



Sportingbet Plc

Unaudited results for the second quarter ended 31 January 2010

Sportingbet Plc, a leading online sports betting and gaming group, announces its results for the second quarter ended 31 January 2010.

Key Highlights for the Quarter

- Amounts wagered on European and Australian sports both up 26%
- Global in:play growth driving European sports betting turnover
- Record sign-ups and active customer numbers
- Industry leading European sports gross margin of 10.7% (2008/9: 11.2%)
- Successful launch of mobile platform in Australia
- Interim dividend of 0.5p payable on 31 March 2010
- Net cash of £27.3m

Financial Highlights for the Quarter (continuing operations)

	Q2 2009/10 £m	Q2 2008/9 £m	%
Amounts Wagered	502.3	398.5	26.0
Net Gaming Revenue	52.6	43.0	22.3
EBITDA*	13.6	12.3	10.6
Adjusted Operating Profit*	11.2	10.4	7.7
Group Operating Profit	9.8	8.6	14.0
Adjusted Diluted EPS* (p)	2.1	1.9	8.4
Diluted EPS (p)	1.8	1.6	14.2

Financial Highlights for the First Half (continuing operations)

	H1 2009/10 £m	H1 2008/9 £m	%
Amounts Wagered	965.5	760.7	26.9
Net Gaming Revenue	101.2	81.6	24.0
EBITDA*	23.3	20.7	12.6
Adjusted Operating Profit*	18.3	16.9	8.3
Group Operating Profit	16.1	13.8	16.7
Adjusted Diluted EPS* (p)	3.4	3.0	15.6
Diluted EPS (p)	3.0	2.4	26.9

* Adjusted to exclude exceptional items, share option charge, amortisation and listing costs

Andrew McIver, Group Chief Executive, commented:

“The second quarter is a busy time in the sporting calendar and consequently a material period in the Group’s financial year. As such it is very pleasing to report results in line with our full year plan, particularly given the recessionary backdrop in many of our markets.

The Group continues to deliver industry leading sports margins, strong growth in Net Gaming Revenue and record numbers of active customers. In:play betting goes from strength to strength in Europe with our 24/7 in:play World Football microsite launched in the quarter. The Group has also concluded a number of major strategic IT projects which allow customers a significant uplift in the number of markets on which to bet and faster bet settlement. In our Australian business we have also had a very positive uptake of our new mobile offering.

In the new quarter, amounts wagered on sports in February has been ahead of budget, although, as can be the case in the short term, there has been some margin weakness. This was due to a higher percentage of European football favourites winning and a higher goal frequency than average (i.e. games with 3 or more goals). Casino, games and poker continue trends seen in the first half of the year. Based both on this and the Group’s robust performance for the first six months, the Board continues to remain confident of the full year outcome.”

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Sportingbet Plc

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There is a presentation for analysts and investors today at 09.30 at the offices of Sportingbet Plc, 45 Moorfields, London EC2Y 9AE. In addition, there will be a live audio webcast available at www.sportingbetplc.com. Registration will be made available 20 minutes prior to the presentation start time.

OVERVIEW

The Group has continued to perform well during its second quarter (November, December and January). This quarter is one of the busiest for sports betting with full football programmes across all European leagues and the two busiest months for Australian horseracing.

Football continues to dominate the business and represented 64% of Group sports revenue and 77% of European sports revenue in the quarter. Australian horse racing accounted for 14% of Group sports revenue and 84% of Australian sports revenue. Basketball and tennis are also material contributors and represented 5.7% and 2.8% of Group sports revenue respectively.

The Group continues to increase its in:play event coverage and has launched its '24/7 in:play World Football' microsite. This showcases the Group's coverage of global football and gives customers an insight into the leagues, teams and statistics behind the betting offerings. It includes in-depth local news content to enable customers to understand for example, the differences between the South Korean K League and Primera Division de Costa Rica. In:play is reinforced by further increases in global football coverage.

The Group has concluded a number of major strategic IT projects during the quarter. Within Europe and Emerging Markets the most notable has been the 'Customer Upgrade' project. Numerous benefits have been achieved through this major architectural change; in sports, there is further scalability allowing for more markets (now offering 9,800 markets per-day) whilst providing capacity to increase the number of simultaneous in:play markets offered (increased from 46 markets per match to 80). The infrastructure also allows for faster bet settlement (now up to 95,000 bets per hour) and website response times have been reduced by approximately 25%.

Further, in casino and poker the necessity to transfer funds between products or the need for multiple log-ins has been removed. Where software suppliers have updated their software, 'Customer Upgrade' also allows customers a bet-by-bet funds transfer for casino table games and table level buy-in for poker. These advances mean customers can play multiple products simultaneously in real-time and represents a significant step forward in the customer experience. In addition, future integrations with new games suppliers will be simpler and faster.

Secondary benefits from 'Customer Upgrade' result from increased product resilience and more limited planned downtime from software releases. This is becoming more important as we move towards a more globalised business operating in multiple time zones.

During the quarter the Group signed a new three year contract with Gtech G2 (Boss) the provider of the Group's poker, download casino and certain Flash based games. The contract provides that Gtech will be the exclusive supplier of poker software and download casino unless otherwise agreed on a country by country basis.

As part of the continued focus on sports betting, the Group continues to invest in its sports betting software and infrastructure. The Group has reduced its reliance on third party suppliers for certain software services, and now owns, manages and runs all aspects of its sports betting software.

In Australia, the Group continues to develop its business through both product and marketing initiatives. A new website has completed its development and testing phase and is set for launch in the third quarter allowing for a significantly enhanced customer experience. In addition, the launch of a localised mobile phone application is proving very popular with customers.

FINANCIAL RESULTS: Three months ended 31 January 2010

Amounts wagered for the three months ended 31 January 2010 grew by 26.0% to £502.3m (2008/9: £398.5m), earning net gaming revenue ("NGR") of £52.6m (2008/9 £43.0m).

Amounts wagered on sports betting in Europe (incorporating the financial results for the Emerging Markets division) grew by 26.8% to £292.4m (2008/9: £230.6m), earning NGR of £28.3m (2008/9: £22.7m) up 24.7% year on year. Casino and gaming contributed a further £12.4m, and poker £5.6m, to both amounts wagered and NGR (2008/9: £10.9m and £5.3m). Amounts wagered on Australian sports betting grew by 26.5% to £191.9m (2008/9: £151.7), earning post betting tax NGR of £6.3m (2008/9: £4.1m).

As a percentage of amounts wagered, the European and Australian sports NGR were 9.7% and 3.3% respectively (2008/9: 9.8% and 2.7%). However, amounts wagered and NGR are stated after a deduction for customer bonuses of £3.7m (2008/9: £3.8m). Without the bonus deduction the equivalent numbers would have been 10.7% and 3.4% (2008/9: 11.2% and 3.0%).

Costs (excluding exceptional items, share option charge, amortisation and listing costs) in the year were £41.4m (2008/9: £32.6m), accounting for 78.7% of NGR (2008/9: 75.8%).

There has been a net charge to the operating profit of £1.4m arising from foreign exchange. The Group earns over 90% of its revenue in currencies other than Sterling. At constant currency the total NGR increased by 19%.

Operating profit for the continuing business (before exceptional items, share option charge, amortisation and listing costs) for the three months was £11.2m (2008/9: £10.4m).

Earnings before interest, tax, depreciation and amortisation (before share option charge and listing costs) increased 10.6% to £13.6m (2008/9: £12.3m).

Operating profit after the share option charge of £0.3m (2008/9: £1.3m) and amortisation of other intangible assets of £0.5m (2008/9: £0.5m) but before listing costs of £0.6m (2008/9: £nil) was £10.4m (2008/9: £8.6m).

Net finance income amounted to £nil (2008/9: £nil). Net interest income was negligible (2008/9: £0.1m).

An interim dividend has been declared of 0.5p which will be paid on 31 March 2010 to shareholders on the register on 12 March 2010.

Basic earnings per share (before share option charge and amortisation) was 2.0p (2008/9: 2.1p). Diluted earnings per share (before share option charge and amortisation) was 2.0p (2008/9: 1.9p). Basic Group statutory earnings per share was 1.9p (2008/9: 1.7p).

As at 31 January 2010, the Group had £54.2m (2008/9: £52.1m) of cash and liquid resources on its balance sheet. After taking into account £19.9m (2008/9: £20.9m) of customer liabilities, £4.0m (2008/9: £4.0m) of bank loans secured on residential properties in the Channel Islands and £3.0m (2008/9: £nil) of finance leases, net cash at the period end stood at £27.3m (2008/9: £27.2m).

Note: On 21 July 2009, the Group sold Sportingbet Italia S.p.A. Prior year comparatives have been restated to reflect only the results of continuing operations.

REVIEW OF OPERATIONS

Europe

The European business (incorporating the financial results for the Emerging Markets Division) continues to grow strongly with the amount wagered on sports increasing by 26.8% to £292.4m (2008/9: £230.6m), generating a gross margin (pre bonus adjustment) of £31.7m (2008/9: £26.1m) up 21.5%. European casino and games gross revenue grew by 10.3% to £12.9m (2008/9: £11.7m) whilst gross poker revenues increased by 6.6% to £6.5m (2008/9: £6.1m).

Regional growth has demonstrated a mixed performance. Western Europe has shown strong growth up 26% year on year driven by 93% growth from the Group's German business. A resilient performance has been achieved from the Group's Greek and Spanish businesses, up 13% and 11% respectively, in what have been economically troubled regions. Turkish revenues remain a constant percentage of Group NGR at c.17% whilst Eastern Europe has performed less well with NGR declining by 4%.

The number of sports bets placed rose by 27.3% to 19.5m (2008/9: 15.3m). Number of bets per customer increased to 83 (2008/9: 77). Although the average bet size was down marginally to £15.18 (2008/9: £15.29), yield per sports customer increased from £131 to £135.

During the quarter, a sports gross margin of 10.7% was achieved (2008/9: 11.2%), demonstrating the Group's industry leading trading margin.

In:play betting accounted for 60% of the value of bets placed during the quarter. Amounts wagered on live betting increased 44% year on year generating total NGR of £18.2m and equating to a gross margin of 10.2%.

The Group has renewed a deal to continue as the headline sponsor of Euroleague Basketball, Europe's second most popular betting sport. As well as key advertising exposure, this deal includes exclusive rights to stream live Euroleague Basketball onto the Group's websites. The Group continues to invest in additional streaming coverage to compliment its in:play offering and is now able to stream "At The Races" coverage to its non-UK clients as well as additional streaming of South American football for its increasing Latin American and European client base.

In addition to the sponsorship of Euroleague Basketball and Wolverhampton Wanderers FC, the Group has invested further in European sports sponsorship with the addition of Hull Kingston Rovers, rugby league team and in conjunction with its Greek marketing partner the shirt sponsorship of Steaua Bucharest, the most popular football team in Romania.

During the quarter there has been further roll-out of additional Flash based games, most notably in Greece and Eastern Europe which have proved popular with customers. These products have assisted Europe's casino and games offering, which accounted for 22.4% of the Group's revenue, to increase by 10.3% during the quarter.

During the period, the European region generated poker rake of £6.5m (2008/9: £6.1m), pre-bonus deductions, up 6.6% on the prior year. Poker now accounts for 11.3% of Group revenue, down from 12.6% in 2008/9. The poker business has benefited from the launch of an instant Flash based poker client, further local market initiatives as well as changes to the overall operation of the poker network during the period.

Australia

Amounts wagered in Australia increased by 26.5% from £151.7m to £191.9m resulting in pre-tax margin of £9.0m (2008/9: £6.6m). Gambling taxes in Australia amounted to £2.4m in the period (2008/9: £2.1m). After accounting for these taxes, the post tax margin increased by 46.7% from £4.5m to £6.6m. After bonuses, NGR increased by 53.7% from £4.1m to £6.3m.

The sports margin in Australia improved on that achieved in the first quarter at 3.4% (2008/9: 3.0%). The telephone business accounts for 66% of the amounts wagered and 40% of the gross margin. Active telephone customer numbers increased 11% and the amount wagered on the telephone increased by 20% to £126.1m with number of bets placed increasing by 7.5% to 0.4m.

The relaxation of Australian advertising regulation in September 2008 has benefited the internet based business with active customer numbers up 8% and the amount wagered up 38% to £66.1m. The number of bets placed rose by 17% over the prior year. The number of bets per internet customer increased by 9% from an average of 136 bets per quarter to 148 per quarter. The average bet size on the internet was A\$29 (2008/9 A\$31).

Brand building in Australia continues following the relaxation of the advertising prohibition. Sportingbet Australia is now a shirt sponsor of the Brisbane Broncos National Rugby League team. The Broncos are the most watched sporting team in Australia and the most successful NRL team of the last 20 years. In addition Sportingbet Australia is in its second year as sponsor of Carlton FC (AFL). Sportingbet also continues its high level of visibility on TV and radio and further advances have been made in SEO, social media and online advertising arrangements.

REGULATORY STRATEGY

Like much of the industry, the Group supplies its services only from jurisdictions in which it is licensed and regulated and therefore explicitly legal. To do this the Group maintains licences in Alderney, Antigua and Barbuda, Australia, Northern Cyprus, South Africa and the UK.

Whilst there remains considerable uncertainty over the jurisdiction of individual countries' online gambling legislation, consistency with EU legislation and in some cases lack of clarity as to applicable legislation, the Group welcomes the trend to regulation and intends to operate, wherever possible, in a regulated environment. Consequently, the Group will apply for licences as they become available in markets which it believes are economically viable.

The Group recognised that a lengthy period of regulatory confusion is likely to continue but the directors believe that in the longer term a growing number of national governments will share the view that a regulated industry will both protect its citizens and raise tax revenues.

Although the regulatory picture is currently fast changing, the Directors are nonetheless confident that the underlying movement is towards clarification. The Group will respond to changes in legislation as they occur and its strategy will be to determine its response to individual markets by four key factors:

- the cost of regulation;
- the Group's competitive position within the market;
- the forecast profit or loss from the market following regulation;
- the risks associated with Sportingbet's position.

In respect of particular current regulatory issues, the Group continues to monitor regulatory developments in France and Norway. Should the ultimate French regulatory framework be acceptable and commercially viable, it is the Group's intention to apply for a licence. However, the specific French requirements have yet to be clarified. France represents 3.5% of Group NGR. The Board also notes the passing of legislation in Norway which prohibits payment processing to online gaming operators not licensed in Norway. Such legislation comes into force on 1 June 2010 and the Board will have made a decision regarding the Group's strategy in respect of Norway by that date. NGR from Norway represents less than 0.5% of Group NGR.

As previously reported, the Group continues in its discussions with the US Department of Justice to seek clarification of the position of the US Authorities with respect to the Group's previous activities and to determine whether a mutually acceptable resolution is possible. These talks continue and are productive and amicable in their nature. The Board continues to be optimistic of reaching a settlement but has little visibility of the likely timing or quantum.

DIVIDEND

An interim dividend of 0.5p per share is to be paid on 31 March 2010 to shareholders on the register on 12 March 2010.

MOVE TO THE LONDON STOCK EXCHANGE

As previously announced, it is the Group's intention to move its listing from AIM to the Official List of the London Stock Exchange. The process is ongoing and good progress is being made and an update will be issued in early April.

CURRENT TRADING AND OUTLOOK

In the new quarter, amounts wagered on sports in February has been ahead of budget, although, as can be the case in the short term, there has been some margin weakness. This was due to a higher percentage of European football favourites winning and a higher goal frequency than average (i.e. games with 3 or more goals). Casino, games and poker continue trends seen in the first half of the year. Based both on this and the Group's robust performance for the first six months, the Board continues to remain confident of the full year outcome."

Sportingbet Plc
Unaudited Consolidated Income Statement
Six months ended 31 January 2010

	Notes	3 mths to 31 Jan 2010 £m	Listing costs £m	3 mths to 31 Jan 2010 £m Total	3 mths to 31 Jan 2009 £m Restated	6 mths to 31 Jan 2010 £m	Listing costs £m	6 mths to 31 Jan 2010 £m Total	6 mths to 31 Jan 2009 £m Restated
Amounts wagered	4	502.3	-	502.3	398.5	965.5	-	965.5	760.7
Net gaming revenue	3, 4	52.6	-	52.6	43.0	101.2	-	101.2	81.6
Administrative expenses excluding exceptional items, share option charge and amortisation of other intangible assets		(41.4)	(0.6)	(42.0)	(32.6)	(82.9)	(0.6)	(83.5)	(64.7)
Group operating profit before exceptional items, share option charge and amortisation of other intangible assets		11.2	(0.6)	10.6	10.4	18.3	(0.6)	17.7	16.9
Other administrative expenses:									
• Exceptional items		-	-	-	-	-	-	-	-
• Share option charge	5	(0.3)	-	(0.3)	(1.3)	(0.6)	-	(0.6)	(2.2)
• Amortisation of other intangible assets		(0.5)	-	(0.5)	(0.5)	(1.0)	-	(1.0)	(0.9)
Total admin expenses		(42.2)	(0.6)	(42.8)	(34.4)	(84.5)	(0.6)	(85.1)	(67.8)
Group operating profit		10.4	(0.6)	9.8	8.6	16.7	(0.6)	16.1	13.8
Finance income		0.2	-	0.2	0.1	0.4	-	0.4	0.3
Finance costs		(0.2)	-	(0.2)	(0.1)	(0.2)	-	(0.2)	(0.2)
Profit before taxation		10.4	(0.6)	9.8	8.6	16.9	(0.6)	16.3	13.9
Taxation		(0.5)	-	(0.5)	(0.4)	(0.9)	-	(0.9)	(1.4)
Profit after tax		9.9	(0.6)	9.3	8.2	16.0	(0.6)	15.4	12.5
Loss from disc'd operations	2	-	-	-	(0.3)	-	-	-	(0.7)
Profit for the period		9.9	(0.6)	9.3	7.9	16.0	(0.6)	15.4	11.8
Profit attributable to the equity holders of the parent		9.9	(0.6)	9.3	7.9	16.0	(0.6)	15.4	11.8
Profit per ordinary share – continuing operations	6								
Basic		2.0p	(0.1)p	1.9p	1.7p	3.3p	(0.1)p	3.2p	2.6p
Diluted		1.9p	(0.1)p	1.8p	1.6p	3.1p	(0.1)p	3.0p	2.4p
Profit per ordinary share	6								
Basic		2.0p	(0.1)p	1.9p	1.7p	3.3p	(0.1)p	3.2p	2.5p
Diluted		1.9p	(0.1)p	1.8p	1.6p	3.1p	(0.1)p	3.0p	2.3p

Sportingbet Plc
Unaudited Consolidated Statement of Comprehensive Income
Six months ended 31 January 2010

	3 months to 31 January 2010 £m	3 months to 31 January 2009 £m	6 months to 31 January 2010 £m	6 months to 31 January 2009 £m
Profit for the period	9.3	7.9	15.4	11.8
Amounts initially recycled to equity under designated cash flow hedges	0.2	-	(0.3)	-
Amounts recycled to the income statement to match the hedged items	0.1	-	(0.1)	-
Exchange differences on translation of foreign operations	-	1.7	1.0	1.1
Total comprehensive income for the period	9.6	9.6	16.0	12.9
Attributable to: Equity holders of the parent	9.6	9.6	16.0	12.9

Sportingbet Plc
Unaudited Consolidated Balance Sheet
As at 31 January 2010

	31 January 2010	31 January 2009	31 July 2009
Notes	unaudited £m	unaudited £m	audited £m
Non-current assets			
Goodwill	41.4	46.8	41.2
Other intangible assets	17.3	16.1	15.9
Property, plant and equipment	26.9	21.1	21.9
Deferred tax asset	1.6	-	1.4
	87.2	84.0	80.4
Current assets			
Trade and other receivables	14.3	10.3	13.4
Cash and cash equivalents	54.2	52.2	44.3
Derivatives	0.6	-	0.7
	69.1	62.5	58.4
Current liabilities			
Trade and other payables	(44.4)	(48.3)	(41.0)
Interest bearing loans and borrowings	(7.1)	(4.0)	(4.0)
Contingent consideration	-	(3.4)	(0.5)
	(51.5)	(55.7)	(45.5)
Net current assets	17.6	6.8	12.9
Non-current liabilities			
Long-term provisions	-	(0.1)	(0.1)
	-	(0.1)	(0.1)
Net assets	104.8	90.7	93.2
Equity			
Issued share capital	0.5	0.5	0.5
Shares to be issued	-	2.5	-
Share premium	59.4	56.8	59.4
Retained earnings	44.9	31.3	33.3
Foreign exchange reserve	-	(0.4)	-
Total equity	104.8	90.7	93.2

Sportingbet Plc
Unaudited Consolidated Statement of Changes in Equity
Six months ended 31 January 2010

	Issued share capital £m	Share premium account £m	Shares to be issued £m	Own Share £m	Profit and loss account £m	Foreign exchange reserve £m	Total £m
As at 1 August 2008	0.5	56.3	9.0	-	20.1	(1.5)	84.4
Acquisitions	-	3.1	(9.0)	-	-	-	(5.9)
Share option charge	-	-	-	-	3.1	-	3.1
Profit for the year	-	-	-	-	12.4	-	12.4
Purchase of own shares	-	-	-	(3.0)	-	-	(3.0)
Issue of shares in lieu of options	-	-	-	3.0	(3.0)	-	-
Hedging reserve	-	-	-	-	0.7	-	0.7
Foreign currency exchange	-	-	-	-	-	1.5	1.5
As at 1 August 2009	0.5	59.4	-	-	33.3	-	93.2
Share option charge	-	-	-	-	0.6	-	0.6
Profit for the period	-	-	-	-	15.4	-	15.4
Dividends paid	-	-	-	-	(5.0)	-	(5.0)
Hedging reserve	-	-	-	-	(0.4)	-	(0.4)
Other comprehensive income	-	-	-	-	1.0	-	1.0
As at 31 January 2010	0.5	59.4	-	-	44.9	-	104.8

Sportingbet Plc
Unaudited Consolidated Cash Flow Statement
Six months ended 31 January 2010

	3 months to 31 January 2010	3 months to 31 January 2009	6 months to 31 January 2010	6 months to 31 January 2009
	£m	£m	£m	£m
Group profit after taxation	9.3	7.9	15.4	11.8
Depreciation	1.4	0.9	2.6	2.2
Software amortisation	1.0	1.1	2.4	1.6
Other amortisation	0.5	0.5	1.0	1.0
Share option charge	0.3	1.3	0.6	2.2
Finance income	-	-	(0.2)	(0.1)
Taxation	0.5	0.4	0.9	1.4
Operating cash flows before movements in working capital	13.0	12.1	22.7	20.1
Decrease/(increase) in receivables	5.6	(3.1)	(0.8)	(1.6)
(Decrease)/increase in payables	(1.7)	6.3	4.1	(4.5)
Cash generated by operations	16.9	15.3	26.0	14.0
Income tax paid	(1.1)	(0.3)	(1.9)	(1.9)
Net cash from operating activities	15.8	15.0	24.1	12.1
Purchases of property, plant and equipment	(3.7)	(1.5)	(8.5)	(2.5)
Purchases of software	(1.0)	(2.7)	(3.6)	(3.2)
Acquisitions	(0.1)	-	(0.6)	(1.0)
Interest received	-	-	0.2	0.1
Cash used in investing activities	(4.8)	(4.2)	(12.5)	(6.6)
Purchase of own shares	-	-	-	(2.3)
Obligations under finance leases	(0.3)	-	3.0	-
Movement in reserves due to hedging	(0.4)	-	(0.4)	-
Dividends paid	(5.0)	-	(5.0)	-
Repayment of borrowings	-	(1.6)	-	(1.6)
Net cash used in financing activities	(5.7)	(1.6)	(2.4)	(3.9)
Net increase in cash and cash equivalents in the period	5.3	9.2	9.2	1.6
Cash and cash equivalents at beginning of period	48.6	41.8	44.3	49.4
Effect of foreign exchange rate changes	0.3	1.1	0.7	1.1
Cash and cash equivalents at end of period	54.2	52.1	54.2	52.1

Sportingbet Plc
Unaudited Notes to the Financial information
Six months ended 31 January 2010

1. Basis of preparation

The financial information provided is for the three months ended 31 January 2010, the second quarter of the Group's financial year ending 31 July 2010, and the six months ended 31 January 2010.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended July 31, 2009, as described in those financial statements, with the exception of the following new standards, which have become mandatory for the first time for the year ending July 31, 2010:

The adoption of IAS 1 (revised) has required the reconciliation of movements in equity, previously disclosed in note 21 in the financial statements for the year ended July 31, 2009, to be presented as a primary statement entitled 'Unaudited Consolidated Statement of Changes in Equity'. In addition, the Consolidated Statement of Recognised Income and Expense has been replaced with the Consolidated Statement of Comprehensive Income.

IFRS 8 "Operating Segments", Amendment to IAS 23 "Borrowing costs" and Amendment to IFRS 2 "Share based payments" are effective for annual periods beginning on or after January 1, 2009.

The Group has chosen not to adopt IAS 34 in the preparation of this financial information in accordance with the AIM rules. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this financial information.

The Group's statutory financial statements for the year ended 31 July 2009 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their reports were unqualified, however they included a reference to an emphasis of matter with regard to regulatory uncertainty consistent with the prior year, and the reports did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. Discontinued operations

On 21 July 2009, the Group's licensed Italian operation, Sportingbet Italia S.p.A., was sold to the local management team for a nominal consideration. Sportingbet Italia S.p.A. was acquired by the Group in May 2006, in anticipation of expected further liberalisation of the Italian online gaming regulation. This did not materialise and consequently Sportingbet Italia S.p.A. was loss making since acquisition.

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six Months Ended 31 January 2010

2. Discontinued operations (continued)

	3 months ended 31 January 2010 £m	3 months ended 31 January 2009 £m	6 months ended 31 January 2010 £m	6 months ended 31 January 2009 £m
Amounts wagered	-	3.7	-	6.4
Net gaming revenue	-	0.6	-	0.9
Administrative expenses	-	(0.9)	-	(1.6)
Operating loss	-	(0.3)	-	(0.7)
Taxation	-	-	-	-
Loss for the period from discontinued operations	-	(0.3)	-	(0.7)
	3 months ended 31 January 2010 £m	3 months ended 31 January 2009 £m	6 months ended 31 January 2010 £m	6 months ended 31 January 2009 £m
Loss after taxation	-	(0.3)	-	(0.7)
Depreciation	-	0.1	-	0.1
Bad debt provision movement	-	(0.1)	-	0.2
Finance income	-	-	-	-
Operating cash flows before movements in working capital	-	(0.3)	-	(0.4)
Increase in receivables	-	(0.3)	-	(0.3)
Increase in payables	-	1.4	-	1.1
Cash generated by operations	-	0.8	-	0.4
Net cash from operating activities	-	0.8	-	0.4
Purchases of property, plant and equipment	-	(0.2)	-	0.4
Interest received	-	-	-	-
Cash used in investing activities	-	(0.2)	-	0.4
Net cash from financing activities	-	-	-	-
Net decrease in cash and cash equivalents in the period	-	0.6	-	0.8
Cash and cash equivalents at beginning of period	-	1.2	-	1.1
Effect of foreign exchange rate changes		(0.2)		(0.3)
Cash and cash equivalents at end of period	-	1.6	-	1.6

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six months Ended 31 January 2010

3. Net gaming revenue

Net gaming revenue for the period has been calculated as follows:

	3 months to 31 January 2010 £m	3 months to 31 January 2009 £m	6 months to 31 January 2010 £m	6 months to 31 January 2009 £m
Gaming revenue	57.7	48.4	111.1	90.6
Promotional bonuses	(5.1)	(5.4)	(9.9)	(9.0)
	52.6	43.0	101.2	81.6

4. Segment information

For management purposes, the Group is currently organised into three geographical regions – Europe, Australia and Emerging Markets. These operating divisions are the basis on which the Group reports its primary segment information.

The following tables present revenue and profit information and certain asset and liability information regarding the Group's business segments for the period to 31 January 2010 and 31 January 2009 (for the quarter and the year to date).

Emerging Markets refer to the Group's operations in Canada, Brazil and South Africa.

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six Months Ended 31 January 2010

4. Segment information (continued)

3 months to January 2010					Continuing operations	<i>Discontinued operations</i>
	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Total £m	Total £m
Amounts wagered	295.3	191.9	15.1	-	502.3	-
Net gaming revenue	45.1	6.3	1.2	-	52.6	-
Depreciation	(2.1)	(0.2)	-	(0.1)	(2.4)	-
Administrative expenses excluding exceptional items, share option charge and other amortisation	(29.1)	(5.0)	(0.9)	(4.6)	(39.6)	-
Group operating profit/ (loss) before exceptional items, share option charge and other amortisation	13.9	1.1	0.3	(4.7)	10.6	-
Other administrative expenses:						
> Exceptional items	-	-	-	-	-	-
> Share option charge	(0.2)	-	-	(0.1)	(0.3)	-
> Other amortisation	(0.5)	-	-	-	(0.5)	-
Total administrative expenses	(31.9)	(5.2)	(0.9)	(4.8)	(42.8)	-
Operating profit/(loss)	13.2	1.1	0.3	(4.8)	9.8	-
Balance sheet information						
Total assets	137.2	19.1	-	-	156.3	-
Total liabilities	(42.0)	(9.5)	-	-	(51.5)	-
Expenditure incurred to acquire property, plant and equipment and intangible assets	4.4	0.3	-	-	4.7	-

Six Months Ended 31 January 2010

4. Segment information (continued)

Management also review, revenue according to it's three principal areas of activity: sports betting, casino gaming and poker.

3 months to January 2010	Sports betting £m	Casino gaming £m	Poker rake £m	Total £m
Amounts wagered	488.0	12.9	6.5	507.4
Promotional bonuses	(3.7)	(0.5)	(0.9)	(5.1)
Net amounts wagered	484.3	12.4	5.6	502.3
Gaming revenue	38.3	12.9	6.5	57.7
Promotional bonuses	(3.7)	(0.5)	(0.9)	(5.1)
Net gaming revenue	34.6	12.4	5.6	52.6

3 months to January 2009	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Continuing operations Total £m	<i>Discontinued operations Total £m</i>
Amounts wagered	241.2	151.7	5.6	-	398.5	3.7
Net gaming revenue	38.1	4.1	0.8	-	43.0	0.6
Depreciation	(1.6)	(0.2)	-	(0.2)	(2.0)	(0.1)
Administrative expenses excluding exceptional items, share option charge and other amortisation	(22.9)	(2.8)	(0.9)	(4.0)	(30.6)	(0.8)
Group operating profit/ (loss) before exceptional items, share option charge and other amortisation	13.6	1.1	(0.1)	(4.2)	10.4	(0.3)
Other administrative expenses:						
> Exceptional items	-	-	-	-	-	-
> Share option charge	(0.3)	(0.2)	-	(0.8)	(1.3)	-
> Other amortisation	(0.5)	-	-	-	(0.5)	-
Total administrative expenses	(25.3)	(3.2)	(0.9)	(5.0)	(34.4)	(0.9)
Operating profit/(loss)	12.8	0.9	(0.1)	(5.0)	8.6	(0.3)
Balance sheet information						
Total assets	129.9	14.3	-	-	144.2	2.3
Total liabilities	(43.6)	(10.1)	-	-	(53.7)	(2.1)
Expenditure incurred to acquire property, plant and equipment and intangible assets	3.7	0.3	-	-	4.0	0.2

Unaudited Notes to the Financial Information (Continued)
Six Months Ended 31 January 2010

4. Segment information (continued)

3 months to January 2009	Sports betting £m	Casino gaming £m	Poker rake £m	Total £m
Amounts wagered	386.1	11.7	6.1	403.9
Promotional bonuses	(3.8)	(0.8)	(0.8)	(5.4)
Net amounts wagered	382.3	10.9	5.3	398.5
Gaming revenue	30.6	11.7	6.1	48.4
Promotional bonuses	(3.8)	(0.8)	(0.8)	(5.4)
Net gaming revenue	26.8	10.9	5.3	43.0

6 months to January 2010	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Continuing operations Total £m	<i>Discontinued operations Total £m</i>
Amounts wagered	562.6	376.0	26.9	-	965.5	-
Net gaming revenue	86.3	12.4	2.5	-	101.2	-
Depreciation	(4.4)	(0.4)	-	(0.2)	(5.0)	-
Administrative expenses excluding exceptional items, share option charge and other amortisation	(57.9)	(10.3)	(2.3)	(8.0)	(78.5)	-
Group operating profit/ (loss) before exceptional items, share option charge and other amortisation	24.0	1.7	0.2	(8.2)	17.7	-
Other administrative expenses:						
> Exceptional items	-	-	-	-	-	-
> Share option charge	(0.3)	(0.1)	-	(0.2)	(0.6)	-
> Other amortisation	(1.0)	-	-	-	(1.0)	-
Total administrative expenses	(63.6)	(10.8)	(2.3)	(8.4)	(85.1)	-
Operating profit/(loss)	22.7	1.6	0.2	(8.4)	16.1	-
Balance sheet information						
Total assets	137.2	19.1	-	-	156.3	-
Total liabilities	(42.0)	(9.5)	-	-	(51.5)	-
Expenditure incurred to acquire property, plant and equipment and intangible assets	11.1	1.0	-	-	12.1	-

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six Months Ended 31 January 2010

4. Segment information (continued)

6 months to January 2010	Sports betting £m	Casino gaming £m	Poker rake £m	Total £m
Amounts wagered	939.3	24.6	11.5	975.4
Promotional bonuses	(7.1)	(1.1)	(1.7)	(9.9)
Net amounts wagered	932.2	23.5	9.8	965.5
Gaming revenue	75.0	24.6	11.5	111.1
Promotional bonuses	(7.1)	(1.1)	(1.7)	(9.9)
Net gaming revenue	67.9	23.5	9.8	101.2

6 months to January 2009	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Continuing operations Total £m	<i>Discontinued operations Total £m</i>
Amounts wagered	439.9	308.7	12.1	-	760.7	6.4
Net gaming revenue	69.0	11.0	1.6	-	81.6	0.9
Depreciation	(3.2)	(0.3)	-	(0.3)	(3.8)	(0.1)
Administrative expenses excluding exceptional items, share option charge and other amortisation	(46.8)	(7.0)	(1.6)	(5.5)	(60.9)	(1.5)
Group operating profit/ (loss) before exceptional items, share option charge and other amortisation	19.0	3.7	-	(5.8)	16.9	(0.7)
Other administrative expenses:						
> Exceptional items	-	-	-	-	-	-
> Share option charge	(0.8)	(0.3)	-	(1.1)	(2.2)	-
> Other amortisation	(0.9)	-	-	-	(0.9)	-
Total administrative expenses	(51.7)	(7.6)	(1.6)	(6.9)	(67.8)	(1.6)
Operating profit/(loss)	17.3	3.4	-	(6.9)	13.8	(0.7)
Balance sheet information						
Total assets	129.9	14.3	-	-	144.2	2.3
Total liabilities	(43.6)	(10.1)	-	-	(53.7)	(2.1)
Expenditure incurred to acquire property, plant and equipment and intangible assets	5.0	0.5	-	-	5.5	0.2

Sportingbet Plc
Unaudited Notes to the Financial information (Continued)
Six months ended 31 January 2010

4. Segment information (continued)

6 months to January 2009	Sports betting £m	Casino gaming £m	Poker rake £m	Total £m
Amounts wagered	736.6	21.9	11.2	769.7
Promotional bonuses	(6.4)	(1.1)	(1.5)	(9.0)
Net amounts wagered	730.2	20.8	9.7	760.7
Gaming revenue	57.5	21.9	11.2	90.6
Promotional bonuses	(6.4)	(1.1)	(1.5)	(9.0)
Net gaming revenue	51.1	20.8	9.7	81.6

5. Share option charge

	3 months to 31 January 2010 £m	3 months to 31 January 2009 £m	6 months to 31 January 2010 £m	6 months to 31 January 2009 £m
Share option charge	0.3	1.3	0.6	2.2
	0.3	1.3	0.6	2.2

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six Months Ended 31 January 2010

6. Earnings per share

	3 months to 31 January 2010	Continuing 3 months to 31 January 2009	Discontinued 3 months to 31 January 2009	Total 2009
Profit/(loss) per ordinary share				
Basic	1.9p	1.7p	-p	1.7p
Diluted	1.8p	1.6p	-p	1.6p

Adjusted earnings per ordinary share

**(before exceptional items, share option
charge and amortisation)**

Basic	2.0p	2.1p	-p	2.1p
Diluted	2.0p	1.9p	-p	1.9p

The calculation of basic earnings per share is based on the profit/(loss) on ordinary activities after taxation attributable to shareholders of Sportingbet Plc and the weighted average number of shares in issue during the year.

Due to the size of non-cash items the Group has adjusted its earnings per ordinary share to exclude exceptional items, share option charge and amortisation:

	3 months to 31 January 2010	Continuing 3 months to 31 January 2009	Discontinued 3 months to 31 January 2009	Total 2009
	£m	£m	£m	£m
Basic earnings	9.3	8.2	(0.3)	7.9
Exceptional items	-	-	-	-
Share option charge	0.3	1.3	-	1.3
Amortisation	0.5	0.5	-	0.5
Adjusted earnings	10.1	10.0	(0.3)	9.7

	6 months to 31 January 2010	Continuing 6 months to 31 January 2009	Discontinued 6 months to 31 January 2009	Total 2009
Profit/(loss) per ordinary share				
Basic	3.2p	2.6p	(0.1)p	2.5p
Diluted	3.0p	2.4p	(0.1)p	2.3p

Adjusted earnings per ordinary share

**(before exceptional items, share option
charge and amortisation)**

Basic	3.4p	3.3p	(0.1)p	3.2p
Diluted	3.3p	3.0p	(0.1)p	2.9p

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six Months Ended 31 January 2010

6. Earnings per share (continued)

	6 months to 31 January 2010	Continuing 6 months to 31 January 2009	Discontinued 6 months to 31 January 2009	Total 2009
	£m	£m	£m	£m
Basic earnings	15.4	12.5	(0.7)	11.8
Exceptional items	-	-	-	-
Share option charge	0.6	2.2	-	2.2
Amortisation	1.0	0.9	-	0.9
Adjusted earnings	17.0	15.6	(0.7)	14.9

During the year the Group had the following weighted average number of shares in issue and potentially dilutive shares:

	3 months to 31 January 2010 No.	3 months to 31 January 2009 No.	6 months to 31 January 2010 No.	6 months to 31 January 2009 No.
Weighted average number of shares in issue	496,484,043	474,700,981	490,299,558	473,554,301
Employee share schemes	20,254,115	42,198,601	20,254,115	42,198,601
Contingent consideration	-	5,257,731	-	5,257,731
Fully diluted number of weighted average number of shares in issue	516,738,158	522,157,313	510,553,673	521,010,633

As at 31 January 2010 the Group had the following shares in issue and potentially dilutive shares:

	2010 No.	2009 No.
Number of shares in issue	501,496,885	478,192,476
Employee share schemes	20,254,115	42,198,601
Contingent consideration	-	5,257,731
Fully diluted number of shares in issue	521,751,000	525,648,808

7. Property, plant and equipment and software

Additions to property, plant and equipment and software were £3.7m and £1.0m respectively during the quarter (2009: £1.5m and £2.7m), relating largely to software development and IT projects. For the six month period, additions to property, plant and equipment and software were £8.5m and £3.6m respectively (2009: £2.5m and £3.2m).

