January 2006 £m**	3 months to 31 January 2005 £m	**6 months to 31 January 2006 £m**	6 months to 31 January 2005 £m
EBITDA		**34.4**	22.1	**56.2**	27.1
Net working capital movement		**0.6**	4.1	**20.9**	16.6
Net cash inflow from operating activities		**35.0**	26.2	**77.1**	43.7
Returns on investment and servicing of finance		**(0.2)**	(2.3)	**(0.4)**	(2.6)
Taxation		**-**	-	**(0.1)**	-
Capital expenditure		**(1.9)**	(1.3)	**(3.8)**	(2.1)
Acquisitions	5	**(2.3)**	(127.4)	**(12.9)**	(129.5)
Cash inflow/(outflow) before financing		**30.6**	(104.8)	**59.9**	(90.5)
Management of liquid resources		**(8.5)**	(3.1)	**(8.5)**	(11.9)
Financing	5	**(14.7)**	140.5	**(25.1)**	138.7
Increase in cash in the period		**7.4**	32.6	**26.3**	36.3

Reconciliation of net cashflow to movement in net funds

	3 months to 31 January 2006 £m	3 months to 31 January 2005 £m	**6 months to 31 January 2006 £m**	6 months to 31 January 2005 £m
Increase in cash in the period	**7.4**	32.6	**26.3**	36.3
Cash outflow/(inflow) from increase/(decrease) in liquid resources	**8.5**	3.1	**8.5**	11.9
Cash outflow/(inflow) from decrease/(increase) in debt	**10.7**	(79.8)	**21.4**	(77.8)
Movement in net funds resulting from cash flows in period	**26.6**	(44.1)	**56.2**	(29.6)
Acquisitions	**-**	7.8	**-**	7.8
Other movements	**(0.2)**	-	**(0.5)**	-
Movement in net funds in period	**26.4**	(36.3)	**55.7**	(21.8)
Net funds at start of period	**33.9**	17.1	**4.6**	2.6
Net funds at end of period	**60.3**	(19.2)	**60.3**	(19.2)

Sportingbet Plc
Unaudited Notes
Six months ended 31 January 2006

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

	3 months to 31 January 2006 £m	3 months to 31 January 2005 £m	**6 months to 31 January 2006 £m**	6 months to 31 January 2005 £m
Profit for financial period	**26.6**	15.6	**40.6**	18.2
Exchange translation differences on consolidation	**(1.8)**	(5.9)	**(3.3)**	(5.9)
Total recognised gains and losses for the financial period	**24.8**	9.7	**37.3**	12.3

2. **Analysis of turnover:**

	3 months to 31 January 2006 £m	3 months to 31 January 2005 £m	**6 months to 31 January 2006 £m**	6 months to 31 January 2005 £m
a) Analysis of revenue by activity				
Sports betting	**594.0**	434.7	**1,034.6**	779.4
Casino and gaming	**19.2**	12.6	**32.4**	21.1
Poker rake	**31.3**	13.2	**55.5**	14.0
Fee income	**3.2**	2.9	**5.6**	4.7
	647.7	463.4	**1,128.1**	819.2
b) Analysis by geography				
Americas	**423.4**	294.1	**702.5**	500.2
Europe	**135.4**	98.4	**237.6**	135.4
Australia	**88.9**	70.9	**188.0**	183.6
	647.7	463.4	**1,128.1**	819.2

3. **Impact of accounting changes:**

The Group changed its accounting policy for certain customer bonuses for the year ended 31 July 2005. The Group previously accounted for customer bonuses in the comparative period as a marketing expense. Certain customer bonuses have now been netted against turnover. The effect of this has been to reduce turnover, gross profit and marketing costs (included in other administration expenses) by £4.5m for the three months ended 31 January 2006 (2005: £3.4m) and £11.7m for the six months ended 31 January 2006 (2005: £6.0m). There has been no impact on operating profit or net assets.

3. **Impact of accounting changes (continued):**

Set out below are the results as if these customer bonuses had continued to be classified as marketing costs:

	3 months to 31 January 2006 £m	3 months to 31 January 2005 £m	**6 months to 31 January 2006 £m**	6 months to 31 January 2005 £m
Turnover	**652.2**	466.8	**1,139.8**	825.2
Gross profit	**87.6**	53.5	**159.4**	80.3
Other administration expenses	**(52.8)**	(32.0)	**(102.3)**	(54.3)
Operating profit before share option charge and goodwill amortisation	**34.8**	21.5	**57.1**	26.0

In accordance with FRS 21, final dividends are only accounted for once legally approved in the Annual General Meeting. Accordingly the dividend declared for the year ended 31 July 2005 that was approved at the Annual General Meeting in December 2005 has been charged in the second quarter ended 31 January 2006 and amounts included for the year ended 31 July 2005 and first quarter ended 31 October 2005 of £3.4m and £0.8m respectively have been reversed. Additionally creditors at 31 July 2005 have reduced by £3.4m.

4. **Finance Costs:**

	3 months to 31 January 2006 £m	3 months to 31 January 2005 £m	**6 months to 31 January 2006 £m**	6 months to 31 January 2005 £m
Interest receivable	**0.4**	0.1	**0.6**	0.1
Interest payable	**(0.6)**	(0.8)	**(1.2)**	(1.0)
Amortisation of loan agreement fees	**(0.2)**	(0.2)	**(0.5)**	(0.2)
	(0.4)	(0.9)	**(1.1)**	(1.1)
Finance charge on discounting of deferred consideration (FRS7)	**(0.4)**	(0.2)	**(0.7)**	(0.2)
Total finance costs	**(0.8)**	(1.1)	**(1.8)**	(1.3)

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5. **Notes to the cashflow:**

Acquisitions:	**3 months to 31 January 2006 £m**	3 months to 31 January 2005 £m	**6 months to 31 January 2006 £m**	6 months to 31 January 2005 £m
Cash consideration paid to vendors of Paradise	**-**	(111.8)	**-**	(111.8)
Cash acquired with acquisition	**-**	0.1	**-**	0.1
Cash consideration paid to vendors of Sportsbook	**-**	(15.7)	**-**	(15.7)
Cash consideration paid to vendors of ISC Entertainment	**-**	-	**(9.7)**	-
Cash consideration paid to vendors of NOBS	**-**	-	**(0.9)**	-
Cash consideration paid to World Gaming	**(2.3)**	-	**(2.3)**	(2.1)
Total acquisitions	**(2.3)**	(127.4)	**(12.9)**	(129.5)

Financing:	**3 months to 31 January 2006 £m**	3 months to 31 January 2005 £m	**6 months to 31 January 2006 £m**	6 months to 31 January 2005 £m
Exercise of share options	**0.2**	0.7	**0.5**	0.9
Issue of ordinary share capital	**-**	60.0	**-**	60.0
New bank loan	**-**	85.0	**-**	85.0
Dividends	**(4.2)**	-	**(4.2)**	-
Repayment of bank loan	**(10.7)**	(5.0)	**(21.4)**	(7.0)
Capital element of finance lease	**-**	(0.2)	**-**	(0.2)
Total financing	**(14.7)**	140.5	**(25.1)**	138.7

6. **Profit and Loss Reserve:**

	£m
At 1 August 2005 (as previously reported)	260.5
Prior year adjustment	3.4
At 1 August 2005 (restated)	263.9
Retained profit	40.6
Dividend paid (Note 7)	(4.2)
Foreign currency exchange	(3.3)
As at 31 January 2006	**297.0**

7. **Dividends:**

	3 months to 31 January 2006 £m	3 months to 31 January 2005 £m	**6 months to 31 January 2006 £m**	6 months to 31 January 2005 £m
Ordinary shares				
Dividend of 1.0p (2005 – nil) per share	**(4.2)**	-	**(4.2)**	-

8. **Earnings per share**
   The basic earnings per share for the three months is based on the profit on ordinary activities after taxation of £26.6m (2005: £15.6m) and on the weighted average number of shares in issue of 399,342,613 (2005: 322,105,309).

   The diluted earnings per share for the financial period is based on the profit on ordinary activities after taxation of £26.6m (2005: £15.6m) and the weighted average number of shares in issue adjusted to assume the exercise of options over shares and the effect of dilutive earn-out shares to be issued, of 411,341,598 (2005: 419,082,757).

   Adjusted basic and diluted earnings per ordinary share before goodwill and UITF 17 share option charges exclude amortisation of goodwill of £5.5m (2005: £4.8m) and share option charges of £1.5m (2005: £Nil).

   The basic earnings per share for the six months is based on the profit on ordinary activities after taxation of £40.6m (2005: £18.2m) and on the weighted average number of shares in issue of 368,066,310 (2005: 267,335,466).

   The diluted earnings per share for the financial period is based on the profit on ordinary activities after taxation of £40.6m (2005: £18.2m) and the weighted average number of shares in issue adjusted to assume the exercise of options over shares and the effect of dilutive earn-out shares to be issued, of 380,065,295 (2005: 363,456,591).

   Adjusted basic and diluted earnings per ordinary share before goodwill and UITF 17 share option charges exclude amortisation of goodwill of £11.0m (2005: £6.7m) and share option charges of £3.0m (2005: £Nil).

9. These results have been prepared on the basis of the accounting policies set out in the Group's 2005 statutory accounts, except as stated in Note 3. These results do constitute the Group's statutory accounts for the periods ending 31 January 2006 or 31 January 2005 within the meaning of s 240 of the Companies Act 1985. Financial information for the period ending 31 July 2005 is extracted from the Group financial statements for the year ended 2005, which received an unqualified audit report and have been filed with the Registrar of Companies.